# IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE

# STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

RANGEN, INC., Petitioner,	Case No. CV-2014-4633
vs.	
THE IDAHO DEPARTMENT OF WATER RESOURCES and GARY SPACKMAN, in his capacity as Director of the Idaho Department of Water Resources,	
Respondents,	
and	
IDAHO GROUND WATER APPROPRIATORS, INC.,	
Intervenor.	

# IDAHO DEPARTMENT OF WATER RESOURCES' BRIEF IN RESPONSE TO RANGEN, INC.'S OPENING BRIEF

Judicial Review from the Idaho Department of Water Resources

Honorable Eric J. Wildman, District Judge, Presiding

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#### STATEMENT OF CASE

## A. NATURE OF THE CASE & PROCEDURAL BACKGROUND

This is a judicial review proceeding in which Rangen, Inc. ("Rangen"), appeals an order issued by the Director ("Director") of the Idaho Department of Water Resources ("Department") approving a mitigation plan filed by the Idaho Ground Water Appropriators, Inc. ("IGWA"), pursuant to the Conjunctive Management Rules ("CM Rules").<sup>1</sup> The order appealed is the *Order Approving IGWA's Fourth Mitigation Plan* ("Fourth Mitigation Plan Order").

Issues raised in this appeal stem from the *Petition for Delivery Call* filed by Rangen with the Department on December 13, 2011, alleging Rangen is not receiving all of the water it is entitled to pursuant to water right nos. 36-2551 and 36-7694, and is being materially injured by junior-priority ground water pumping. In the delivery call proceeding, the Director issued the *Final Order Regarding Rangen, Inc.'s Petition for Delivery Call; Curtailing Ground Water Rights Junior to July 13, 1962* ("Curtailment Order").<sup>2</sup> The Director ordered curtailment of junior-priority ground water rights, but that such curtailment could be avoided if the junior ground water users participated in a mitigation plan that would provide "simulated steady state benefits of 9.1 cfs to Curren Tunnel or direct flow of 9.1 cfs to Rangen." Ex. 1018 at 42. The Curtailment Order explained that mitigation provided to Rangen "may be phased-in over not more than a five-year period pursuant to CM Rule 40 as follows: 3.4 cfs the first year, 5.2 cfs the second year, 6.0 cfs the third year, 6.6 cfs the fourth year, and 9.1 cfs the fifth year." *Id.* 

<sup>&</sup>lt;sup>1</sup> The term "Conjunctive Management Rules" or "CM Rules" refers to the Rules for Conjunctive Management of Surface and Ground Water Resources, IDAPA 37.03.11.

<sup>&</sup>lt;sup>2</sup> The Curtailment Order was appealed in *Rangen, Inc., v. IDWR*, Twin Falls County Case No. CV-2014-1338. This Court issued its *Memorandum Decision and Order on Petitions for Judicial Review* ("Decision") on October 24, 2014, which affirmed the Director on a number of issues, but held the Director erred by applying the Great Rift trim line to reduce the zone of curtailment. *Decision* at 28. The Decision has been appealed to the Idaho Supreme Court, Docket Nos. 42772-2015, 42775-2015, and 42863-2015.

On February 11, 2014, IGWA filed with the Department *IGWA's Mitigation Plan and Request for Hearing* ("First Mitigation Plan") which set forth nine proposals to avoid curtailment imposed by the Curtailment Order. *CV-2014-2935* R. at 291.<sup>3</sup> The Director held a hearing on the First Mitigation Plan on March 17-19, 2014. On May 16, 2014, the Director issued the *Amended Order Approving in Part and Rejecting in Part IGWA's Mitigation Plan; Order Lifting Stay Issued February 21, 2014; Amended Curtailment Order* ("First Mitigation Plan Order"). *CV-2014-2935* R. at 291-314. The Director approved mitigation credit for only two proposals: (1) IGWA's past and ongoing aquifer enhancement activities; and (2) exchange of irrigation water diverted from the Martin-Curren Tunnel by Howard (Butch) and Rhonda Morris with operational spill water from the North Side Canal Company ("Morris exchange agreement"). *Id.* at 294. Rangen's petition for judicial review of the First Mitigation Plan Order filed on June 13, 2014, in Case No. CV-2014-2446 challenged the Director's determination of mitigation credit for IGWA's past and ongoing aquifer enhancement activities and the Morris exchange agreement.

On March 10, 2014, during the pendency of First Mitigation Plan proceedings, IGWA filed with the Department *IGWA's Second Mitigation Plan and Request for Hearing* ("Second Mitigation Plan"). The Second Mitigation Plan proposed delivery of up to 9.1 cfs of water from Tucker Springs, a tributary to Riley Creek, through a 1.3 mile pipeline to the fish research and propagation facility owned by Rangen ("Rangen Facility"). *CV-2014-2935* R. at 125. On June 4-5, 2014, the Director conducted a hearing for the Second Mitigation Plan. On June 20, 2014, the Director issued the Order Approving IGWA's Second Mitigation Plan, Order Lifting Stay Issued April 28, 2014; Second Amended Curtailment Order ("Second Mitigation Plan Order").

<sup>&</sup>lt;sup>3</sup> The record in this case includes the record, exhibits, and hearing transcript for CV-2014-2935. Citations to documents from CV-2014-2935 will be noted as such.

Ex. 1021. To incorporate the First Mitigation Plan into the Second Mitigation Plan, the Director recalculated the period of time the Morris exchange agreement was recognized as mitigation. *Id.* at 15.

On August 27, 2014, IGWA filed *IGWA's Fourth Mitigation Plan and Request for Expedited Hearing* ("Fourth Mitigation Plan"). Ex. 1000.<sup>4</sup> The Fourth Mitigation Plan consists of the "Magic Springs Project." *Id.* at 3. The Magic Springs Project calls for IGWA to lease or purchase 10.0 cfs of water right nos. 36-7072 and 36-8356 owned by SeaPac of Idaho ("SeaPac") and then pipe the water approximately 1.8 miles from SeaPac's Magic Springs facility to the head of Billingsley Creek directly up gradient from the Rangen Facility. *Id.* at 3, 12. On September 12, 2014, IGWA, on behalf of North Snake Ground Water District, Magic Valley Ground Water District, and Southwest Irrigation District, submitted to the Department an Application for Transfer of Water Right ("Transfer Application") to add the Rangen Facility as a new place of use for up to 10 cfs from water right number 36-7072. Ex. 1001.

The Director held a hearing for the Fourth Mitigation Plan on October 8, 2014. On October 29, 2014, the Director issued the Fourth Mitigation Plan Order. R. p. 178-240. The Director approved the Fourth Mitigation Plan upon several conditions and with contingencies to protect Rangen. *Id.* at 197-98. For example, the Director ordered that the Fourth Mitigation Plan was approved conditioned upon approval of the Transfer Application or an authorized lease through the Water Supply Bank ("WSB"). *Id.* at 197. This appeal challenges the Director's approval of the Fourth Mitigation Plan.

<sup>&</sup>lt;sup>4</sup> On June 10, 2014, IGWA filed with the Department *IGWA's Amended Third Mitigation Plan and Request for Hearing*. Several protests were filed. After multiple status conferences and motions to continue the hearing scheduled for the Amended Third Mitigation Plan, on February 12, 2015, IGWA filed with the Department a *Clarification of Scope of Third Plan; Notice of Withdrawal; and Request for Orders*. Another status conference was held on March 17, 2015, wherein the parties requested the Director take no further action on the Amended Third Mitigation Plan until after issuance of a decision regarding Application for Permit 36-17011.

While this appeal is from the Director's Fourth Mitigation Plan Order, issues raised by Rangen in its Opening Brief necessitate discussion of additional procedural history. After issuance of the Fourth Mitigation Plan Order, Rangen filed with the Department *Rangen, Inc.'s Motion to Determine Morris Exchange Water Credit* ("Morris Exchange Credit Motion"). R. p. 262. On November 21, 2014, the Director issued an *Order Granting Rangen's Motion to Determine Morris Exchange Water Credit; Second Amended Curtailment Order* ("Morris Exchange Order"). *Id.* at 262-312. Actual average flow measurements from the Martin-Curren Tunnel from April 15, 2014, through October 15, 2014, demonstrated the Morris exchange agreement provided the required mitigation only through October 1, 2014. *Id.* at 264. To make up for the shortfall and forestall curtailment on January 19, 2015, the Director determined junior ground water users must deliver direct flow mitigation equal to 5.5 cfs starting January 19, 2015, and continuing through March 31, 2015. *Id.* at 266.

On December 12, 2014, IGWA, on behalf of SeaPac, submitted an application to lease 5.5 cfs of water right no. 36-7072 to the WSB. *See Affidavit of J. Dee May in Support of Motion for Reconsideration of Order Granting Stay of Curtailment Order* ("May Affidavit") at Ex. 2.<sup>5</sup> IGWA, acting on behalf of North Snake Ground Water District, Magic Valley Ground Water District, and Southwest Irrigation District, also submitted an application to rent that same water from the WSB. *See id.* at Ex. 3.

<sup>&</sup>lt;sup>5</sup>A copy of the May Affidavit, with Exhibits 2 and 3 only, is attached hereto as Appendix A. The May Affidavit was filed with the Court on January 26, 2015, in Case No. CV-2014-4970. The Department moves the Court to take judicial notice of the May Affidavit with Exhibits 2 and 3 only pursuant to IRE 201(d). If a party moves the Court to "take judicial notice of records, exhibits or transcripts from the court file in the same or a separate case, the party shall identify the specific documents or items for which the judicial notice is requested or shall proffer to the court and serve on all the parties copies of such documents or items. A court shall take judicial notice if requested by a party and supplied with the necessary information." IRE 201(d) emphasis added. "Judicial notice may be taken at any stage of the proceeding." IRE 201(f).

On January 26, 2015, IGWA submitted to the Department amended WSB applications to lease and rent Magic Springs' water for delivery to Rangen to increase the amount leased and rented from 5.5 cfs to 7.81 cfs. *See Affidavit of Emmi L. Blades in Support of Response to Motion for Reconsideration* ("Blades Affidavit")<sup>6</sup> at Exs. 1 and 2 respectively. An amended WSB lease contract between the Idaho Water Resource Board ("IWRB") and SeaPac was fully executed by the parties on January 27, 2015. *Id.* at Ex. 5. An amended WSB rental agreement was fully executed by the parties that same day. *Id.* at Ex. 7. On February 19, 2015, the Director issued the *Final Order Approving Application for Transfer* ("Transfer Order"). *See Stipulation* at Attachment A-11.<sup>7</sup>

#### B. STATEMENT OF FACTS

IGWA's Fourth Mitigation Plan proposes direct delivery of up to 10 cfs of "first use"

water from SeaPac's Magic Springs facility to the Rangen Facility. Ex. 1000 at 3; Ex. 1009 at 4.

SeaPac owns two water rights for fish propagation at its Magic Springs facility: 36-7072 which

(4) Buried Pipeline Agreement with Mitchell;

(6) Pipeline License Agreement with Rangen;

(8) 100% Engineering Design;

<sup>&</sup>lt;sup>6</sup> A copy of the Blades Affidavit, which was filed with the Court on January 28, 2015, in Case No. CV-2014-4970, is attached hereto as Appendix B. The Department moves the Court to take judicial notice of the Blades Affidavit pursuant to IRE 201(d).

<sup>&</sup>lt;sup>7</sup> On March 19, 2015, counsel for IGWA, Rangen, and the Department agreed to the admission of twelve additional documents in the record of this appeal. This agreement is represented in the *Stipulation to Augment the Record* ("Stipulation"), which the Department filed with the Court on March 20, 2015. The Stipulation includes copies of the following documents (as Attachments A-1-A-12) and is attached hereto as Appendix C:

<sup>(1)</sup> Lease between North Snake Ground Water District, Magic Valley Ground Water District, and Southwest irrigation District, and the IWRB Re: Aqualife;

<sup>(2)</sup> Memorandum of Agreement with SeaPac Re: use of Magic Springs water;

<sup>(3)</sup> Buried Pipeline Agreement with North Side Canal Company;

<sup>(5)</sup> Letter from Pat Brown confirming permission to install pipe through Candy property;

<sup>(7)</sup> Hagerman Highway District Easement Approval granted October 1, 2014;

<sup>(9)</sup> Insurance commitment form from Evolution Insurance;

<sup>(10)</sup> IGWA's Notice of Insurance submitted to the Department on February 6, 2015;

<sup>(11)</sup> The Transfer Order; and

<sup>(12)</sup> Email correspondence between counsel for the Department and counsel for Rangen and IGWA dated 3/17/2015, sent at 9:28 a.m., RE: Measurements for Magic Springs Pipeline.

authorizes the diversion of 148.2 cfs for fish propagation from Thousand Springs with a priority date of September 5, 1969, and 36-8356 which authorizes the diversion of 45 cfs for fish propagation from springs with a priority date of May 9, 1988. Ex. 2013, attachments 4 & 5. The Magic Springs Project is designed to deliver a maximum flow of 10 cfs of spring water associated with water right 36-7072 to Rangen. IGWA will divert Magic Springs' water from a point of diversion authorized by water right number 36-7072. Ex. 1009 at 4.

A letter of intent executed by IGWA and SeaPac states that SeaPac will agree to lease or sell to IGWA up to 10 cfs of "first use" water from its Magic Springs water rights (36-7072 and 36-8356) for mitigation purposes ("IGWA/SeaPac agreement"). Ex. 1003 at 2. SeaPac currently has a short-term lease of the Aqualife Aquaculture Facility Hatchery ("Aqualife") from the IWRB, which owns and operates Aqualife and water right numbers 36-4011, 36-2734, 36-15476, 36-2414, and 36-2338. SeaPac desires to continue its Aqualife operations by securing ownership and/or a long-term lease of Aqualife. Ex. 1003 at 1-3. The IGWA/SeaPac agreement is contingent upon 1) IGWA securing approval of its Fourth Mitigation Plan from the Department, 2) IGWA securing an order approving the transfer of the point of diversion and place of use (as necessary) from SeaPac to Rangen, 3) IGWA constructing the pump and pipeline facilities and delivering Magic Springs' water pursuant to an approved mitigation plan, and 4) IGWA owning or controlling Aqualife water right numbers 36-4011, 36-2734, 36-15476, 36-2414, and 36-2338 by long-term lease or purchase from the IWRB and making them available to SeaPac. Ex. 1003 at 2-3.

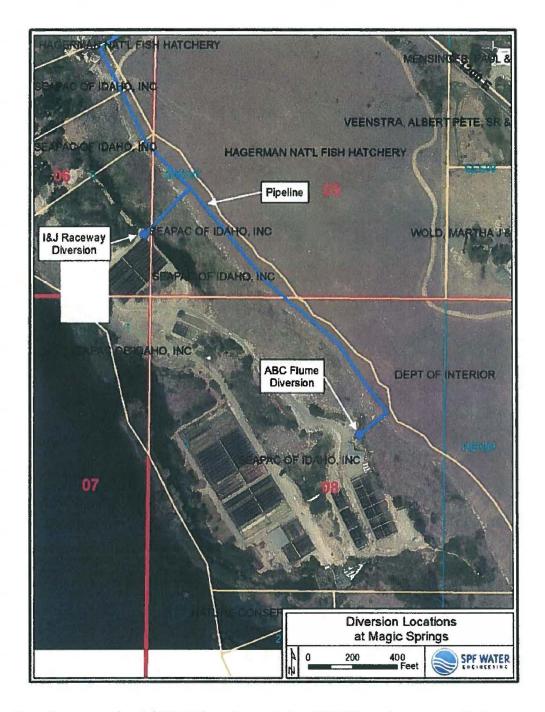
On July 18, 2014, prior to filing of the Fourth Mitigation Plan, the IWRB executed a letter of intent with IGWA to make available to IGWA by long-term lease or purchase up to 10 cfs of its Aqualife water rights as needed to satisfy the mitigation obligation to Rangen. Ex.

1002 at 2. At the time of approval of the Fourth Mitigation Plan, IGWA and the IWRB were negotiating to finalize the details of a thirty-year lease of the Aqualife water rights and facility. IGWA intends to assign the lease to SeaPac and gain access to the Magic Springs' water. Tr. p. 38-40; 87-89. IGWA submitted the finalized lease to the Department on January 16, 2015. *See Stipulation* at Attachment A-1.

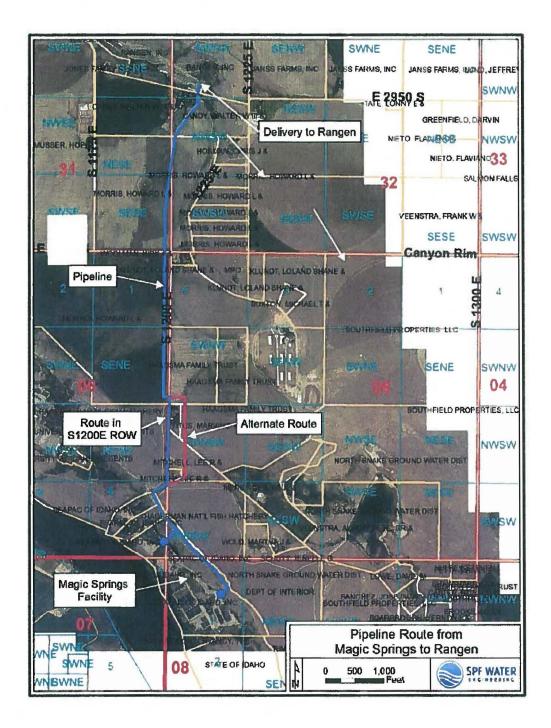
At the time of hearing on the Fourth Mitigation Plan, engineers for IGWA had completed sixty percent of the engineering design necessary to construct the full Magic Springs Project ("engineering design"). Ex. 1009. The engineering design calls for construction of a permanent pump station and pipeline system "to reliably deliver 9.1 cfs from Magic Springs to the Rangen [F]acility."<sup>8</sup> *Id.* at 10. The following figure taken from Exhibit 1009 at 13 displays two potential diversion points identified below the rim at the Magic Springs facility for the permanent pipeline system: the I&J Raceway Diversion ("I&J Diversion") and the ABC Flume Diversion ("ABC Diversion").<sup>9</sup>

<sup>&</sup>lt;sup>8</sup> The engineering design also called for the construction of a temporary pump and pipeline system to deliver water to Rangen by January 19, 2015. Ex. 1009 at 7-9. The temporary system was not constructed.

<sup>&</sup>lt;sup>9</sup> Testimony presented at the hearing demonstrated the I&J Diversion was preferred. Tr. p. 156. The 100% engineering design depicts only the I&J Diversion. *Stipulation* at Attachment A-8.



The pipeline alignments for the I&J Diversion and the ABC Diversion eventually intersect on top of the rim, and from that point to the Rangen Facility, the alignment for both points of diversion is the same. Ex. 1009 at 10. The following figure taken from Exhibit 1009 at 11 depicts the pipeline alignments:



#### **ISSUES PRESENTED ON APPEAL**

Respondents' formulation of the issues presented on appeal is as follows:

- A. Whether the Director acted in compliance with Idaho law and the CM Rules in approving the Fourth Mitigation Plan.
- B. Whether Rangen can use this proceeding to challenge other final orders and decisions issued by the Director.
- C. Whether the Fourth Mitigation Plan Order provides sufficient contingency provisions to protect Rangen.
- D. Whether requiring Rangen to allow construction on its land related to placement of the delivery pipe for the Magic Springs Project constitutes a taking of Rangen's property.

#### **STANDARD OF REVIEW**

Judicial review of a final decision of the Department is governed by the Idaho Administrative Procedure Act ("IDAPA"), chapter 52, title 67, Idaho Code. I.C. § 42-1701A(4). Under IDAPA, the Court reviews an appeal from an agency decision based upon the record created before the agency. Idaho Code § 67-5277; Dovel v. Dobson, 122 Idaho 59, 61, 831 P.2d 527, 529 (1992). The Court shall affirm the agency decision unless it finds the agency's findings, inferences, conclusions, or decisions are: (a) in violation of constitutional or statutory provisions; (b) in excess of the statutory authority of the agency; (c) made upon unlawful procedure; (d) not supported by substantial evidence on the record as a whole; or (e) arbitrary, capricious, or an abuse of discretion. Idaho Code § 67-5279(3); Barron v. Idaho Dept. of Water Resources, 135 Idaho 414, 417, 18 P.3d 219, 222 (2001). The party challenging the agency decision must show that the agency erred in a manner specified in Idaho Code § 67-5279(3), and that a substantial right of the petitioner has been prejudiced. Idaho Code § 67-5279(4); Barron, 135 Idaho at 417, 18 P.3d at 222. "Where conflicting evidence is presented that is supported by substantial and competent evidence, the findings of the [agency] must be sustained on appeal regardless of whether this Court may have reached a different conclusion." Tupper v. State Farm Ins., 131 Idaho 724, 727, 963 P.2d 1161, 1164 (1998). If the agency action is not affirmed, it shall be set aside, in whole or in part, and remanded for further proceedings as necessary. Idaho Power Co. v. Idaho Dep't of Water Res., 151 Idaho 266, 272, 255 P.3d 1152, 1158 (2011).

#### ARGUMENT

# A. <u>THE FOURTH MITIGATION PLAN ORDER COMPLIES WITH IDAHO LAW</u> <u>AND THE CM RULES</u>

The Director acted in compliance with Idaho law and the CM Rules in approving the Fourth Mitigation Plan. Specifically, the CM Rules require that, when a delivery call is made, and upon a finding by the Director as provided in CM Rule 42 that injury is occurring, the Director may allow out-of-priority diversion of water by junior-priority ground water users pursuant to a mitigation plan that has been approved by the Director. IDAPA 37.03.11.040.01.b. CM Rule 43.02 states that the Director shall consider the mitigation plan under the procedural provisions of Idaho Code § 42-222. Idaho Code § 42-222 provides that approval may be granted "in whole, or in part, or upon conditions." CM Rule 43.03 establishes factors that "may be considered by the Director in determining whether a proposed mitigation plan will prevent injury to senior rights." A proposed mitigation plan must contain information that allows the Director to evaluate these factors. IDAPA 37.03.11.043.01(d).

While Rule 43.03 lists factors that "may be considered by the Director," the Director determined factors 43.03(a) through 43.03(c) are necessary components of mitigation plans that call for the direct delivery of mitigation water. R. p. 182-83. Accordingly, to satisfy its burden of proof, IGWA was required to present sufficient factual evidence to prove that (1) the Magic Springs proposal is legal, and would provide the quantity of water required by the Curtailment Order; (2) the components of the Fourth Mitigation Plan would be implemented to timely provide mitigation water as required by the Curtailment Order; and (3)(a) the Magic Springs Project was geographically located and engineered, and (b) necessary agreements or option contracts were executed, or legal proceedings to acquire land or easements had been initiated. *Id*, at 183.

After evaluating of all the evidence, the Director concluded the "Fourth Mitigation Plan is an acceptable plan under the CM Rules" and conditionally approved the plan. R. p. 195. Specifically, the Director concluded:

The Fourth Mitigation Plan adequately describes the actions that will be taken by IGWA to mitigate material injury to Rangen by pumping water from Magic Springs to the Rangen Facility for the beneficial purpose of fish propagation. CM Rule 43.01.d. The plan is in compliance with Idaho law. CM Rule 43.03.a. The plan has been geographically located and engineered. While IGWA has not finalized some aspects of the plan, for instance IGWA offered two possible points of diversion and also offered at least two alternative pipeline alignments, this does not render the plan unapprovable. In fact, because some aspects of the plan have not yet been finalized, this will provide Rangen an opportunity to offer additional input on issues such as how to integrate the Magic Springs water into Rangen's system.

*Id.* at 195-96. The Director also concluded that, "[i]f implemented, the plan will provide water to Rangen 'at the time and place required by the senior priority water right ....' CM Rule 43.03.b." *Id.* at 196. The Director determined the proposed permanent pipeline system satisfied necessary standards of "temperature, water chemistry, reliability, and biosecurity" and the proposed pumping and power "system design is reliable. CM Rule 43.03.h." *Id.* The Director approved the Fourth Mitigation Plan "conditioned upon approval of IGWA's [Transfer Application] or an authorized lease through the [WSB]. Approval [was] also conditioned upon all necessary agreements or option contracts being reduced to final written agreements." *Id.* at 197-98. In recognition that a mitigation plan must include contingency provisions to assure protection of the senior-priority right in the event the mitigation water source becomes unavailable, *In Matter of Distribution of Water to Various Water Rights Held By or For Ben. of A & B Irrigation Dist.*, 155 Idaho 640, 654, 315 P.3d 828, 842 (2013), the Director also required IGWA to "pay for all costs of building, operating, maintaining, and monitoring the pipeline(s)" and "to purchase an insurance policy for the benefit of Rangen to cover any losses of fish attributable to the failure of the temporary or permanent pipeline system to the Rangen Facility." R. p. 197-98. As this discussion demonstrates, the Director acted in compliance with Idaho law and the CM Rules in approving the Fourth Mitigation Plan.

# B. <u>ASSIGNMENTS OF ERROR REGARDING THE GRANTING OF A STAY, THE</u> <u>MORRIS EXCHANGE CREDIT, APPROVAL OF THE WSB LEASE AND</u> <u>RENTAL, AND THE TRANSFER ORDER SHOULD NOT BE CONSIDERED IN</u> <u>THIS PROCEEDING</u>

While this appeal is from the Fourth Mitigation Plan Order, Rangen appears to challenge multiple decisions of the Director since issuance of the Curtailment Order up until and after approval of the Fourth Mitigation Plan. Specifically, Rangen implies the Director erred by granting stays on February 21, 2014, and April 28, 2014; sets forth several arguments related to the Morris exchange agreement credit; and appears to challenge approval of the WSB lease and rental as well as the Transfer Order. As discussed below, such challenges are not appropriate for the Court to consider in this proceeding because they should have either been raised in prior proceedings, have become moot, or should be challenged in other proceedings.

### 1. Orders Granting Requests for Stay

Rangen mentions that, on February 21, 2014, the Director issued an Order Granting IGWA's Petition to Stay Curtailment. Opening Brief at 9. Rangen also mentions the Director's decision to issue the April 28, 2014, Order Granting IGWA's Second Petition to Stay Curtailment. Id. at 10-11. To the extent Rangen seeks to challenge the Director's issuance of these stays in this proceeding, those challenges are barred by claim preclusion. Specifically, claim preclusion bars a subsequent action between the same parties upon the same claim or upon claims relating to the same cause of action. Berkshire Investments, LLC v. Taylor, 153 Idaho 73, 81, 278 P.3d 943, 951 (2012) (quotations and citations omitted). Under this doctrine, a claim is also precluded if it could have been brought in the previous action, regardless of whether it was actually brought, where: (1) the original action ended in final judgment on the merits, (2) the present claim involves the same parties as the original action, and (3) the present claim arises out of the same transaction or series of transactions as the original action. *Ticor Title Co. v. Stanion*, 144 Idaho 119, 125–27, 157 P.3d 613, 618–20 (2007).

Here, Rangen could have raised challenges to the Director's decisions to issue the February 21, 2014, and April 28, 2014, stays in its petition for judicial review of the First Mitigation Plan Order in CV-2014-2446 dated June 13, 2014. Case no. CV-2014-2446 ended in a final judgment on the merits when the Court entered its *Memorandum Decision and Order on Petition for Judicial Review* ("2446 Decision")<sup>10</sup> and *Judgment* on December 3, 2014, and its *Remittitur* on January 26, 2015. Rangen's challenges to the above-described stays arise out of the same series of transactions as Rangen's appeal of the First Mitigation Plan Order. Accordingly, Rangen's failure to raise challenges to the Director's issuance of the February 21, 2014, and April 28, 2014, stays in its appeal of the First Mitigation Plan Order means claim preclusion prevents Rangen from raising those challenges here.

In addition, under Idaho law, the Director has discretion to enter an order granting or denying a request for stay. Order Denying Application for Alterative Writ of Mandate, Case No. CV-2014-272 (Fifth Jud. Dist. Ct. May 23, 2014); IDAPA 37.01.01.780; I.C. § 67-5274 and I.R.C.P. 84(m); See also Bank of Idaho v. Nesseth, 104 Idaho 842, 846, 664 P.2d 270, 274 (1983). The Director did not err by issuing the above-described stay orders on February 21, 2014, and April 28, 2014.

<sup>&</sup>lt;sup>10</sup> A copy of the 2446 Decision is attached hereto as Appendix D. The Department moves the Court to take judicial notice of the 2446 Decision pursuant to IRE 201(d).

## 2. Morris Exchange Agreement Credit

Rangen sets forth several arguments related to mitigation credit granted by the Director for the Morris exchange agreement. First, Rangen argues the Director's decision in the Second Mitigation Plan Order to "recalculate the time period over which the Morris [exchange agreement] credit was calculated was arbitrary and capricious." *Opening Brief* at 13. As stated above, this Court entered its 2446 Decision with respect to Rangen's appeal of the First Mitigation Plan Order on December 3, 2014. The Court concluded the Director's approval of mitigation credit for the Morris exchange agreement did not violate the prior appropriation doctrine, but reversed and remanded the Director's use of flow data associated with an average year and use of an annual time period to calculate the mitigation credit for further proceedings as necessary. *2446 Decision* at 10-15. Because the Court reversed and remanded the issue of calculation of the Morris exchange agreement credit, the issue is currently before the Department on remand and, therefore, moot in this proceeding.

Next, Rangen asserts that the Director should have used actual Martin-Curren Tunnel flow measurements when determining the Morris exchange agreement credit in approving the Fourth Mitigation Plan. *Opening Brief* at 13. There are two problems with this assertion. First, Rangen did not argue to the Director in proceedings related to the Fourth Mitigation Plan that the Director should use actual Martin-Curren Tunnel flow measurements when determining the Morris exchange agreement credit in the Fourth Mitigation Plan Order. Having failed to raise the issue to the Director in those proceedings, Rangen cannot now raise this challenge on appeal. *See Elias-Cruz v. Idaho Dep't of Transp.*, 153 Idaho 200, 206, 280 P.3d 703, 709 (2012) ("We will not consider on appeal issues that the administrative tribunal had the authority to decide but were not raised before it."). Second, while Rangen argues actual Martin-Curren Tunnel flow measurements for the 2014 irrigation season were available when the Director issued the Fourth Mitigation Plan Order on October 29, 2014, this is factually incorrect. Rangen tracks flow measurements from the white PVC pipe which are necessary to the determination of actual flows from the Martin-Curren Tunnel. The white pipe measurements for the 2014 irrigation season were first made available to the Department when Rangen submitted Dave Colvin's calculation of the Morris exchange agreement credit on October 31, 2014, after issuance of the Fourth Mitigation Plan Order. R. p. 264. Actual flow measurements from the Martin-Curren Tunnel were not available for use to determine Morris exchange agreement credit in the Fourth Mitigation Plan Order.

Rangen also complains "the First Mitigation Plan [Order] did not provide any mechanism for monitoring or making adjustments to the amount of [Morris exchange agreement] credit as Martin-Curren Tunnel Measurements became available during the year." *Opening Brief* at 13. Rangen is barred by the doctrine of claim preclusion from raising issues that were required to be raised in Rangen's appeal of the First Mitigation Plan Order. *See Berkshire Investments, LLC,* 153 Idaho at 81, 278 P.3d at 951.

Rangen also argues the Director erred because "he did not correct and amend" the Fourth Mitigation Plan Order upon evaluation of Rangen's Morris Exchange Credit Motion, but rather issued the Morris Exchange Order to address that the Morris exchange agreement credit ran out on October 1, 2014. *Opening Brief* at 14. Evaluation of Rangen's Morris Exchange Credit Motion took place after issuance of the Fourth Mitigation Plan Order. The Director's findings, inferences, and conclusions set forth in the Fourth Mitigation Plan Order are required to be supported by substantial evidence on the record as a whole. *See* Idaho Code § 67-5279. Data that Rangen submitted in support of its Morris Exchange Credit Motion was not part of the record upon which the Fourth Mitigation Plan Order was based. Therefore, the Director did not err by issuing the Morris Exchange Order instead of amending the Fourth Mitigation Plan Order. In addition, Rangen has filed an appeal of the Morris Exchange Order. *See* CV-2014-4970. Any challenge Rangen has to the Director's issuance of the Morris Exchange Order should be raised in its appeal of that order in CV-2014-4970, not in this appeal of the Fourth Mitigation Plan Order.

Rangen also asserts it "did not receive any additional water during 2014 and the Martin-Curren Tunnel flow continues to go down. While the opportunity to reverse that decline and see the 3.4 cfs increase predicted by the Director has passed, the Court should still reverse the [Fourth Mitigation Plan Order] and remand this matter to the Director for determination of a proper remedy." *Opening Brief* at 15. Rangen's assertion is not supported by the record. IGWA's aquifer enhancement activities have resulted in additional delivery of water to Rangen as recognized in the First Mitigation Plan Order. Additionally, because of the Director's approval of the First Mitigation Plan Order, Rangen has received water that would have otherwise been unavailable to Rangen but for the Morris exchange agreement. Further, Rangen overlooks the Director's phased-in mitigation requires that 3.4 cfs of mitigation be provided to Rangen in the first year, which is April 1, 2014, through March 31, 2015. The opportunity to see the 3.4 cfs increase predicted by the Director has certainly not passed, and indeed as Rangen admits, it is currently receiving water pursuant to the Magic Springs Project. *See Opening Brief* at 23.<sup>11</sup>

#### 3. Consideration of CM Rule 43.03

Rangen argues "[t]he Director erred by failing to address Rule 43.03.j criteria" in the context of Fourth Mitigation Plan proceedings because this "enabled IGWA to implement the

<sup>&</sup>lt;sup>11</sup> Measurements for the Magic Springs pipeline taken in February and March 2015 demonstrate Rangen is receiving at least 7.81 cfs. *Stipulation* at Attachment A-12.

Fourth Mitigation Plan without a proper injury analysis." *Opening Brief* at 15-17. Rangen concludes "[t]he Director's failure to address Rule 43.03j factors when coupled with the rental agreement allowed IGWA to do an end-run of Idaho law." *Id.* at 18.

Rule 43.03 of the CM Rules sets forth several "[f]actors that *may* be considered by the Director in determining whether a proposed mitigation plan will prevent injury to senior rights." IDAPA 37.03.11.043.03 (emphasis added). One of those factors is "[w]hether the mitigation plan is consistent with the conservation of water resources, the public interest or injures other water rights, or would result in the diversion and use of ground water at a rate beyond the reasonably anticipated average rate of future natural recharge." IDAPA 37.03.11.043.03.j. Here, the Director declined to consider issues set forth in Rule 43.03.j in the context of Fourth Mitigation Plan proceedings because he determined "[i]ssues of potential injury to other water users due to a transfer are most appropriately addressed in the transfer contested case proceeding." R. p. 196. Because consideration of Rule 43.03.j in the context of approval of a mitigation plan is discretionary, and the Director may approve a mitigation plan upon conditions (CM Rule 43.02; Idaho Code § 42-222), the Director did not err by deferring consideration of issues of potential injury and conditionally approving the Fourth Mitigation Plan upon approval of the Transfer Application or an authorized lease through the WSB.

Moreover, contrary to Rangen's argument, IGWA was not allowed to implement the Fourth Mitigation Plan without a proper injury analysis. The Director considered issues of potential injury to other water rights due to IGWA's delivery of water to Rangen pursuant to the Magic Springs Project in proceedings related to the WSB lease and rental, *See May Affidavit* at Exs. 2-3 and *Blades Affidavit* at Ex. 3, as well as in the Transfer Order, *See Stipulation* at Attachment A-11. To the extent Rangen seeks to challenge approval of the WSB lease and rental in this appeal, the Court should not consider such arguments because Rangen has not yet exhausted its administrative remedies. *See White v. Bannock Cnty. Commissioners*, 139 Idaho 396, 401, 80 P.3d 332, 337 (2003) (". . . the doctrine of exhaustion generally requires that the case run the full gamut of administrative proceedings before an application for judicial relief may be considered."). In addition, to the extent Rangen seeks to challenge the Transfer Order, such challenges are not appropriately heard in this appeal, but rather should be pursued by Rangen in accordance with Idaho Code §§ 67-5270 and 67-5272.

# C. <u>THE FOURTH MITIGATION PLAN ORDER PROVIDES SUFFICIENT</u> CONTINGENCY PROVISIONS TO PROTECT RANGEN

The Fourth Mitigation Plan Order approved the Magic Springs Project upon several conditions and with contingency provisions to protect Rangen. R. p. 197-98. Rangen argues the Fourth Mitigation Plan Order "puts all risks on Rangen and does not provide any contingency provisions." *Opening Brief* at 19. For example, Rangen asserts it "does not know who is supposed to maintain and operate" the pipeline that is currently delivering water to Rangen from Magic Springs. *Id.* at 23. Yet, the Fourth Mitigation Plan Order expressly states that "IGWA is required to pay for all costs of building, operating, maintaining, and monitoring the pipeline." R. p. 20.

Rangen also asks "what remedy does Rangen have if water is delivered for a period of two years, but then there is a disagreement within IGWA or among the Districts concerning the payment of electricity or maintenance of the system and the pumps are shut off?" *Opening Brief* at 23-24. Rangen asserts "Fish will be dead within a very short period of time and Rangen will be out of water because there is no backup delivery plan. If this type of scenario occurred in January, simply curtailing junior rights would be inadequate." *Id.* at 24. Rangen fails to acknowledge, however, that the Fourth Mitigation Plan Order required IGWA "to purchase an

insurance policy for the benefit of Rangen to cover any losses of fish attributable to the failure of the temporary or permanent pipeline system to the Rangen Facility." R. p. 198. Accordingly, Rangen's argument that the Fourth Mitigation Plan Order lacks contingencies to protect Rangen's interests is not supported by the record.<sup>12</sup>

# D. <u>APPROVAL OF THE FOURTH MITIGATION PLAN DID NOT RESULT IN A</u> <u>TAKING OF RANGEN'S PROPERTY</u>

In approving the Fourth Mitigation Plan, the Director required Rangen to state, in writing, whether it will accept water delivered pursuant to the Magic Springs Project and whether it will allow construction on its land related to placement of the delivery pipe. R. p. 198. Rangen argues that requiring Rangen to allow construction on its land related to placement of the delivery pipe constitutes a taking of Rangen's property rights in violation of the Fifth Amendment to the United States Constitution as well as Article 1, section 14 of the Idaho State Constitution. *Opening Brief* at 19.

The U.S. Constitution provides that private property shall not be taken for public use without just compensation. U.S. Const. Amend. V. The Fifth Amendment is made applicable to the states through the Fourteenth Amendment. *Texaco, Inc. v. Short,* 454 U.S. 516, 523, n. 11 (1982). The Idaho Constitution provides that "[p]rivate property may be taken for public use, but not until a just compensation, to be ascertained in the manner prescribed by law, shall be paid therefor." Idaho Const. Art. I, § 14.

The Director's requirement that Rangen state, in writing, whether it will accept water delivered pursuant to the Magic Springs Project and whether it will allow construction on its land

<sup>&</sup>lt;sup>12</sup> Rangen sets forth a list of questions on pages 20-22 of its Opening Brief in an apparent attempt to imply those questions are either relevant or have not been addressed. All of the questions set forth in Rangen's Opening Brief at 20-22 are either irrelevant or addressed by the Fourth Mitigation Plan Order or documents submitted to the Court in the Stipulation at Attachments A-1-A-12.

related to placement of the delivery pipe does not constitute a taking of Rangen's property under the United States or Idaho Constitutions. First, Rangen's property has not been taken. Rangen was given a choice regarding whether it would allow construction of the Magic Springs' pipeline on its property in order to deliver water to mitigate injury to its senior water rights. Second, the pipeline was not constructed or placed across Rangen's property for public use. Its construction and placement was entirely for Rangen's use and was proposed only because Rangen initiated the delivery call proceeding in this matter for the purpose of determining whether its senior water rights were being injured and to have that injury mitigated. Rangen cannot choose to accept delivery of water pursuant to an approved mitigation plan and then pursue a takings claim because such delivery requires construction and placement of a pipeline across Rangen's property. The Court should reject Rangen's takings claim.

#### E. RANGEN IS NOT ENTITLED TO ATTORNEY FEES

In order for attorney fees to be awarded, authority and argument establishing a right to attorney fees must be presented in the first brief filed by a party on appeal. *Carroll v. MBNA Am. Bank*, 148 Idaho 261, 270, 220 P.3d 1080, 1089 (2009). While Rangen demanded attorney fees pursuant to Idaho Code § 12-117 and Idaho Rule of Civil Procedure 54 in its *Petition for Judicial Review* filed on November 25, 2014, Rangen presents no argument in support of this demand in its opening brief on appeal. Even if the Court considers Rangen's request for attorney fees, the Director's factual findings are supported by substantial and competent evidence and his determinations of legal issues are not clearly erroneous. Rangen is not entitled to an award of attorney fees in this matter.

#### CONCLUSION

The Director's approval of the Fourth Mitigation Plan is in compliance with Idaho law and the CM Rules and, because of the Fourth Mitigation Plan Order, IGWA is supplying water directly to Rangen. Claim preclusion prevents Rangen from challenging stays issued by the Director on February 21, 2014, and April 28, 2014. Challenges related to calculation of the Morris exchange agreement credit are moot in this proceeding or factually incorrect. The Director did not err by conditionally approving the Fourth Mitigation Plan upon the issuance of a WSB lease and rental or a transfer approval. Rangen's challenge to the WSB lease and rental applications cannot be raised in this proceeding as Rangen must first exhaust its administrative remedies. Any challenge Rangen has to the Transfer Order must be raised in accordance with Idaho Code §§ 67-5270 and 67-5272. The Fourth Mitigation Plan Order contains sufficient contingencies to protect Rangen's interests. Approval of the Fourth Mitigation Plan did not result in a taking of Rangen's property. Rangen is not entitled to attorney fees on appeal.

Rangen has not demonstrated the Director's findings, inferences, conclusions, or decisions are in violation of constitutional or statutory provisions; in excess of the statutory authority of the agency; made upon unlawful procedure; unsupported by substantial evidence in the record; or arbitrary, capricious, or an abuse of discretion. The Court should affirm the Director's Fourth Mitigation Plan Order. DATED this  $\frac{e^{\pi i \theta}}{e^{\pi i \theta}}$  day of March 2015.

# LAWRENCE G. WASDEN ATTORNEY GENERAL

CLIVE J. STRONG Chief, Natural Resources Division Deputy Attorney General

Garrick L. Baxter Emmi L. Blades Deputy Attorneys General Idaho Department of Water Resources

### **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this  $22^{14}$  day of March 2015, I caused to be served a true and correct copy of the foregoing document by the method indicated, to the following:

Original to: SRBA District Court 253 3RD AVENUE NORTH PO BOX 2707 TWIN FALLS ID 83303-2707 Facsimile: (208) 736-2121

J JUSTIN MAY MAY BROWNING 1419 W WASHINGTON BOISE ID 83702 jmay@maybrowning.com

ROBYN BRODY BRODY LAW OFFICE PO BOX 554 RUPERT ID 83350 robynbrody@hotmail.com

FRITZ HAEMMERLE HAEMMERLE & HAEMMERLE PO BOX 1800 HAILEY ID 83333 fxh@haemlaw.com

RANDALL C BUDGE TJ BUDGE RACINE OLSON PO BOX 1391 POCATELLO ID 83204-1391 rcb@racinelaw.net tjb@racinelaw.net ( ) U.S. Mail, Postage Prepaid
(x) Hand Delivery
( ) Facsimile
( ) E-mail

(x) U.S. Mail, Postage Prepaid
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- () Facsimile
- (x) E-mail

GARRICK L. BAXTER Deputy Attorney General

# APPENDIX A

	COPY	
1 2 3 4 5 6 7 8 9	Robyn M. Brody (ISB No. 5678) BRODY LAW OFFICE, PLLC P.O. Box 554 Rupert, ID 83350 Telephone: (208) 434-2778 Facsimile: (208) 434-2780 robynbrody@hotmail.com Fritz X. Haemmerle (ISB No. 3862) HAEMMERLE LAW, PLLC P.O. Box 1800 Hailey, ID 83333 Telephone: (208) 578-0520 Facsimile: (208) 578-0564 fxh@haemlaw.com	J. Justin May (ISB No. 5818) MAY, BROWNING & MAY, PLLC 1419 W. Washington Boise, ID 83702 Telephone: (208) 429-0905 Facsimile: (208) 342-7278 jmay@maybrowning.com
10 11 12 13	IN THE DISTRICT COURT OF THE	FIFTH JUDICAL DISTRICT OF THE
<ol> <li>14</li> <li>15</li> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> </ol>	RANGEN, INC., an Idaho Corporation, Petitioner, vs. IDAHO DEPARTMENT OF WATER RESOURCES and GARY SPACKMAN, in his official capacity as Director of the Idaho Department of Water Resources, Respondent.	Case No. CV-2014-4970 AFFIDAVIT OF J. DEE MAY IN SUPPORT OF MOTION FOR RECONSIDERATION OF ORDER GRANTING STAY OF CURTAILMENT ORDER
22 23 24 25	STATE OF IDAHO ) ss County of Twin Falls J. Dee May, being first duly sworn on oa AFFIDAVIT OF J. DEE MAY IN SUPPORT OF MO GRANTING STAY OF CURTAILMENT ORDER - 1	TION FOR RECONSIDERATION OF ORDER

1	1 My name is J. Dee May. I am an attorney licensed to practice law in the State of Idaho.		
2	The matters contained in this affidavit are based on my personal knowledge.		
3	2 Attached hereto as Exhibit 1 is a true and correct copy of the transcript of the hearing		
4	conducted in this matter on January 22, 2015.		
5	3 Attached hereto as Exhibit 2 is a true and correct copy of the IGWA/IWRB lease		
6	documents provided by IGWA and IDWR on January 23, 2015.		
7	4 Attached hereto as Exhibit 3 is a true and correct copy of the IGWA/IWRB rental		
8	documents provided by IGWA and IDWR on January 23, 2015.		
9	5 Attached hereto as Exhibit 4 is a true and correct copy of an email sent from Deputy		
10	Attorney General John Homan on January 23, 2015.		
11	6 Attached hereto as Exhibit 5 is a true and correct copy of Rangen's Closing Brief in		
12	Opposition to IGWA's Fourth Mitigation Plan.		
13 14	7 Attached hereto as Exhibit 6 is a true and correct copy of Rangen's Closing Brief submitted		
15	in In the Matter of Application for Transfer No. 79560 in the Name of North Snake Ground Water		
16	District, Magic Valley Ground Water District, and Southwest Irrigation District.		
17	8 Attached hereto as Exhibit 7 is a true and correct copy of excerpts of the transcript from		
18	the hearing on IGWA's Tucker Springs Mitigation Plan, CM-MP-2014-003, held on June 4, 2014.		
19	9 Attached hereto as Exhibit 8 is a true and correct copy of the Order Approving IGWA's		
20	Fourth Mitigation Plan, CM-MP-2014-006.		
21	10 Attached hereto as Exhibit 9 is a true and correct copy of Rangen's Protest to Transfer		
22	Application No. 79560.		
23	11 Attached hereto as Exhibit 10 is a true and correct copy of the Notice of Prehearing		
24	Conference issued by Hearing Officer James Cefalo in Transfer Application No. 79560.		
25	onger enter is inter same Celaio in Transfer Application No. 79560.		
	AFFIDAVIT OF J. DEE MAY IN SUPPORT OF MOTION FOR RECONSIDERATION OF ORDER GRANTING STAY OF CURTAILMENT ORDER - 2		

Attached hereto as Exhibit 11 is a true and correct copy of the Notice of Hearing and Scheduling Order issued by Director Spackman in Transfer Application No. 79560. Attached hereto as Exhibit 12 is a true and correct copy of the transcript of the December 19, 2014 hearing on Transfer Application No. 79560. DATED THIS 26st day of January, 2015. J. Dee May SUBSCRIBED AND SWORN to before methils 26th day of January, 2015 for the State of otary Pub Idaho Residing at: My Commission Expires AFFIDAVIT OF J. DEE MAY IN SUPPORT OF MOTION FOR RECONSIDERATION OF ORDER **GRANTING STAY OF CURTAILMENT ORDER - 3** 

**CERTIFICATE OF SERVICE** 

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The undersigned, a resident attorney of the State of Idaho, hereby certifies that on the 26th day of January, 2015 he caused a true and correct copy of the foregoing document to be served upon the following as indicated:

5 **Original:** Hand Delivery M State of Idaho U.S. Mail 6 SRBA District Court Facsimile 253 3rd Avenue North Federal Express 7 P.O. Box 2707 E-Mail 8 Twin Falls, ID 83303-2707 Facsimile: (208) 736-2121 9 Director Gary Spackman Hand Delivery 9 Idaho Department of Water U.S. Mail 10 Facsimile Resources P.O. Box 83720 Federal Express 11 Boise, ID 83720-0098 E-Mail F deborah.gibson@idwr.idaho.gov 12 Garrick Baxter Hand Delivery 13 Idaho Department of Water U.S. Mail Resources Facsimile 14 Federal Express P.O. Box 83720 Boise, Idaho 83720-0098 E-Mail 0 15 garrick.baxter@idwr.idaho.gov chris.bromley@idwr.idaho.gov 16 kimi.white@idwr.idaho.gov Randall C. Budge Hand Delivery 17 **TJ Budge** U.S. Mail RACINE, OLSON, NYE, BUDGE Facsimile 18 & BAILEY, CHARTERED Federal Express 19 201 E. Center Street E-Mail 52. P.O. Box 1391 20 Pocatello, ID 83204 rcb@racinelaw.net 21 tjb@racinelaw.net 22 23 tin May 24 25 AFFIDAVIT OF J. DEE MAY IN SUPPORT OF MOTION FOR RECONSIDERATION OF ORDER **GRANTING STAY OF CURTAILMENT ORDER - 4** 

# Exhibit 2

# RECEIVED

# JAN 1 5 2010 DEPARTMENT OF WATER RESOURCE

# WATER SUPPLY BANK LEASE CONTRACT

This Lease Contract ("Lease") is effective January 1, 2015, between the Idaho Water Resource Board ("Board"), and

Lessor: SEAPAC OF IDAHO PO BOX 546 BUHL ID 83316 208-837-6541

# 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.
- 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	Lease Rate	Lease Volume	Acre Limit	Total Leased Acres
36-7072	5.5 CFS	Not Stated	N/A	N/A
Combined Lease Totals:	5.5 CFS	Not Stated	N/A	N/A

The water rights described herein shall be available for rental from the Bank as follows: Authorized Period of Use under Lease: 01/01 to 12/31

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

- TERM OF LEASE: This Lease shall take effect when both parties have signed it and shall continue in effect until December 31, 2016.
- 4. WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE: The Lessor shall ablde 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. DUPLICATE ORIGINAL: This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original.

Page 1 of 4

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

SEAPAC OF IDAHO **PO BOX 546 BUHL ID 83316** 

By Printed Name 151

Date Title

ŧ

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

By \_ Brian Patton, Acting Administrator Idaho Water Resource Board

Lease approved by IDWR

Date <u>January 15, 2015</u> Date <u>1/15/2015</u>

Page 2 of 4

# ATTACHMENT A

# WATER RIGHT NO. 36-7072 WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: SEAPAC OF IDAHO PO BOX 546 BUHL ID 83316 208-837-6541

Priority Date: 09/05/1969

Source: THOUSAND SPRINGS

Tributary to: SNAKE RIVER

BENEFICIAL USE	From	To	1	Diversion Rate	Volume
FISH PROPAGATION	01/01 to	12/31		5.5 CFS	Not Stated
			Total:	5.5 CFS	Not Stated

LOCATION OF POINT(S) OF DIVERSION:

SPRINGS SEXSEXSEX Sec. 6

Twp 08S Rge 14E

**GOODING County** 

TWO POINTS OF DIVERSION LOCATED IN T08S, R14E, S06, LOT 8 SESESE

PLACE OF USE TO BE IDLED UNDER THIS LEASE: FISH PROPAGATION

Tum	Dee	0.00		N	E		1	. N				S	W			S	E		Tatala
IWP	rge	260	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE Totals	
08S	14E	5											Н						
08S	14E	6																H LB	
08S	14E	8						H L1											

Total Acres:

## 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 <u>not</u> 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, the lease term expires, or upon request from the lessor to change the term of the lease, 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.
- Rental of water under this right is subject to the limitations and conditions of approval of the water right.

WR No. 36-7072

Attachment A - WSB Conditions of Acceptance

Page 3 of 4

- Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
- 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.
- 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.
  - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
  - c. New lessor(s) of record will receive payment after the following rental season.
- 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 unleased portion of this right and water right 36-8356 are limited to a combined diversion rate of 142.7 cfs.
- 13. Fish propagation is for a commercial hatchery.

WR No. 36-7072

RECEIVED

# STATE OF IDAHO WATER RESOURCE BOARD

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DEC 1 5 2014 DEPARTMENT OF WATER RESOURCES

# WATER SUPPLY BANK LEASE OR SALE APPLICATION CHECKLIST

An application to lease or sell a water right into the Water Supply Bank must be prepared in accordance with the minimum requirements listed below to be acceptable for processing by the Department. 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. Incomplete applications will be returned to applicants for completion.

Designated Applicant SeaPac of Idaho

Water Right No. <u>36-7072</u> One water right per application

			All ite	ems must be checked as either Attached (Yes) or Not Applicable (N/A)
			YES	
			$\square$	Completed Water Supply Bank Lease or Sale Application Checklist (this form).
			$\square$	Completed Application to Sell or Lease a Water Right to the Water Supply Bank (pages 2-3).
			Ø	Application filing fee of \$250.00. If you are submitting more than one lease application and the water rights have a common place of use, or common diversion rate, or common diversion volume, the combined maximum fee is \$500.00.
Attachme	nt	N/A	YES	
IA			Z	Contact information for all owners of the water right that is being leased or sold on this application.
1B			$\square$	An Internal Revenue Service (IRS) Form W-9 for the Designated Applicant.
IC		$\mathbf{Z}$		Notice of Change in Water Right Ownership form (accessible from www.idwr.idaho.gov).
ID			Z	Written consent from irrigation district or water delivery company.
1E				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			$\mathbb{Z}$	Description of a water right portion offered to the Water Supply Bank.
3D		Ø		Evidence demonstrating that a water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.
4			Z	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. If you don't already have a detailed map, you can create one using IDWR's online General Mapping Tool ( <u>http://maps.idwr.idaho.gov/mapall/</u> ) to locate a water right place of use or point of diversion.

Department Use Only	
Fee Amount \$ 250 @ Received By:	Date Received: 12/15/14 Receipt # CO99683
W-9 received? Yes No (Route W-9 to Fiscal)	Name on W-9: Sea, Pas of Idaho, Inc.



201 E Center St P.O. Box 1391 Pocatello, ID 83204 O 208.232.6101 F 208.232.6109 racinelaw.net

December 12, 2014

i

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

# Re: Water Supply Bank Applications

To Whom It May Concern:

Enclosed are companion applications to lease and rent 5.5 cfs from Magic Springs to be delivered to the Rangen Fish Hatchery on Billingsley Creek pursuant to the Order Approving *IGWA's Fourth Mitigation Plan* issued by the Director on October 29, 2014. Page 20 of the Order explains that IGWA must obtain approval of Application for Transfer No. 79560 or the enclosed Water Supply Bank Applications by no later than January 19, 2015. We ask that the enclosed applications be approved immediately in case proceedings on Transfer No. 79560 are not completed by that date.

The lease submitted is for one year, with the ability to terminate upon approval of Transfer 79560 with the understanding that fees will be refunded pro rata.

Should you have any questions please give me a call.

Sincerely,

RCB:ts Enclosures RANDALL C. BUDGE rcb@racinelaw.net

RECEIVED

DEC 1 5 2014

DEPARTMENT OF WATER RESOURCES

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3.

# STATE OF IDAHO WATER RESOURCE BOARD

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

# **1. CONTACT INFORMATION**

A. An application to sell or lease a water right to the Water Supply Bank must be completed by a Designated Applicant who is a recognized owner of the water right being sold or leased to the Water Supply Bank. If there are additional owners recorded for the property to which the water right is appurtenant, those individuals must authorize the Designated Applicant to represent them on this application by completing and signing Attachment IA of this application package.

Designated Applicant SeaPac of Idaho	Email /	Address seapac@seapacofidaho.com
Mailing Address PO Box 546, Buhl, ID 8		Phone Number 208.837.6541
The Designated Applicant is the sole o OR	wner of the water right bein	ng sold or leased to the Water Supply Bank.
The Designated Applicant is represent	ng additional water right h	olders who have completed Attachment 1A.
B. Has the designated applicant completed an I	RS Form W-9 (Attachment	1B)? Yes 🗹 No 🗌
C. Are all applicants on this form listed in IDW If no, attach a Notice of Change in Water Righ		owners of the water right? Yes 🖉 No 🗍 the required documentation and fee (Attachment 1C).
D. Is the diversion works or system owned or n If yes, provide written consent from the compa		strict or water delivery company? Yes D No 🗹 district authorizing the proposed sale or lease (Attachment 1D).
E. Is this application being completed by an au If yes, representatives (includes employees of of their authority to represent the Designated A	Designated Applicant company	the Designated Applicant? Yes No 🗹 nies) must complete this section and submit documentary proof
Name of Representative Thomas J. Budge	Organi	ization_IGWA
Professional Title	Email	Address rcb@racinelaw.net
Mailing Address P. O. Box 1391, Pocate	llo, Idaho 83204-1391	Phone Number 208-232-6101
Send all correspondence for this applie OR	cation to the representative	and not to the Designated Applicant.
Send original correspondence to the D	esignated Applicant and co	opies to the representative.
DESCRIPTION OF WATER RIGHT OFFE	RED TO THE BANK	
Water Right Number <u>36-7072</u>	The full water right i	is being offered to the Bank.
	OR	
		right is being offered to the Bank. is being offered, complete Attachment 2)
GENERAL INFORMATION		
A. Please provide a description of the current v Pump and pipe system currently being		er from the Magic Springs Fish Hatchery own by
SeaPac to the Rangen Fish Hatchery of	on Billingsley Creek.	
P. Describe any other water rights used for the	same numore at the same	place of use as the water right being offered to the Bank

B. 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. SeaPac water right no. 36-8356

- C. Will the present place of use continue to receive water from any other source? Yes 🗹 No 🗍 If yes, describe. Magic Springs, under water right no. 36-8356 and the remaining portion of 36-7072 that is not being leased into the Bank.
- D. Has any portion of this water right undergone a period of five or more consecutive years of non-use? Yes □ No ☑ If yes, describe and attach Watermaster records or other evidence to demonstrate that the water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.
- E. Is this water right involved in any other IDWR process such as an application for transfer or a mitigation plan? Yes 🗹 No 🗌 If yes, describe. IGWA's 4th Mitigation Plan; Application for Transfer No.79560.

# 4. SALE/LEASE AGREEMENT

- 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 provisions are stayed.
- Acceptance of a water right into the ank does not, in itself, confirm the validity of the water right or any elements of the water right.

Signature of Designated Applicant	Printed Name	Date
Thorn \$13	Thomas J. Budge	12/12/14
Signature of Authorized Representative	Printed Name	Date
	Mall to:	

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

- C. Will the present place of use continue to receive water from any other source? Yes 🖉 No 🗌 If yes, describe. Magic Springs, under water right no. 36-8356 and the remaining portion of 36-7072 that is not being leased into the Bank.
- D. Has any portion of this water right undergone a period of five or more consecutive years of non-use? Yes No 🗹 If yes, describe and attach Watermaster records or other evidence to demonstrate that the water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.
- E. Is this water right involved in any other IDWR process such as an application for transfer or a mitigation plan? Yes 🕢 No 🗍 If yes, describe, IGWA's 4th Mitigation Plan; Application for Transfer No.79560.

# 4. SALE/LEASE AGREEMENT

- A. Is the water right, or portion thereof, offered to the Idaho Water Resource Board (IWRB) for sale in or lease If lease, for a period from 1/19/15 to 1/19/16\* (maximum lease period 5 years). (Month / Day / Year) Terminable upon approval of Transfer 79560.
- 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:

presentative

- 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 provisions are stayed.
- Acceptance of a water right into the ank does not, in Itself, confirm the validity of the water right or any elements of the water right.

nature of Designated Applicant

Thomas J. Budge

Printed Name

12/12/14 Date

Mall to:

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

Page 3

# STATE OF IDAHO WATER RESOURCE BOARD

# **ATTACHMENT 1A**

# Additional Water Right Holders Party to the Lease Application

List all individuals or business entities that are owners of the property to which the water right on this application is appurtenant. All water right holders must be signatories to 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.

Water Right No. 36-7072

	Designated Applicant	Applicant #2	Applicant #3
Name	SeaPac of Idaho		
Mailing Address	PO Box 546, Buhl, ID 83316		
Phone Number	208-837-6541	······································	· · · · · · · · · · · · · · · · · · ·
Email Address			
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 Designaled 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			

# SPECIAL POWER OF ATTORNEY FOR WATER RIGHTS

The undersigned hereby appoints the law firm of RACINE OLSON NYE BUDGE & BAILEY, CHAR-TERED, 201 E. Center Street, Post Office Box 1391, Pocatello, Idaho 83204, my/our true and lawful attorney for the purpose of dealing with the Idaho Department of Water Resources relative to the management and transaction of water rights, and to allow them to receive all information, opinions, and records regarding water rights, and to sign and submit applications and other filings on my/our behalf.

DATED this \_\_\_\_\_ day of May, 2014.

IDAHO GROUND WATER APPROPRIATORS, INC. (IGWA) acting for and on behalf of its Ground Water District members

By: Name: Tim Dee Title: President

STATE OF IDAHO ) County of <u>Bannock</u> )

On this 2nd day of May, 2014, before me, the undersigned, a Notary Public in and for said State, personally appeared Tim Deeg, known or identified to me to be the President of the company that executed the instrument or the person who executed the instrument on behalf of said company, and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.



NOTARY PUBLIC **IDAHO** 

Residing at: Commission expires:

# LETTER OF INTENT

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# USE OF WATER FROM SEAPAC OF IDAHO, INC'S MAGIC SPRINGS FACILITY, CONSTRUCTION OF PUMP STATION AND PIPELINE IN EXCHANGE FOR WATER FROM THE AQUA LIFE FACILITY

This Letter of Intent ("LOI") is entered into by and between Idaho Ground Water Appropriators, Inc. ("IGWA"), acting for and on behalf of North Snake Ground Water District, Magic Valley Ground Water District and Southwest Irrigation District (collectively "Districts"), and SeaPac of Idaho, Inc. ("SeaPac").

# RECITALS

A. In response to Rangen, Inc.'s ("Rangen") water delivery call, the Idaho Department of Water Resources ("IDWR") determined in its January 29, 2014 order that holders of ground water rights junior to July 13, 1962 must provide 9.1 cfs of direct flow to Rangen. Other delivery calls are pending or may be filed by other Hagerman Valley water right holders seeking to curtail junior ground water users.

B. IGWA represents ground water districts whose members consist of irrigators, municipalities, and commercial and industrial entities with ground water rights. Many of the ground water districts' member's water rights are junior to Rangen and certain other water rights in the Thousand Springs reach of the Hagerman Valley and are subject to curtailment unless a mitigation plan is approved providing replacement water.

C. IGWA and SeaPac support the concepts and implementation of the State of Idaho's *Thousand Springs Water Supply Settlement Framework* designed to provide recharge and other means to stabilize the aquifer, to improve water supplies in the Hagerman Valley and to resolve conflicts between junior and senior water right holders.

D. The Idaho Water Resource Board ("IWRB") owns and operates the Aqua Life Aquaculture Facility Hatchery ("Aqua Life") and has entered into a Letter of Intent with IGWA to make available to IGWA by lease or purchase up to ten (10) cfs of its Aqua Life water rights from adjacent springs as needed to meet the mitigation obligation to Rangen and others in the Hagerman valley. IGWA has entered into negotiations with IWRB seeking to lease and acquire ownership of all of Aqua Life.

E. SeaPac currently has a short-term lease of Aqua Life from IWRB and desires to continue its Aqua Life operations by securing ownership and/or a long-term lease.

44020.0001.1168115.2

Page 2

F. IGWA desires to secure water from SeaPac's Magic Springs to provide a supply of water for mitigation purposes to Rangen and to other senior rights in the Hagerman Valley.

G. IGWA and SeaPac desire to enter into this Letter of Intent ("LOI") to set forth their intent to commence negotiation of a final agreement providing for the exchange of Magic Springs water for Aqua Life water consistent with the terms set forth below.

# TERMS

The Agreement shall have the following terms and conditions:

1. SeaPac will lease or sell to IGWA up to ten (10) cfs of first use water from its Magic Springs water right nos. 36-7072 and 36-8356 and also will provide access to allow IGWA to utilize all discharge water from its Magic Springs facilities as needed to provide mitigation to other water right holders in the Hagerman valley.

2. In exchange for water from Magic Springs, IGWA will secure ownership or control of Aqua Life water right nos. 36-1044, 36-2734, 36-15476, 36-2414, and 36-2338 by long-term lease or purchase from IWRB and make them available to SeaPac.

3. IGWA will pay all costs to design, construct, operate and maintain the water collection and intake system, pump station, pipeline and other facilities necessary to deliver up to 10 cfs of first use water together with discharge water from Magic Springs to the head of Billingsley Creek directly up gradient from the Rangen hatchery and/or other locations in the Hagerman valley for mitigation purposes. IGWA will ensure that the diversion and delivery facilities to be constructed will not interfere with the use of SeaPac's remaining water rights at Magic Springs.

4. IGWA shall be responsible to secure from IDWR approval of such mitigation plans, transfer applications and other permits as may be required to change the point of diversion and place of use to accomplish the delivery of Magic Springs water for mitigation purposes. SeaPac hereby grants consent to IGWA to file and process such mitigation plans, transfer applications based on this LOI, with the approvals made subject to this LOI and the contemplated final Agreement between the parties.

5. SeaPac will grant IGWA permanent easements at Magic to design, construct, operate and maintain the water intake and collection facilities, pump station, pipeline and other facilities as necessary for the delivery of water to other locations for mitigation purposes.

6. IWRB will cooperate with IGWA and provide all necessary documents to conduct such investigation as it shall deem appropriate.

7. The Agreement will be contingent upon: (a) IGWA securing an order from IDWR approving mitigation plans providing for the delivery SeaPac's Magic Springs water rights to satisfy the mitigation obligations to Rangen and/or others in the Hagerman valley; (b) IGWA

Page 2

# Page 3

securing an order from IDWR approving the transfer of the point of diversion and place of use (as necessary) from SeaPac to Rangen and other locations for mitigation; (c) IGWA proceeding to construct and implement the pump and pipeline facilities pursuant to an approved mitigation plan; and IGWA securing ownership or control by long-term lease of Aqua Life and providing it to SeaPac.

8. This LOI may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this LOI via facsimile transmission shall be as effective as delivery of an original signed copy. Thereafter, the parties shall exchange executed originals of this LOI.

9. This LOI is intended as a general expression of the terms and conditions, under which the parties are willing to proceed to prepare, negotiate and if acceptable to all parties in their respective sole discretion, execute a final Agreement. Neither this LOI nor the execution hereof as provided below, shall be binding on any party until the formal Agreement is executed by all parties.

10. Upon execution of this LOI SeaPac will provide access to IGWA to begin engineering work, IGWA will proceed to file and process with IDWR mitigation plans and transfer applications as contemplated and the parties will proceed to negotiate a final Agreement incorporating the terms and conditions as outlined above.

Idaho Ground Water Appropriators, Inc. resident SeaPac of Idaho, In

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# STATE OF IDAHO WATER RESOURCE BOARD

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# **ATTACHMENT 2**

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

١.	Water Right Number	Amount (cfs/ac-ft)	Nature of Use	Period of Use					
	36-7072	5.50 cfs	Fish Propagation/Mitigation	1/1	to	12/31			
			· · · · · · · · · · · · · · · · · · ·	h	to				
					to				
		Record Completion and Completion of the second		<u></u>	to				
					to				
	Total Amount:	5.50 cfs							
2.	Source of water	Thousand Springs	tributary to	Snake Ri	ver				

3. Point(s) of Diversion:

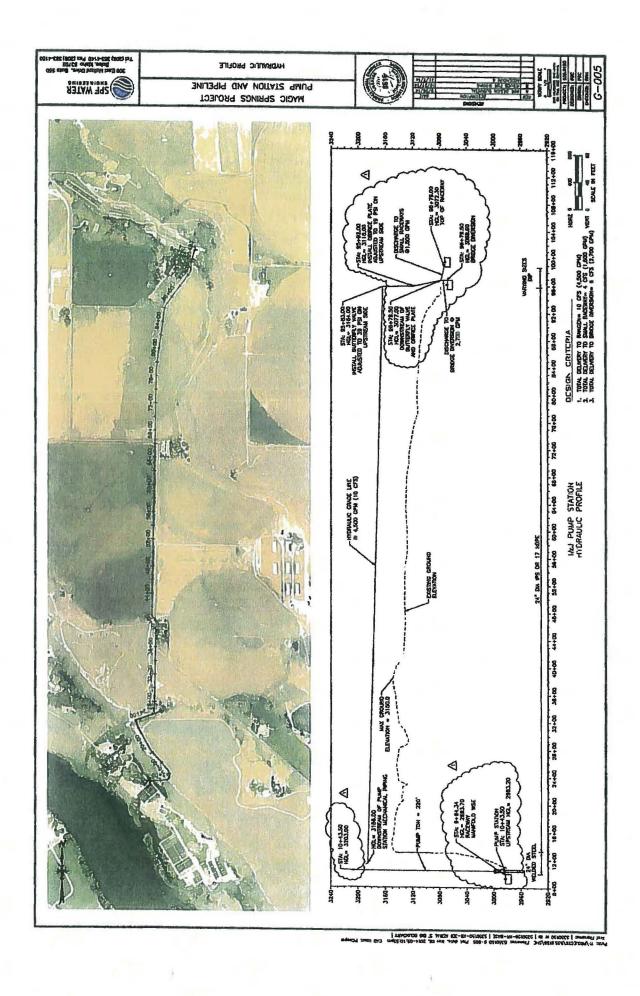
Twp	Rge	Sec	Lot	1/4	1/4	1/4	County	
8S	14E	5			ŚW	SW	Gooding	
8S	14E	6			SE	SE	Gooding	
8S	14E				NW	NW	Gooding	
							· · · · · · · · · · · · · · · · · · ·	·

4. Lands irrigated or place of use:

TWP	RGE	SEC		N	E			N	W			S	W			S	E		TOTALS
INAL	NOL		NE	NW	SW	\$E	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	8E	
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If the water right is for irrigation, show total number of acres offered to the Bank. Total Acres N/A

Attachment 2





State of ' laho DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098 Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN Director

C.L. "BUTCH" OTTER Governor

January 16, 2015

SEAPAC OF IDAHO PO BOX 549 BUHL ID 83316

# RE: WATER SUPPLY BANK LEASE CONTRACT FOR RIGHT 36-7072

Dear Lessor:

Water Rights 36-7072 was leased into the Water Supply Bank on January 1, 2015 in accordance with the executed original Lease Contract enclosed. Your water right as described on the Lease Contract is considered leased into the Bank and should remain <u>unused</u> until it is formally released from the Bank.

The right will automatically be released from the Bank on **December 31, 2016**, unless the right is released earlier by the Board, or upon your request. **Please note your right may not be available for immediate release if they have been rented.** 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. This form is available from our public website at <u>www.idwr.idaho.gov</u>.

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 <u>not</u> 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 me at 287-4910.

Sincerely,

nothersley

Clay Webster Water Resource Agent WSB Process Point of Contact

Enclosure: Executed Lease Contract

c: Racine Olson Nye Budge Bailey IDWR Southern Region

# MEMORANDUM

To:	Water	<b>Right No</b>	(s)	. 36-7072
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From: Remington Buyer

Date: December 31, 2014

**Re:** Review of Applications to Lease Water Rights to the State Water Supply Bank

PURPOSE/NARRATIVE: On December 15, 2014, an application was received from Thomas J. Budge, legal counsel for the Idaho Ground Water Appropriators (IGWA). Through Mr. Budge, IGWA is proposing to lease into the Bank 5.5 cfs from water right 36-7072 before renting it for mitigation and fish propagation purposes at the nearby Rangen fish facility (Rangen).

Mr. Budge has submitted an application for transfer (TX #79560) that proposes to split off 10 cfs of water from 36-7072 and utilize it for fish propagation and mitigation purposes at Rangen's facility. The transfer has been protested. This lease rental application is being submitted due to the protesting of the transfer application. As a matter of avoiding duplicative work, the Water Supply Bank tends not to consider lease and rental applications where transfers are pending, and the Bank avoids considering a lease/rental if an associated transfer is protested. This lease/rental transaction however is being proposed to accomplish mitigation activities approved by an order of the Director of IDWR (IGWA's Fourth Mitigation Plan) and the mitigation activities are sanctioned by the IWRB, thus the Bank will consider this transaction.

AUTHORITY TO FILE: The lease application has been completed and submitted by IGWA, acting through Mr. Budge, however the current owner of the water right is SeaPac of Idaho. A signed Letter of Intent between IGWA and SeaPac contemplates this lease proposal being submitted and has been included with the lease application. There are no concerns about the authority to file the application, however SeaPac's signature is missing from the lease application. Either SeaPac will need to sign the lease application and lease contract, or IGWA can sign the lease if they can provide evidence that they have in fact obtained through purchase or lease from SeaPac the 5.5 cfs from water right 36-7072.

WATER RIGHT VALIDITY: Water right was decreed in 1997 and SeaPac has been and continues to use water authorized under this right. Validity of the right is not a concern.

INJURY TO OTHER WATER RIGHTS: Water right 36-7072 authorizes diversion of water that emerges from the ESPA via nine springs, collectively known as Magic Springs. Water is diverted for fish propagation, a non-consumptive use of water, before flowing into the Snake River. Except for the lessor of water right 36-7072, there are no other known water users who divert water from the Magic Springs, nor are there any known downstream water users who use waste water from 36-7072 prior to it flowing into the Snake River. No injury is apparent from leasing this water right into the Water Supply Bank.

ENLARGEMENT OF USE: No enlargement is evident through the lease.

LOCAL PUBLIC INTEREST: The lease (and subsequent rental) of this water right through the Bank is in support of an IDWR approved and IWRB sanctioned mitigation plan (IDWR Order Approving IGWA's Fourth Mitigation Plan, October 29, 2014). IGWA's Fourth Mitigation Plan

contemplates a lease/rental through the Bank to accomplish their mitigation activities. The mitigation plan is approved by IDWR to address the curtailment of ESPA ground water rights. Approval of this lease (and associated rental) is in support of accomplishment of IGWA's mitigation plan and are thus in the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: The lease is consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: Water District 130 watermaster comments were obtained. There are no concerns with leasing this water into the Bank however there are additional considerations to be considered on the rental.

# Exhibit 3

# RECEIVED

# JAN 1 5 2015

DEPARTMENT OF WATER RESOURCES

Thomas J. Budge tjb@racinelaw.net



201 E. Center St. P.O. Box 1391 Pocatello, ID 83204 OFFICE 208.232.6101 FAX 208.232.6109 racinelaw.net

January 15, 2015

Remington Buyer Water Supply Bank Coordinator Idaho Department of Water Resources 322 East Front Street, Boise, ID, 83720

# Re: IGWA Water Supply Bank Rental Agreement

Dear Remington:

Enclosed please find the following:

- 1. Water Bank Lease Application with SeaPac's signature as designated applicant.
- 2. Lease Contract signed by SeaPac.
- 3. Rental Contract signed by IGWA.
- 4. \$6,769.40 check for administrative fee.

Please feel free to contact me with any questions.

Sincerely,

= Budge

T. J. BUDGE

Form 42-1761-2 07/13

RECEIVED

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# STATE OF IDAHO WATER RESOURCE BOARD

DEC 1 5 2014

DEPARTMENT OF WATER RESOURCES

# **APPLICATION TO RENT WATER** FROM THE WATER SUPPLY BANK

This application must be prepared in accordance with the minimum requirements listed to be acceptable for processing by the Department. Incomplete applications will be returned.

Name of Renter(s) IGWA, acting for and on behalf of NSGWD, MVGWD, Southwest Irr Dist. (collectively "Districts")

e 208-232					Email rcb@racinelaw.net								
	n Flow Rat		OUGHT FOR Maximum Vo			1 Constant	ature of Use gation/Mitigation	1/1	Period of Use to <u>12/31</u> to				
Total: <u>5.</u> 2. Source of 3. Point(s) of	f water Ma		gs			tribu	tary to Snake River		to				
TWP	RGE	SEC	GOVT	1/4	1/4	1/4		County	Birth Colored and Colored and				
85	14E	5			SW	SW		Gooding					
8S	14E	6			SE	SE		Gooding					
8S	14E	8			NW	NW		Gooding					

RGE	RGE	RGE	RGE	RGE	RGE	RGE	RGE	RGE	DCE	DCF	RCE	CE CEC		N	E			N	W			S	W			S	E		Totals
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	14E	14E 31	14E 31	RGE SEC NE NW 14E 31	14E 31	RGE SEC NE NW SW SE 14E 31	RGE SEC NE NW SW SE NE 14E 31	RGE     SEC     NE     NW     SW     SE     NE     NW       14E     31	RGE         SEC         NE         NW         SW         SE         NE         NW         SW           14E         31	RGE         SEC         NE         NW         SW         SE         NE         NW         SW         SE           14E         31	RGE     SEC     NE     NW     SW     SE     NE     NW     SW     SE     NE       14E     31	RGE     SEC     NE     NW     SW     SE     NE     NW       14E     31     FM	RGE     SEC     NE     NW     SW     SE     NE     NW     SW       14E     31	RGE     SEC     NE     NW     SW     SE     NE     NW     SW     SE     NE     NW     SW     SE       14E     31	RGE     SEC     NE     NW     SW     SE     NE     NW       14E     31	RGE     SEC     NE     NW     SW     SE     NE     NW     SW     SE     NE     NW       14E     31	RGE     SEC     NE     NW     SW     SE     NE     NW     SW     SE     NE     NW     SW       14E     31	RGE     SEC     NE     NW     SW     SE       14E     31											

If the use is for irrigation, show total number of acres proposed through rental.

# **B. OWNERSHIP**

1. Do you own the land at the proposed point of diversion?

Yes	No	Z
res L		M

Yes No

If no, list owner, contact information, and attach a copy of the agreement or other written authority to use the proposed point of diversion. SeaPac of Idaho, Inc. Letter of Intent Is attached.

2. Do you own the land at the proposed place of use?

If no, list owner, contact information, and attach a copy of the agreement or other written authority to use the proposed place of use. Rangen, Inc., PO Box 706, Buhl, ID : Order Approving IGWA's Fourth Mitigation Plan

C. MAP

Attach a map identifying the proposed point(s) of diversion, place(s) of use, and water diversion and distribution system details as described by this application in section A. Include legal description labels.

N/A

Total Acres

Form 42-1761-2 07/13

# **D. GENERAL INFORMATION**

- Please provide a description of the proposed diversion system.
   The Districts will pump and pipe water from Magic Springs facility to the Rangen hatchery.
- Describe any other water rights diverted through the same point(s) of diversion or used for the same purpose(s) as described above. Rangen water right nos. 36-134B, 36-135A, 36-15501, 36-2551, 36-7694 are also used for fish propagation at the Rangen Fish Hatchery.

3. Will the proposed place of use receive water from any other source? If yes, describe. Martin-Curren Tunnel Yes 🗹 No 🗌

- If the proposed use is not for irrigation, please provide a detailed description of the proposed use and how you determined the amount of water required. Attach additional sheets if needed. <u>Mitigation for fish propagation pursuant to IGWA's Fourth</u> Mitigation Plan, CM-MP-2014-006.
- 5. Are there any other applications pending before the Department, such as an application for permit or transfer, for the same use(s) proposed by this rental?
  Yes I No I
  If yes, describe. Transfer Application #79560 and Permit Application for Waste Water.
- 6. Was this rental application submitted in response to a Notice of Violation or a pending Notice of Violation? Yes 🗌 No 🗹 If yes, describe.

# E. RENTAL TERM

Doy	ou wish to rent wat	ter from the Board	's bank for more than one	(1) year?	Yes 🗹 🛛	No 🗌

If yes, please specify the number of years desired through proposed rental.

\*terminable upon approval of Transfer #79560

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.

If this application is approved, the applicant agrees to the following:

- 1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
- 2. Renter shall comply with all applicable state and federal laws while using water under this agreement.
- 3. Renter shall hold the Board, the Director, and the state of Idaho harmless from all llability on account of negligent acts of the renter.
- The Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
- 5. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
- 6. Renter is not authorized to use water proposed by this application until the rental fees are paid in full and the renter receives an executed copy of the agreement signed by the Director.

Thomas J. Budge, Attorney for Renter	12/12/14
Printed Name and Title*	Date
	Thomas J. Budge, Attorney for Renter Printed Name and Title*

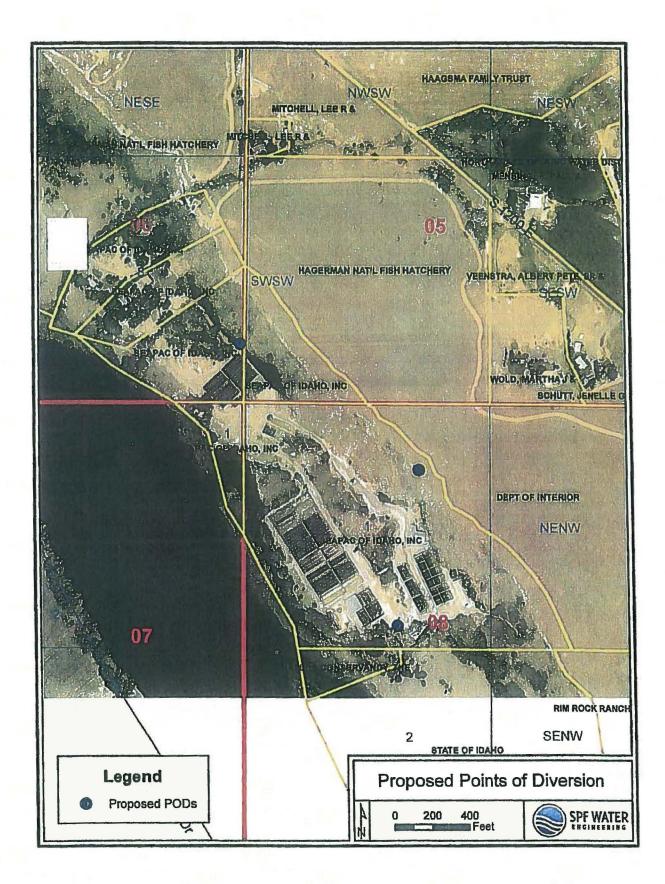
Signature of Applicant

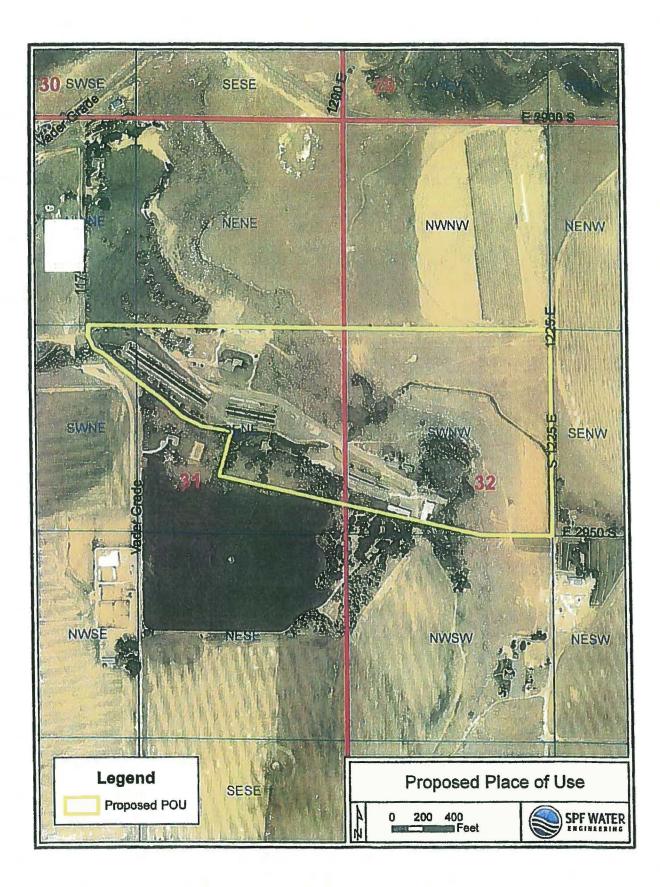
Printed Name and Title\*

Date

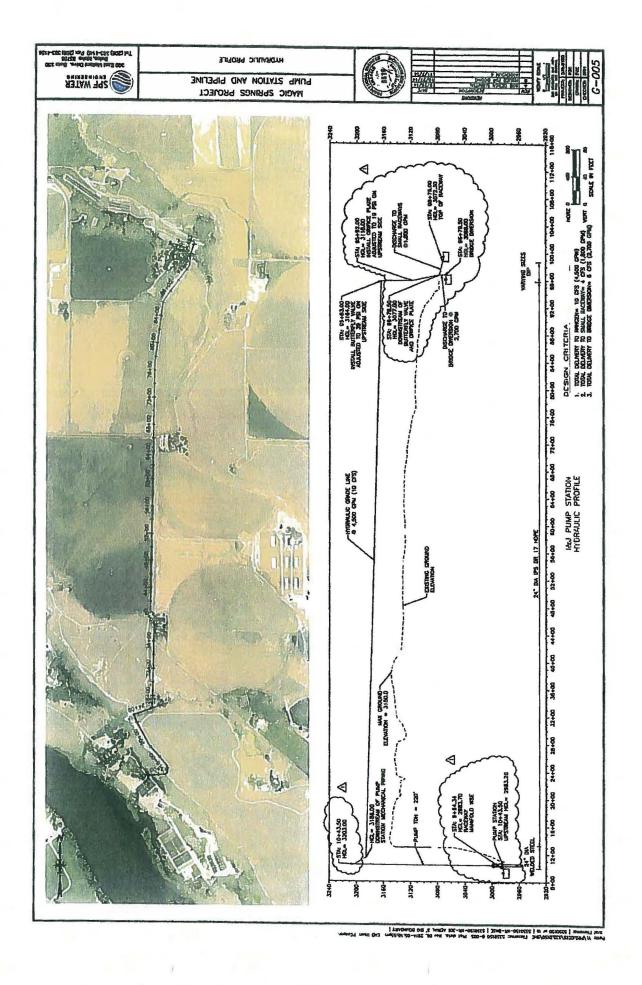
\*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

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





ť



# RECEIVED

# JAN 1 5 2015

# STATE OF IDAHO DEPARTMENT OF WATER RESOURCES WATER SUPPLY BANK RENTAL AGREEMENT

DEPARTMENT OF WATER RESOURCES

# This is to certify that: IDAHO GROUND WATER APPROPRIATORS C/O THOMAS J. BUDGE PO BOX 1391, POCATELLO, ID 83204 (208) 232-6101

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	Priority Date	Source	Tributary	Rented Rate	Annual Rented Volume	Acre Limit	Total Rented Acres
36-7072	09/05/1969	Thousand Springs	Snake River	5.5 cfs	3982 af	N/A	N/A

5.5 cfs

3982 af

N/A

N/A

**Annual Rental Total** 

Term of Rental: January 1, 2015 to December 31, 2016 Annual Rental Fee: \$6769.40

The fee for rental of the above-described water is \$67,694.00, however you have a private agreement with the lessor of water right 36-7072 where you only need to pay for the administrative fee associated with the rental of that water right. The fee that will be retained by the Department to offset administrative costs is 10% of the total, or \$6769.40.

No rental fees will be refunded once the fee is collected and the start date for a Rental Agreement has passed.

Detalled water right conditions are attached.

Page 1 of 4

STATE OF IDAHO DEPARTMENT OF WATER RESOURCES WATER SUPPLY BANK RENTAL AGREEMENT 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: Alformen for 16WA Printed Name and Title\* 1.14.15 ron Date Signature of Renter \*Please provide title of signatory 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. Date Daminony 15,2015 By Do BRIAN PATTON, Acting Administrator Idaho Water Resource Board 7

# STATE OF IDAHO DEPARTMENT OF WATER RESOURCES WATER SUPPLY BANK RENTAL AGREEMENT

# WATER USE DETAILS

# LOCATION OF POINT(S) OF DIVERSION

THOUNSAND SPRINGS SE%SE%SE% Sec. 6 Twp 08S Rge 14E GOODING County TWO POINTS OF DIVERSION LOCATED IN T08S, R14E, S06, LOT 8 SESESE

# **BENEFICIAL USE**

FISH PROPAGATION

# SEASON OF USE

01/01 TO 12/31

# RENTER'S PLACE OF USE:

# FISH PROPAGATION

				N	E			N	W			S	W			S	E		
Twp	Rng	Sec	NE	NW	SW	SE	Totals												
075	14E	31			H	Н													
075	14E	32							H						1				

Total Acres:

# CONDITIONS APPLICABLE TO ALL RENTED WATER RIGHTS

- 1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
- 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.
- This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
- 5. 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.
- 6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
- 7. 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.
- Renter acknowledges and agrees that the Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
- 9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
- 10. The water right(s) referenced above is accepted into the bank and rented in accordance with a private agreement formulated between the lessor and the renter. Administrative fees will be paid based on the current rental rate.

Page 3 of 4

- 11. All conditions specified and ordered by the Director of Water Resources in the Order Approving IGWA's Fourth Mitigation Plan are relevant and apply to this rental agreement.
- 12. Use of water under this right will 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. 130.
- 13. Prior to diversion of water under this right, the right holder shall install and maintain a measuring device and lockable controlling works of a type acceptable to the Department as part of the pipeline delivering water to the Rangen Facility.



State of ( `aho DEPARTMENT OF WATER RESOURCES 322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098 Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN Director

C.L. "BUTCH" OTTER Governor

January 16, 2015

IDAHO GROUND WATER APPROPRIATORS C/O THOMAS BUDGE PO BOX 1391 POCATELLO ID 83204

# RE: RENTAL OF WATER FROM THE WATER SUPPLY BANK WATER RIGHT NO(S). 36-7072

**Dear Renter:** 

Please find enclosed a receipt in the amount of **\$6769.40** and a copy of a fully executed Water Supply Bank Rental Agreement in connection with the rental of 3982 acre-feet of water for fish propagation during 2015. 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.

Pursuant to the Water Supply Bank Rules, the rental fee will be retained by the Department to offset administrative costs since you have a private agreement with the lessor of the right(s).

If you have any questions, please contact me at (208) 287-4944.

Sincerely,

Handkersley

Cherie Palmer Water Rights Supervisor WSB Process Point of Contact

Enclosure(s): Receipt No. C099824 Rental Agreement (copy)

c: Sascha Marston – Fiscal Allen Merritt – IDWR Southern Regional Office Cindy Yenter – State Water District No. 130

# MEMORANDUM

To: Water Right No(s). 36-7072

From: Remington Buyer

Date: January 2, 2015

**Re:** Review of Applications to Rent Water Rights from the Water Supply Bank

PURPOSE/NARRATIVE: On December 15, 2014, an application was received from Thomas J. Budge, attorney for the Idaho Ground Water Appropriators (IGWA), who propose to lease into the Bank 5.5 cfs from water right 36-7072, and who desire to rent the 5.5 cfs for fish propagation and mitigation purposes at the Rangen fish facility (Rangen). IGWA desires to rent water to provide mitigation to the Rangen facility which is currently experiencing injury due to water shortages emanating from the Eastern Snake Plane Aquifer (ESPA), caused by the diversions of ground water from the ESPA by IGWA members. IGWA is renting the water to provide mitigation water for Rangen. Rangen will ostensibly then be able to use any additional water supplied by the rental for fish propagation purposes.

The rental application specifies renting water from Magic Springs located in section 6 of Township 8S Range 14E and piping the water to Rangen via the 1&J pipeline proposal (specified in the IDWR Order Approving IGWA's Fourth Mitigation Plan, dated October 29, 2014). A conversation with Mr. Budge on January 2, 2015 confirmed that IGWA is seeking to rent water under 36-7072 utilizing the 1&J pipeline plan.

AUTHORITY TO FILE: IGWA, acting through Mr. Budge, does not own the land where the intended use of rental water will be accomplished. The rental place of use is owned by Rangen. A letter dated November 6, 2014 from Rangen's attorney Justin May confirms that Rangen consents to provide IGWA access to their property in order to lay pipe that is necessary to deliver the rental water. Additionally, Rangen has consented to the delivery of rental water as approved per the conditions of the Director of IDWR's Order Approving IGWA's Fourth Mitigation Plan.

WATER RIGHT VALIDITY: Water right 36-7072 has been leased into the Bank without concerns of validity and is available to rent.

INJURY TO OTHER WATER RIGHTS: Water right 36-7072 non-consumptively utilizes water that emerges from the ESPA at Magic Springs before it flows into the Snake River. The use of rental water from Magic Springs for the purposes of fish propagation at Rangen should be non-consumptive; water will exit Rangen's facility and flow into Billingsley Creek, a tributary to the Snake River. Though water from this rental should ultimately flow back to the Snake River, water delivered to Billingsley Creek could be diverted and/or consumptively used by other water users on Billingsley Creek before returning to the Snake River. The IWRB minimum stream flow water rights 2-201, 2-223 and 2-224 safeguard flows in the Snake River of 3,900 cfs from April 1 through Oct 31 and 5,600 cfs from Nov 1 through Mar 31. Injury to the MSF water rights is possible, however the IWRB is aware of this rental and the rental can be approved with standard conditioning that it is subject to reduction or cancelation if injury is proven.

ENLARGEMENT OF USE: The rental request was made for both fish propagation and mitigation. Rented water is intended to be utilized by Rangen for fish propagation however IGWA's rental of the water is specifically to satisfy mitigation requirements for the impacts to Rangen's water supply, caused by the diversion of ground water by members of IGWA. A recent application for permit proposing the same uses of fish propagation and mitigation (permit 36-16976) was approved only as mitigation due to the fact that IGWA will not be rearing fish with the water, but instead only providing water for mitigation, and any authorization of their use of water for fish propagation purposes would be speculative. Though IGWA is renting water to satisfy mitigation requirements, the intended beneficial use of water is for fish propagation and no enlargement will occur if water right 36-7072 is rented for fish propagation. This rental is thus being drafted for the beneficial use of fish propagation.

LOCAL PUBLIC INTEREST: The rental of water right 36-7072 is to cover mitigation activities specifically identified in IDWR's order approving IGWA's fourth mitigation plan. The mitigation plan is in the local public interest. No concerns about this rental. There is a concern that water from diverted from Magic Springs to Billingsley Creek may ultimately be appropriated within the Billingsley Creek drainage and not return to the Snake River, thus reducing water flowing to the Snake River. The rental of this water through the Bank is thus subject to the right of the prior appropriators to petition for the reduction or cancelation of the rental if injury caused by this rental is proven.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: Fish propagation is a recognized beneficial use of water in Idaho. No concerns.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: Comments were sought from Southern Region staff member and Water District 130 Watermaster Cindy Yenter. Mrs. Yenter did not object to the rental, however she has requested that a condition requiring measuring devices be added to the rental agreement, and she stressed the importance of ensuring that the rental be subject to reduction or cancelation if injury to prior appropriators on the Snake River downstream of Magic Springs can be attributed to this rental.

# **APPENDIX B**

LAWRENCE G. WASDEN ATTORNEY GENERAL

CLIVE J. STRONG Deputy Attorney General Chief, Natural Resources Division

# GARRICK L. BAXTER, ISB #6301 EMMI L. BLADES, ISB #8682

Deputy Attorneys General Idaho Department of Water Resources P.O. Box 83720 Boise, Idaho 83720-0098 Telephone: (208) 287-4800 Facsimile: (208) 287-6700 garrick.baxter@idwr.idaho.gov emmi.blades@idwr.idaho.gov

Attorneys for Respondents

# IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE

# STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

RANGEN, INC.,

Petitioner,

vs.

THE IDAHO DEPARTMENT OF WATER RESOURCES, and GARY SPACKMAN, in his capacity as Director of the Idaho Department of Water Resources,

Respondents.

and

IDAHO GROUND WATER APPROPRIATORS, INC.,

Intervenor.

Case No. CV-2014-4970

AFFIDAVIT OF EMMI L. BLADES IN SUPPORT OF RESPONSE TO MOTION FOR RECONSIDERATION

AFFIDAVIT OF EMMI L. BLADES IN SUPPORT OF RESPONSE TO MOTION FOR RECONSIDERATION - Page 1

# STATE OF IDAHO ) ) ss County of Ada )

I, EMMI L. BLADES, being first duly sworn upon oath, depose and say:

1. That I am a deputy attorney general and represent the Respondents in the abovecaptioned matter.

2. That on January 26, 2015, counsel for Idaho Ground Water Appropriator's, Inc. ("IGWA"), submitted to the Idaho Department of Water Resources ("Department") an amended application to lease 7.81 cfs of water right no. 36-7072 to the Water Supply Bank ("WSB"). A true and correct copy of this application is attached as "Exhibit 1".

3. That on January 26, 2015, counsel for IGWA submitted to the Department an amended application to rent 7.81 cfs from the WSB. A true and correct copy of this application is attached as "Exhibit 2".

4. That on January 27, 2015, Department staff issued a Memorandum reviewing the amended application to lease 7.81 cfs of water right no. 36-7072 to the WSB and amended application to rent the same from the WSB. A true and correct copy of this Memorandum is attached as "Exhibit 3".

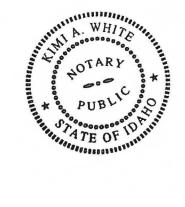
5. That on January 27, 2015, Department staff issued a letter to counsel for IGWA regarding the rental of water right no. 36-7072 from the WSB and confirming receipt of payment. A true and correct copy of this letter is attached as "Exhibit 4".

6. That on January 27, 2015, an amended WSB lease contract between the Idaho Water Resource Board and SeaPac of Idaho was fully executed by the parties. A true and correct copy of this lease contract is attached as "Exhibit 5". 7. That on January 27, 2015, an amended WSB rental agreement was fully executed by the parties. A true and correct copy of this agreement is attached as "Exhibit 6".

DATED this <u>78</u> day of January 2015.

Emmi L. Blades Deputy Attorney General Idaho Department of Water Resources

SUBSCRIBED AND SWORN to before me this 2015.



NOTARY PUBLIC FOR IDAHO Residing at Boise, Idaho Commission Expires: THINK

## **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this  $\frac{28}{100}$  day of January 2015, I caused a true and correct copy of the foregoing document to be filed with the Court and served on the following parties by the indicated methods:

Original to: SRBA District Court 253 3<sup>rd</sup> Ave. North P.O. Box 2707 Twin Falls, ID 83303-2707 Facsimile: (208) 736-2121

J. JUSTIN MAY MAY BROWNING 1419 W. WASHINGTON BOISE, ID 83702 jmay@maybrowning.com

ROBYN BRODY BRODY LAW OFFICE P.O. BOX 554 RUPERT, ID 83350 robynbrody@hotmail.com

FRITZ HAEMMERLE HAEMMERLE & HAEMMERLE P.O. BOX 1800 HAILEY, ID 83333 fxh@haemlaw.com

RANDALL C. BUDGE T.J. BUDGE RACINE OLSON P.O. BOX 1391 POCATELLO, ID 83204-1391 rcb@racinelaw.net tjb@racinelaw.net ( ) U.S. Mail, Postage Prepaid
(x) Hand Delivery
( ) Facsimile
( ) E-mail

(x) U.S. Mail, Postage Prepaid
( ) Hand Delivery
( ) Facsimile
(x) E-mail

(x) U.S. Mail, Postage Prepaid () Hand Delivery

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(x) E-mail

AFFIDAVIT OF EMMI L. BLADES IN SUPPORT OF RESPONSE TO MOTION FOR RECONSIDERATION - Page 4

MICHAEL C. CREAMER MELODIE A. MCQUADE GIVENS PURSLEY LLP PO BOX 2720 BOISE, ID 83701-2720 mcc@givenspursley.com melodiemcquade@givenspursley.com (x) U.S. Mail, Postage Prepaid
() Hand Delivery
() Facsimile
(x) E-mail

Emmi L. Blades Deputy Attorney General

Form 42-1761-1 1/14

# AMENDED

## STATE OF IDAHO WATER RESOURCE BOARD

# WATER SUPPLY BANK LEASE OR SALE APPLICATION CHECKLIST

An application to lease or sell a water right into the Water Supply Bank must be prepared in accordance with the minimum requirements listed below to be acceptable for processing by the Department. 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. Incomplete applications will be returned to applicants for completion.

Designated Applicant	SeaPac of Idaho	Water Right No.	36-7072
		Ũ	One water right per application

		All ite	ems must be checked as either Attached (Yes) or Not Applicable (N/A)
		YES	
		$\square$	Completed Water Supply Bank Lease or Sale Application Checklist (this form).
		$\square$	Completed Application to Sell or Lease a Water Right to the Water Supply Bank (pages 2-3).
		Ø	Application filing fee of \$250.00. If you are submitting more than one lease application and the water rights have a common place of use, or common diversion rate, or common diversion volume, the combined maximum fee is \$500.00.
Attachment	N/A	YES	
1A		$\square$	Contact information for all owners of the water right that is being leased or sold on this application.
1B		$\square$	An Internal Revenue Service (IRS) Form W-9 for the Designated Applicant.
IC	$\square$		Notice of Change in Water Right Ownership form (accessible from www.idwr.idaho.gov).
iD		$\square$	Written consent from irrigation district or water delivery company.
1E			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		$\square$	Description of a water right portion offered to the Water Supply Bank.
3D	Ø		Evidence demonstrating that a water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.
4		Ø	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. If you don't already have a detailed map, you can create one using IDWR's online General Mapping Tool ( <u>http://maps.idwr.idaho.gov/mapall</u> /) to locate a water right place of use or point of diversion.

Department Use Only												
Fee Amount \$ Received By:	Date Received:	Receipt #										
W-9 received? Yes No (Route W-9 to Fiscal)	Name on W-9:											

2.

3.

## STATE OF IDAHO WATER RESOURCE BOARD

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

## 1. CONTACT INFORMATION

A. An application to sell or lease a water right to the Water Supply Bank must be completed by a Designated Applicant who is a recognized owner of the water right being sold or leased to the Water Supply Bank. If there are additional owners recorded for the property to which the water right is appurtenant, those individuals must authorize the Designated Applicant to represent them on this application by completing and signing Attachment IA of this application package.

Designated Applicant SeaPac of Idaho	Email Addres	s seapac@seapacofidaho.com	
Mailing Address PO Box 546, Buhl, ID	83316	Phone Number 208.837.6541	
✓ The Designated Applicant is the sole OR	owner of the water right being sold	or leased to the Water Supply Bank.	
The Designated Applicant is represe	nting additional water right holders	who have completed Attachment IA.	
B. Has the designated applicant completed a	IRS Form W-9 (Attachment 1B)?	Ye	s☑ No□
C. Are all applicants on this form listed in IE If no, attach a Notice of Change in Water R.			s ☑ No 🗋 1C).
D. Is the diversion works or system owned o If yes, provide written consent from the con			s No 🗸 achment 1D).
E. Is this application being completed by an If yes, representatives (includes employees of their authority to represent the Designate	of Designated Applicant companies) mu		nentary proof
Name of Representative	ge Organization	IGWA	
Professional Title	Email Addres	ss rcb@racinelaw.net	*
Mailing Address P. O. Box 1391, Poca	tello, Idaho 83204-1391	Phone Number 208-232-610	1
Send all correspondence for this app OR		$\tilde{\nu}$	
Send original correspondence to the	Designated Applicant and copies to	the representative.	
DESCRIPTION OF WATER RIGHT OFF	ERED TO THE BANK		
Water Right Number <u>36-7072</u>	The full water right is being	g offered to the Bank.	
	OR		
	A part of the water right is (If a portion of a water right is being a	-	
GENERAL INFORMATION			
A. Please provide a description of the curren Pump and pipe system currently bein		n the Maglc Springs Fish Hatchery	own by
SeaPac to the Rangen Fish Hatcher	on Billingsley Creek.		

B. 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. SeaPac water right no. 36-8356 Form 42-1761-1 1/14

- C. Will the present place of use continue to receive water from any other source? Yes ? No If yes, describe. Magic Springs, under water right no. 36-8356 and the remaining portion of 36-7072 that is not being leased into the Bank.
- D. Has any portion of this water right undergone a period of five or more consecutive years of non-use? Yes No 🔽 If yes, describe and attach Watermaster records or other evidence to demonstrate that the water right has not been lost through abandonment or forfeiture pursuant to Section 42-222(2), Idaho Code.
- E. Is this water right involved in any other IDWR process such as an application for transfer or a mitigation plan? Yes 🕢 No 🗌 If ves. describe, IGWA's 4th Mitigation Plan; Application for Transfer No.79560.

### 4. SALE/LEASE AGREEMENT

- 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 provisions are stayed.
- Acceptance of a water right into the ank does not, in itself, confirm the validity of the water right or any elements of the water right.

Signature of Designated Applicant Signature of Authorized presentative

SHLEY

Thomas J. Budge Printed Name

12/12/14 Date

Mail to:

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

Page 3

## STATE OF IDAHO WATER RESOURCE BOARD

## **ATTACHMENT 2**

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

1.	Water Right Number	Amount (cfs/ac-ft)	Nature of Use	Period of Use	
	36-7072	5.50 cfs	Fish Propagation/Mitigation	1/1 to 12/31	
	1-	7.81 cts		to	_
	E.			to	_
	1.26.15			to	
	4	7.81		to	_
	Total Amount:	5.50 cfs			
2.	Source of water	Thousand Springs	tributary to	Snake River	

3. Point(s) of Diversion:

Twp	Rge	Sec	Lot	1/4	1/4	1/4	County	
8S	14E	5			SW	SW	Gooding	
8S	14E	6			SE	SE	Gooding	
8S	14E				NW	NW	Gooding	
							·····	
				. <u></u>				
					1			

4. Lands irrigated or place of use:

TIMD	RGE	SEC	1	N	E			N	W			S	W			S	E		TOTAL
IVVE	NOL	320	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	IUTAL
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If the water right is for irrigation, show total number of acres offered to the Bank. Total Acres \_\_\_\_\_\_N/A

## LETTER OF INTENT

## USE OF WATER FROM SEAPAC OF IDAHO, INC'S MAGIC SPRINGS FACILITY, CONSTRUCTION OF PUMP STATION AND PIPELINE IN EXCHANGE FOR WATER FROM THE AQUA LIFE FACILITY

This Letter of Intent ("LOI") is entered into by and between Idaho Ground Water Appropriators, Inc. ("IGWA"), acting for and on behalf of North Snake Ground Water District, Magic Valley Ground Water District and Southwest Inigation District (collectively "Districts"), and SeaPac of Idaho, Inc. ("SeaPac").

## RECITALS

A. In response to Rangen, Inc.'s ("Rangen") water delivery call, the Idaho Department of Water Resources ("IDWR") determined in its January 29, 2014 order that holders of ground water rights junior to July 13, 1962 must provide 9.1 cfs of direct flow to Rangen. Other delivery calls are pending or may be filed by other Hagerman Valley water right holders seeking to curtail junior ground water users.

B. IGWA represents ground water districts whose members consist of irrigators, municipalities, and commercial and industrial entities with ground water rights. Many of the ground water districts' member's water rights are junior to Rangen and certain other water rights in the Thousand Springs reach of the Hagerman Valley and are subject to curtailment unless a mitigation plan is approved providing replacement water.

C. IGWA and SeaPac support the concepts and implementation of the State of Idaho's *Thousand Springs Water Supply Settlement Framework* designed to provide recharge and other means to stabilize the aquifer, to improve water supplies in the Hagerman Valley and to resolve conflicts between junior and senior water right holders.

D. The Idaho Water Resource Board ("IWRB") owns and operates the Aqua Life Aquaculture Facility Hatchery ("Aqua Life") and has entered into a Letter of Intent with IGWA to make available to IGWA by lease or purchase up to ten (10) cfs of its Aqua Life water rights from adjacent springs as needed to meet the mitigation obligation to Rangen and others in the Hagerman valley. IGWA has entered into negotiations with IWRB seeking to lease and acquire ownership of all of Aqua Life.

E. SeaPac currently has a short-term lease of Aqua Life from IWRB and desires to continue its Aqua Life operations by securing ownership and/or a long-term lease.

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Page 2

F. IGWA desires to secure water from SeaPac's Magic Springs to provide a supply of water for mitigation purposes to Rangen and to other senior rights in the Hagerman Valley.

G. IGWA and SeaPac desire to enter into this Letter of Intent ("LOI") to set forth their intent to commence negotiation of a final agreement providing for the exchange of Magic Springs water for Aqua Life water consistent with the terms set forth below.

## TERMS

The Agreement shall have the following terms and conditions:

1. SeaPac will lease or sell to IGWA up to ten (10) cfs of first use water from its Magic Springs water right nos. 36-7072 and 36-8356 and also will provide access to allow IGWA to utilize all discharge water from its Magic Springs facilities as needed to provide mitigation to other water right holders in the Hagerman valley.

2. In exchange for water from Magic Springs, IGWA will secure ownership or control of Aqua Life water right nos. 36-1044, 36-2734, 36-15476, 36-2414, and 36-2338 by long-term lease or purchase from IWRB and make them available to SeaPac.

3. IGWA will pay all costs to design, construct, operate and maintain the water collection and intake system, pump station, pipeline and other facilities necessary to deliver up to 10 cfs of first use water together with discharge water from Magic Springs to the head of Billingsley Creek directly up gradient from the Rangen hatchery and/or other locations in the Hagerman valley for mitigation purposes. IGWA will ensure that the diversion and delivery facilities to be constructed will not interfere with the use of SeaPac's remaining water rights at Magic Springs.

4. IGWA shall be responsible to secure from 1DWR approval of such mitigation plans, transfer applications and other permits as may be required to change the point of diversion and place of use to accomplish the delivery of Magic Springs water for mitigation purposes. SeaPac hereby grants consent to IGWA to file and process such mitigation plans, transfer applications based on this LOI, with the approvals made subject to this LOI and the contemplated final Agreement between the parties.

5. SeaPac will grant IGWA permanent easements at Magic to design, construct, operate and maintain the water intake and collection facilities, pump station, pipeline and other facilities as necessary for the delivery of water to other locations for mitigation purposes.

6. IWRB will cooperate with IGWA and provide all necessary documents to conduct such investigation as it shall deem appropriate.

7. The Agreement will be contingent upon: (a) IGWA securing an order from IDWR approving mitigation plans providing for the delivery SeaPac's Magic Springs water rights to satisfy the mitigation obligations to Rangen and/or others in the Hagerman valley; (b) IGWA

## Page 3

securing an order from IDWR approving the transfer of the point of diversion and place of use (as necessary) from SeaPac to Rangen and other locations for mitigation; (c) IGWA proceeding to construct and implement the pump and pipeline facilities pursuant to an approved mitigation plan; and IGWA securing ownership or control by long-term lease of Aqua Life and providing it to SeaPac.

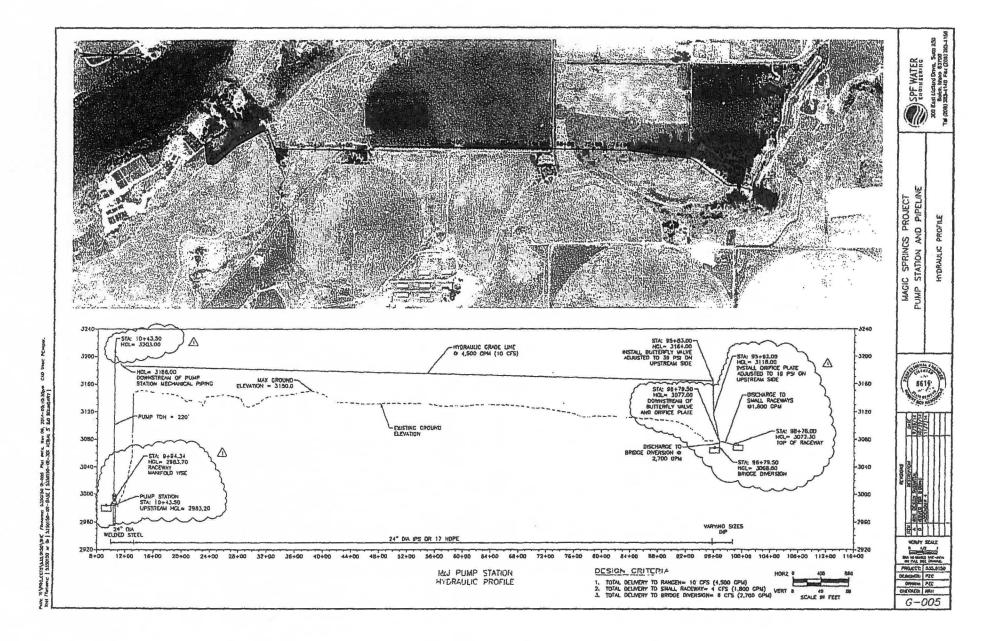
8. This LOI may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this LOI via facsimile transmission shall be as effective as delivery of an original signed copy. Thereafter, the parties shall exchange executed originals of this LOI.

9. This LOI is intended as a general expression of the terms and conditions, under which the parties are willing to proceed to prepare, negotiate and if acceptable to all parties in their respective sole discretion, execute a final Agreement. Neither this LOI nor the execution hereof as provided below, shall be binding on any party until the formal Agreement is executed by all parties.

10. Upon execution of this LOI SeaPac will provide access to IGWA to begin engineering work, IGWA will proceed to file and process with IDWR mitigation plans and transfer applications as contemplated and the parties will proceed to negotiate a final Agreement incorporating the terms and conditions as outlined above.

Idaho Ground Water Appropriators, Inc. Rresident SeaPac of Idaho, lú

Letter of Intent: SeaPac - IGWA



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ga 2.	SeaPac of Idaho	n your income tax return) , Inc regarded entity name, if different from above					
Print or type Specific Instructions on page 2.	Individual/sold	ty company, Enter the lax classification (C=C corporation		estele E	xempt payo	e code (if an om FATCA s	y)
Pr See Specific 4	PO Box 546 City, stale, and ZIF Buhl, ID B3316	street, and apt. or suite no.)		etera name and	l address (d	optional)	
to ave reside enlitte TIN of Note.	your TIN in the ap old backup withho int alien, sole prop is, it is your emplo in page 3.	yer Identification Number (TIN) propriate box. The TIN provided must match the r ding. For Individuals, this is your social security n vietor, or disregarded entity, see the Part I Instruc yer identification number (EIN). If you do not have n more than one name, see the chart on page 4 for	umber (SSN). However, for a tions on page 3. For other a number, see How to get a	Employer Id	-	]-[]	7 2
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Form 42-1761-2 07/13

## AMEN DED state of idaho water resource board

## APPLICATION TO RENT WATER FROM THE WATER SUPPLY BANK

This application must be prepared in accordance with the minimum requirements listed to be acceptable for processing by the Department. Incomplete applications will be returned.

Name of Renter(s) IGWA, acting for and on behalf of NSGWD, MVGWD, Southwest Irr Dist. (collectively "Districts")

Phone 208-232-6101	Email rcb@racinelaw.net	
A. DESCRIPTION OF WATER SOUGHT FOR RENT		
1. Maximum Flow Rate (cfs) Maximum Volume (ac-ft)	Nature of Use	Period of Use
7.81 5.5 ds	Fish Propagation/Mitigation	1/1 to 12/31
12		to
15 7.81 Total: 5.5 cfs		to
Total: 55 cfs		
2. Source of water Magic Springs	tributary to Snake River	

TWP	RGE	SEC	GOVT LOT	1⁄4	1/4	1/4	County
8S	14E	5			SW	SW	Gooding
8S	14E	6			SE	SE	Gooding
8S	14E	8			NW	NW	Gooding

4. Lands to be irrigated or place of use:

TWD	RGE SE		DOP	FEC		N	E			N	W			S	NY			S	E		Tetel
1 111	RGE	SEC	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals		
7S	14E	31									FM										
78	14E	32										FM									
											<b> </b>										

If the use is for irrigation, show total number of acres proposed through rental.

## **B. OWNERSHIP**

1. Do you own the land at the proposed point of diversion?

Yes No

If no, list owner, contact information, and attach a copy of the agreement or other written authority to use the proposed point of diversion. SeaPac of Idaho, Inc. Letter of Intent is attached.

2. Do you own the land at the proposed place of use?

Yes No

If no, list owner, contact information, and attach a copy of the agreement or other written authority to use the proposed place of use. Rangen, Inc., PO Box 706, Buhl, ID : Order Approving IGWA's Fourth Mitigation Plan

C. MAP

Attach a map identifying the proposed point(s) of diversion, place(s) of use, and water diversion and distribution system details as described by this application in section A. Include legal description labels.

N/A

Total Acres

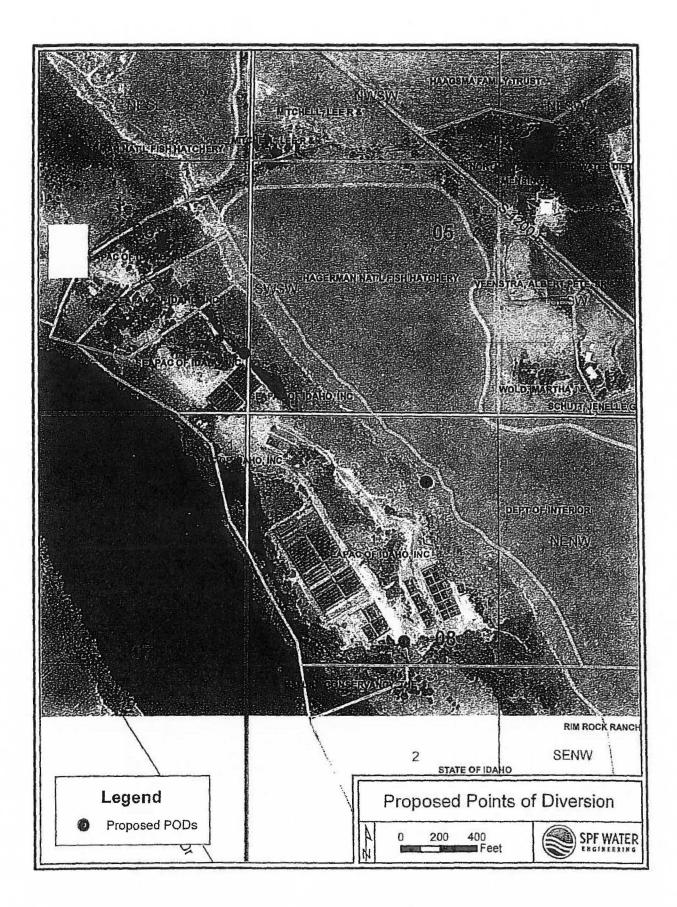
Form 42-1761-2 07/13

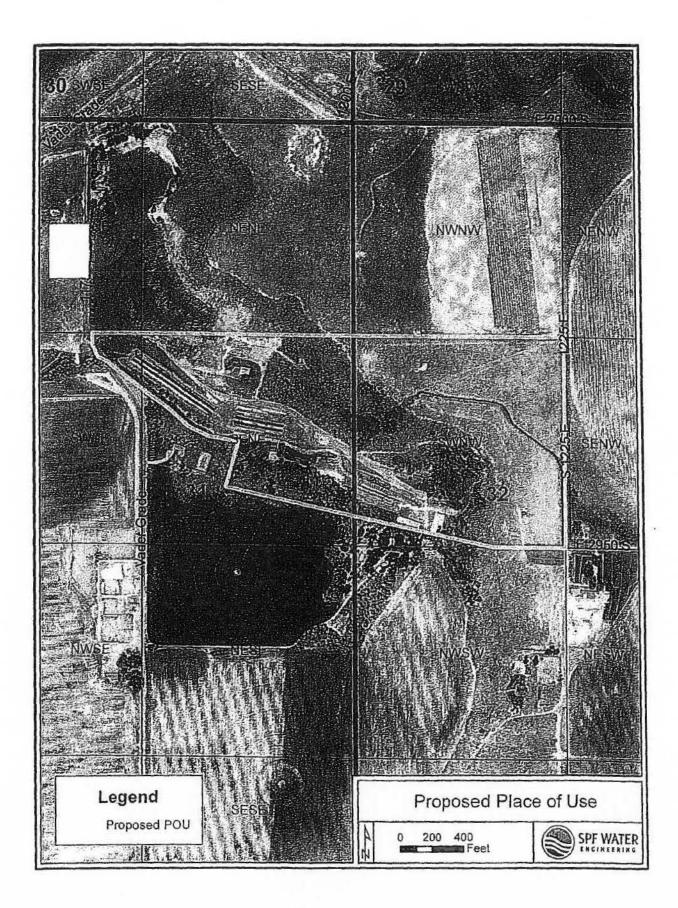
## D. GENERAL INFORMATION

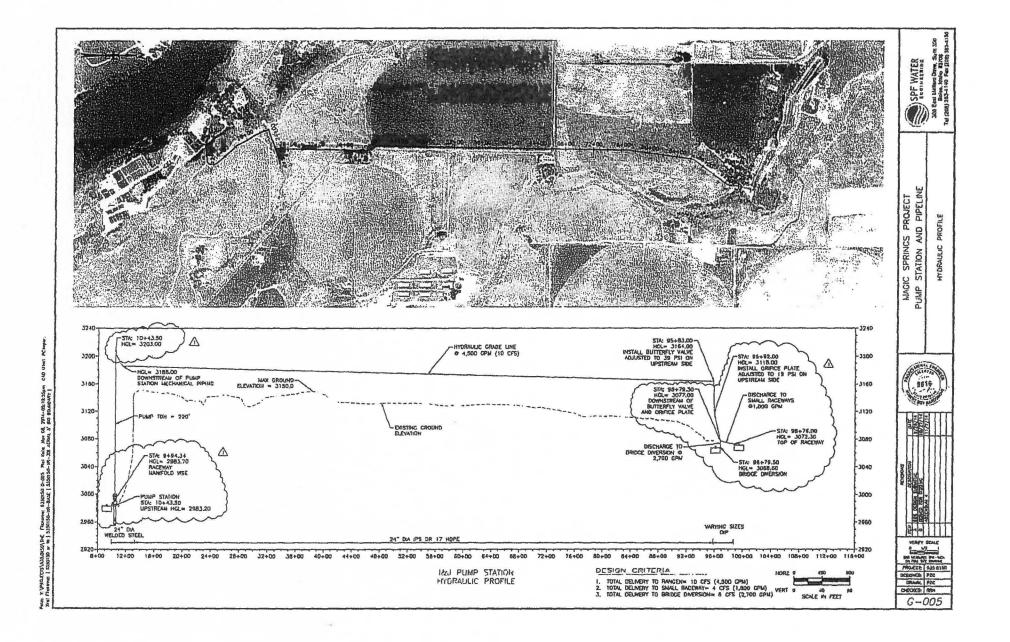
1.	Please provide a description of the proposed divers The Districts will pump and pipe water from	ion system. Magic Springs facility to the Rangen hatche	ry
2.	Describe any other water rights diverted through the Rangen water right nos. 36-134B, 36-135A, 3	e same point(s) of diversion or used for the same pu 6-15501, 36-2551, 36-7694 are also used for fit	-
	Rangen Fish Hatchery.		
3.	Will the proposed place of use receive water from If yes, describe. Martin-Curren Tunnel	any other source? Yes 🗹 No 🗌	
4.	If the proposed use is not for irrigation, please prov amount of water required. Attach additional sheet: Mitigation Plan, CM-MP-2014-006.	vide a detailed description of the proposed use and h s if needed. Mitigation for fish propagation pursu	
5.	Are there any other applications pending before the proposed by this rental? If yes, describe. Transfer Application #79560 a	Yes 🗸 No 🗌	ransfer, for the same use(s)
6.	Was this rental application submitted in response t If yes, describe.		ation? Yes 🗌 No 🗹
E. R	ENTAL TERM		
D	o you wish to rent water from the Board's bank for	more than one (1) year? Yes 🗹 No 🗌	
If	yes, please specify the number of years desired thro	bugh proposed rental. 1*	
I her	eby assert that the information contained in this presentations made in this application may resu	application is true to the best of my knowledge.	I understand that any willful
lf this	application is approved, the applicant agrees to the	following:	
1.	The use of water under this agreement shall be sul	oject to the provisions of Section 42-1766, Idaho Co	de.
2.	Renter shall comply with all applicable state and f	ederal laws while using water under this agreement	
	Renter shall hold the Board, the Director, and the		
4.	The Director may terminate diversion of water if a right or portion thereof being rented.	the Director determines there is not a sufficient wat	er supply for the priority of the
5.	Failure of the renter to comply with the condition agreement.	ons of this agreement is cause for the Director to	rescind approval of the rental
6.	Renter is not authorized to use water proposed be executed copy of the agreement signed by the Direction		full and the renter receives an
	how	Thomas J. Budge, Attorney for Renter	12/12/14
Signa	sture of Applicant	Printed Name and Title*	Date
Signa	ature of Applicant	Printed Name and Title*	Date

\*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

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







## MEMORANDUM

To: Water Right No(s). 36-7072

From: Remington Buyer

Date: January 27, 2015

**Re:** Review of Lease & Rental of Water through the State Water Supply Bank

The Water Supply Bank approved a lease and rental of 5.5 cfs of water right 36-7072 in January 2015 (see previous review memos). On January 15<sup>th</sup> 2015 a lease contract signed by SeaPac of Idaho, the lessor of the water right, was received by the Water Supply Bank in tandem with a rental agreement for the 5.5 cfs, signed by the Idaho Ground Water Appropriators (IGWA). The lease contract and rental agreement were executed through signature by the Water Supply Bank.

The lease and rental agreement authorized the diversion and transfer of water from SeaPac's place of use, to a place of use owned by Rangen Inc. IGWA was renting the water to provide mitigation water to Rangen in order to avoid an IDWR curtailment of groundwater pumpers who are members of IGWA. IGWA was required to begin providing rental water to Rangen in advance of January 19<sup>th</sup>, 2015. Due to a violation of a condition of the IDWR Order Approving IGWA's Fourth Mitigation Plan, the January 19<sup>th</sup> deadline was missed.

IGWA received from the Idaho District Court a two week injunction against the curtailment order however the court ordered an increase in the total water necessary for transfer from SeaPac to Rangen, from 5.5 cfs to 7.81 cfs. This memo addresses the increase in the flow from SeaPac to Rangen, not the original approval of the lease and rental.

AUTHORITY TO FILE: Amended copies of the lease and rental applications have been received from TJ Budge, legal counsel for IGWA. Mr. Budge has the authority to represent both SeaPac on the lease application and IGWA on the rental.

WATER RIGHT VALIDITY: Water right was decreed in 1997 and SeaPac has been and continues to use water authorized under this right. Validity of the right is not a concern.

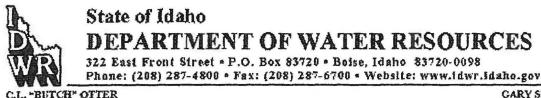
INJURY TO OTHER WATER RIGHTS: Through adherence to the conditions of the order approving IGWA's fourth mitigation plan, and subject to the right of prior appropriators to demonstrate material injury caused by the lease or rental of this water, the Water Supply Bank can approve the lease and rental of this water without causing injury to other water rights.

ENLARGEMENT OF USE: No enlargement is evident through the lease or rental.

LOCAL PUBLIC INTEREST: The lease and rental of this water is in the local public interest.

BENEFICIAL USE/CONSERVATION OF WATER RESOURCES: The lease is consistent with the conservation of water resources in Idaho.

DEPARTMENT STAFF OR WATERMASTER COMMENTS: Water District 130 Watermaster comments were obtained regarding the increased flow to Rangen; no additional concerns were expressed regarding the additional leasing or renting of this water through the Bank.



C.L. "BUTCH" OFT. Governor GARY SPACKMAN Director

January 27, 2015

IDAHO GROUND WATER APPROPRIATORS C/O THOMAS BUDGE PO BOX 1391 POCATELLO ID 83204

## RE: RENTAL OF WATER RIGHT NO. 36-7072 FROM THE WATER SUPPLY BANK

Dear Mr. Budge,

Please find enclosed two lease contracts and a rental agreement for 7.81 cfs of water through the Water Supply Bank. The Water Supply Bank confirms receipt of payment from in you in association with the rental of this water; the lease and rental documents can be executed once we receive signed copies of the lease contracts and the rental agreement.

Please forward the lease contracts to SeaPac of Idaho for signature and please sign the rental agreement on behalf of the Idaho Ground Water Appropriators. Once signed copies of all three of these documents are received in our office, we will sign the documents and they will be considered executed.

If you have any questions, please contact me at (208) 287-4918.

Sincerely,

Remington Buyer Water Supply Bank Coordinator

Enclosure(s): Lease Contracts (two) Rental Agreement

## WATER SUPPLY BANK LEASE CONTRACT This Lease Contract ("Lease") is effective January 1, 2015, between the Idaho Water Resource Board ("Board"), and Lessor: SEAPAC OF IDAHO **PO BOX 546 BUHL ID 83316** 208-837-6541 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. 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 Lease Rate Lease Volume Acre Llmit **Total Leased Acres** 36-7072 7.81 CFS Not Stated N/A N/A Combined Lease Totals: 7.81 CFS Not Stated N/A N/A The water rights described herein shall be available for rental from the Bank as follows: Authorized Period of Use under Lease: 01/01 to 12/31 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: This Lease shall take effect when both parties have signed it and shall continue In effect until December 31, 2016. 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. DUPLICATE ORIGINAL: This Lease is executed in duplicate. Each of the documents with an original signature of each party shall be an original. Page 1 of 4

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

SEAPAC OF IDAHO PO BOX 546 BUHL ID 83316/

By Printed Name

2015 Date Title

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

.

B Brian Patton, Acting Administrator Idaho Water Resource Board

Olin mur Lease approved by IDWR

Date <u>1/27/2015</u>

Page 2 of 4

## ATTACHMENT A WATER RIGHT NO. 36-7072 WATER SUPPLY BANK CONDITIONS OF ACCEPTANCE

The water right or portion thereof leased to the bank is described as follows:

Lessor: SEAPAC OF IDAHO PO BOX 546 BUHL ID 83316 208-837-6541

Priority Date: 09/05/1969

Source: THOUSAND SPRINGS

Tributary to: SNAKE RIVER

**GOODING County** 

BENEFICIAL USE	From	To		<b>Diversion Rate</b>	Volume
FISH PROPAGATION	01/01 to	12/31		7.81 CFS	Not Stated
			Total:	7.81 CFS	Not Stated

LOCATION OF POINT(S) OF DIVERSION:

SPRINGS SE%SE%SE% Sec. 8

Twp 08S Rge 14E

TWO POINTS OF DIVERSION LOCATED IN T08S, R14E, S06, LOT 8 SESESE

PLACE OF USE TO BE IDLED UNDER THIS LEASE: FISH PROPAGATION

-	-				N	E	-	NW				SW					Falal		
Iwp	KGB	260	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
085	14E	5											н						
085	14E	6																H L8	
085	14E	8						H L1				_							

Total Acres:

## ADDITIONAL CONDITIONS OF ACCEPTANCE

- 1. The water rights referenced above will be rented from the bank at the current rental rate.
- 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 <u>not</u> 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, the lease term expires, or upon request from the lessor to change the term of the lease, 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.
- Rental of water under this right is subject to the limitations and conditions of approval of the water right.

WR No. 36-7072

Attachment A - WSB Conditions of Acceptance

- Failure of the right holder to comply with the conditions of acceptance is cause for the Director to rescind acceptance of the lease.
- 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.
- 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.
  - b. If a change in ownership is processed by the Department during a rental season, rental payment will be made to the person or entity who is the lessor of record at the beginning of that rental season.
  - c. New lassor(s) of record will receive payment after the following rental season.
- 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 unleased portion of this right and water right 36-8356 are limited to a combined diversion rate of 140.39 cfs.
- 13. Fish propagation is for a commercial hatchery.

WR No. 36-7072

## STATE OF IDAHO DEPARTMENT OF WATER RESOURCES WATER SUPPLY BANK RENTAL AGREEMENT

## This is to certify that: IDAHO GROUND WATER APPROPRIATORS C/O THOMAS J. BUDGE PO BOX 1391, POCATELLO, ID 83204 (208) 232-6101

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	Priority Date	Source	Tributary	Rented Rate	Annual Rented Volume	Acre Limit	Total Rented Acres
36-7072	09/05/1969	Thousand Springs	Snake River	7.8 cfs	5654.2 af	N/A	N/A

Annual Rental Total

7.81 cfs 5654.2 af N/A

Term of Rental: January 1, 2015 to December 31, 2016 Annual Rental Fee: \$9612.48

The fee for rental of the above-described water is \$96,124.80, however you have a private agreement with the lessor of water right 36-7072 where you only need to pay for the administrative fee associated with the rental of that water right. The fee that will be retained by the Department to offset administrative costs is 10% of the total, or \$9,612.48.

No rental fees will be refunded once the fee is collected and the start date for a Rental Agreement has passed.

Detailed water right conditions are attached.

Page 1 of 4

N/A

# STATE OF IDAHO DEPARTMENT OF WATER RESOURCES WATER SUPPLY BANK RENTAL AGREEMENT 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: Thomas J. Budhe, Allorner Sor IGUA 1.25.15 Printed Name and Titlet Date Signature of Renter \*Please provide title of signatory 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 Bule 20), for the rental and use of water under the terms and condition herein provided, and none other, I hereby execute this Rental arcement on behalf of the Idaho Water Resource Board. Date (January 27, 2015 By BRIAN PATTON, Acting Administrator Idaho Water Resource Board

Page 2 of 4

## STATE OF IDAHO DEPARTMENT OF WATER RESOURCES

## WATER SUPPLY BANK RENTAL AGREEMENT

## WATER USE DETAILS

## LOCATION OF POINT(S) OF DIVERSION

THOUNSAND SPRINGS SE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub>Sec. 6 Twp 08S Rge 14E GOODING County TWO POINTS OF DIVERSION LOCATED IN T08S, R14E, S06, LOT 8 SESESE

## BENEFICIAL USE

FISH PROPAGATION

## SEASON OF USE

01/01 TO 12/31

## RENTER'S PLACE OF USE:

### FISH PROPAGATION

				N	E	NW					S	W		SE					
Twp	Rng	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
075	14E	31			н	н													
075	14E	32						0.03	н										T

Total Acres:

## CONDITIONS APPLICABLE TO ALL RENTED WATER RIGHTS

- 1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
- 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.
- This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
- 5. 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.
- 6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
- 7. 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.
- Renter acknowledges and agrees that the Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
- 9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
- 10. The water right(s) referenced above is accepted into the bank and rented in accordance with a private agreement formulated between the lessor and the renter. Administrative fees will be paid based on the current rental rate.

Page 3 of 4

- 11. All conditions specified and ordered by the Director of Water Resources in the Order Approving IGWA's Fourth Mitigation Plan are relevant and apply to this rental agreement.
- 12. Use of water under this right will 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. 130.
- 13. Prior to diversion of water under this right, the right holder shall install and maintain a measuring device and lockable controlling works of a type acceptable to the Department as part of the pipeline delivering water to the Rangen Facility.

# APPENDIX C

LAWRENCE G. WASDEN ATTORNEY GENERAL

CLIVE J. STRONG Deputy Attorney General Chief, Natural Resources Division

## GARRICK L. BAXTER, ISB #6301 EMMI L. BLADES, ISB #8682

Deputy Attorneys General Idaho Department of Water Resources P.O. Box 83720 Boise, Idaho 83720-0098 Telephone: (208) 287-4800 Facsimile: (208) 287-6700 garrick.baxter@idwr.idaho.gov emmi.blades@idwr.idaho.gov

Attorneys for Respondents

## IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE

## STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

RANGEN, INC.,

Petitioner,

vs.

THE IDAHO DEPARTMENT OF WATER RESOURCES and GARY SPACKMAN, in his capacity as Director of the Idaho Department of Water Resources,

Respondents,

and

IDAHO GROUND WATER APPROPRIATORS, INC.,

Intervenor.

Case No. CV-2014-4633

## STIPULATION TO AUGMENT THE RECORD

STIPULATION TO AUGMENT THE RECORD - Page 1

COME NOW, Respondents Gary Spackman and the Idaho Department of Water

Resources; the Petitioner, Rangen, Inc.; and the Intervenor Idaho Ground Water Appropriators,

Inc.; and stipulate to augment the record in this appeal by inclusion of the documents listed

below and attached to this stipulation as Attachments A-1 - A-12.

- 1. Lease between North Snake Ground Water District, Magic Valley Ground Water District, and Southwest irrigation District, and the IWRB Re: Aqualife
- 2. Memorandum of Agreement with SeaPac Re: use of Magic Springs water
- 3. Buried Pipeline Agreement with North Side Canal Company
- 4. Buried Pipeline Agreement with Mitchell
- 5. Letter from Pat Brown confirming permission to install pipe through Candy property
- 6. Pipeline License Agreement with Rangen
- 7. Hagerman Highway District Easement Approval granted October 1, 2014
- 8. 100% Engineering Design
- 9. Insurance commitment form from Evolution Insurance
- 10. IGWA's Notice of Insurance submitted to the Department on February 6, 2015
- 11. The Director's Final Order Approving Application for Transfer dated February 19, 2015
- 12. Email correspondence between counsel for the Department and counsel for Rangen and IGWA dated 3/17/2015, sent at 9:28 a.m., RE: Measurements for Magic Springs Pipeline

The parties request that the Court enter an order augmenting the record in this appeal with the

above-described documents. No oral argument is requested.

DATED this 19th day of March 2015.

IDAHO DEPARTMENT OF WATER RESOURCES GARY SPACKMAN, Director

Garrick L. Baxter Emmi L. Blades Attorneys for Respondents Idaho Department of Water Resources and Gary Spackman, Director

DATED this  $\int \int day$  of March 2015.

RANGER, INC.

J. Justin May Robyn Brody

Fritz Haemmerle Attorneys for Rangen, Inc.

DATED this \_\_\_\_ day of March 2015.

# IDAHO GROUND WATER APPROPRIATORS, INC.

Randall C. Budge T.J. Budge Attorneys for Idaho Ground Water Appropriators, Inc

STIPULATION TO AUGMENT THE RECORD - Page 3

DATED this \_\_\_\_ day of March 2015.

RANGEN, INC.

J. Justin May Robyn Brody Fritz Haemmerle *Attorneys for Rangen, Inc.* 

DATED this 19 day of March 2015.

IDAHO GROUND WATER APPROPRIATORS, INC.

Randall C. Budge T.J. Budge Attorneys for Idaho Ground Water Appropriators, Inc.

STIPULATION TO AUGMENT THE RECORD - Page 3

#### **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this  $20^{2}$  day of March 2015, I caused a true and correct copy of the foregoing document to be filed with the Court and served on the following parties by the indicated methods:

Original to: SRBA District Court 253 3<sup>RD</sup> AVENUE NORTH PO BOX 2707 TWIN FALLS ID 83303-2707 Facsimile: (208) 736-2121

J JUSTIN MAY MAY BROWNING 1419 W WASHINGTON BOISE ID 83702 jmay@maybrowning.com

ROBYN BRODY BRODY LAW OFFICE PO BOX 554 RUPERT ID 83350 robynbrody@hotmail.com

FRITZ HAEMMERLE HAEMMERLE & HAEMMERLE PO BOX 1800 HAILEY ID 83333 fxh@haemlaw.com

RANDALL C BUDGE TJ BUDGE RACINE OLSON PO BOX 1391 POCATELLO ID 83204-1391 rcb@racinelaw.net tjb@racinelaw.net ( ) U.S. Mail, Postage Prepaid
( ) Hand Delivery
(x) Facsimile
( ) E-mail

(x) U.S. Mail, Postage Prepaid
( ) Hand Delivery
( ) Facsimile
(x) E-mail

(x) U.S. Mail, Postage Prepaid
( ) Hand Delivery
( ) Facsimile
(x) E-mail

(x) U.S. Mail, Postage Prepaid
( ) Hand Delivery
( ) Facsimile
(x) E-mail

(x) U.S. Mail, Postage Prepaid
() Hand Delivery
() Facsimile
(x) E-mail

Émmi L. Blades Deputy Attorney General

# **ATTACHMENT A-1**

# LEASE

# BETWEEN

# NORTH SNAKE GROUND WATER DISTRICT, MAGIC VALLEY GROUND WATER DISTRICT

# AND SOUTHWEST IRRIGATION DISTRICT, COLLECTIVELY, TENANT

# AND

# STATE OF IDAHO, BY AND THROUGH THE IDAHO WATER RESOURCE BOARD, LANDLORD

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#### LEASE

This Lease ("Lease") is effective this 1st day of January, 2015, between North Snake Ground Water District, Magic Valley Ground Water District and Southwest Irrigation District (collectively, "Tenant"), and the State of Idaho, by and through the Idaho Water Resource Board ("Landlord").

In consideration of the mutual covenants and conditions contained herein, Landlord and Tenant agree as follows:

#### ARTICLE 1 BASIC PROVISIONS

1.1 Tenant. North Snake Ground Water District, Magic Valley Ground Water District and Southwest Irrigation District are collectively the "Tenant." For purposes of this Lease, all correspondence to Tenant should be addressed in care of the Idaho Ground Water Appropriators, Inc. ("IGWA"), P.O. Box 1391, Pocatello, Idaho 83201. Tenant's primary contact is Randall C. Budge.

1.2 Landlord. The State of Idaho, by and through the Idaho Water Resource Board, is the "Landlord." For purposes of this Lease, Tenant's address is 322 East Front Street P.O. Box 83720, Boise, Idaho 83720-0098. Tenant's primary contact is Brian Patton.

**1.3** Premises. The "Premises" are located at 1110E 2700S Hagerman, ID 83332, Gooding County, Idaho 83355, and include the real and personal property more particularly described as follows:

1.3.1 All real property described in Exhibit "A," attached hereto.

1.3.2 All appurtenant rights to the real property, including the water rights, including, but not limited to, the water rights described in Exhibit "A-2" attached hereto (collectively the "Lease Water Rights").

1.3.3 All improvements, structures and permanent fixtures located on the Premises, including fish raceways with quiescent zones, flumes, headworks, diversion structures, effluent settling basins, structures, buildings, equipment and all other improvements.

1.3.4 All personal property that is currently situated upon the Premises and has been customarily used in connection with the rearing of fish ("Personal Property").

1.3.5 All easements appurtenant to the Premises and other agreements, licenses or permits necessary for fish-rearing operations, including, but not limited to, easements for access, utilities, and water delivery systems.

1.4 Permitted Use. Tenant shall, provided it complies with all pertinent governmental rules and regulations, be entitled to operate its business upon the Premises (i) under that certain National Pollution Discharge Elimination System General Permit for Aquaculture Facilities and Associated Fish Processing Facilities in Idaho issued by the United States Environmental Protection Agency No. IDG-13-0000 ("NPDES Permit"), and (ii) any other permits or approvals issued by the State of Idaho, Gooding County, Idaho, or other governmental authorities that are applicable to the Premises. The Permitted Uses of the Premises under this Lease shall be for aquaculture and for the purpose of providing replacement water or mitigation for water delivery calls. (collectively the "Permitted Uses").

1.5 Term and Commencement Date. The term of this Lease shall be thirty (30) years ("Term"). The Term shall commence on the effective date shown on page 1 ("Commencement Date") and shall expire on the thirtieth anniversary of the Commencement Date, if not terminated earlier as set forth herein. Landlord and Tenant shall cooperate as is reasonably necessary, to obtain the transfer of the NPDES Permit and the Operating Permits as soon as possible after Landlord has acquired the Premises. The Parties acknowledge that the first year of the Term will be for a partial calendar year. All calculations relevant to any partial calendar year during the Term will be prorated on a per diem basis, based upon a three hundred and sixty (360) day year. All calculations relevant to any partial month during the term will be prorated on a per diem basis, based upon a thirty (30) day month.

1.6 Annual Rent. The rent reserved for each twelve (12) month period of the Lease ("Annual Rent") shall be fifty seven thousand four hundred fifty Dollars (\$57,450), which is calculated by multiplying one thousand six hundred forty four Dollars (\$1,644) per cubic foot per second (the "Rent Rate") by the average annual water flow ("Average Annual CFS") available to the Premises under the Lease Water Rights during the prior calendar year. Annual Rent will be adjusted annually on the anniversary of the Commencement Date based on the Average Annual CFS for the prior calendar year (pursuant to section 1.6.1 below). In addition, Annual Rent will be adjusted every three years on the anniversary of the Commencement Date based on the Adjustment of Rent Rate (pursuant to section 1.6.2 below).

1.6.1 Calculation of Average Annual CFS. Average Annual CFS is calculated by dividing the total acre-feet of water delivered to the Premises in a calendar year by 724. The total acre-feet delivered to the Premises shall be measured based upon the measuring devices installed at the Premises. Landlord and Tenant shall work with the State of Idaho to ensure that accurate measuring devices are installed, maintained and operated, with all data made available to the Parties and the Idaho Department of Water Resources ("IDWR").

1.6.2 Adjustment of Rent Rate. Beginning on the third anniversary of the Commencement Date, and on every third (3rd) anniversary thereafter ("Adjustment Date"), the Rent Rate shall be adjusted to reflect the cumulative adjustment in the cost of living during the immediately preceding three (3) calendar years as determined by the Consumer Price Index, provided, however, that in no event shall the Rent Rate (a) be increased by more than six percent (6%) on any Adjustment Date, or (b) be decreased below \$1,500 per cubic foot per second. The Consumer Price Index is defined as the Consumer Price Index for all Urban Consumers, All Items, published by the United States Department of Labor, Bureau of Labor Statistics ("Bureau"), Consumer price index, U.S. City Average for all Urban Consumers, Seasonally Adjusted, all items (1982-84 = 100) ("Index"). In the event the Bureau of Labor Statistics ("Bureau") shall cease to publish the Index there shall be substituted for the Index a substitute or successor index published by the Bureau or other governmental agency of the United States.

1.6.3 Rent Payment Date. Annual Rent shall be paid in twelve equal monthly installments, due and payable on the tenth (10th) day of each month during the Term of this Lease. The initial monthly installment of Rent shall be due and payable on the tenth (10th) day after the Commencement Date. In the event that the Commencement Date does not fall on the first day of a month, Tenant shall pay Rent for the fractional month, prorated on a per diem basis, based upon a thirty (30) day month, until the first day of the succeeding month, and thereafter monthly installments of Rent shall be paid in advance on the tenth (10th) day of each and every month. Tenant shall be obligated to pay a five (5) percent late penalty on all rent unpaid ten (10) days after the due date.

1.7 Services. Landlord shall provide possession of the Premises to Tenant and shall perform such maintenance and repair as is set forth herein. Tenant shall be responsible for all other obligations relating to the use and enjoyment of the Premises, except as hereinafter expressly provided.

1.8 Personal Property. The risk of loss, damage, destruction, theft or other casualty (including losses occasioned by earthquake, flood, and the failure of diversion structures, levees, flumes, ditches, ponds, raceways, and water supplies) to the Personal Property, including trade fixtures and swimming inventory owned or leased by Tenant, and used or stored upon the Premises, shall be solely on Tenant, unless the same results from the negligent or intentional acts or omissions of Landlord, or Landlord's agents, employees, contractors or invitees.

1.9 Confirmation of Terms. The Parties' primary contacts as set forth in Sections 1.1 and 1.2 shall execute and exchange a memorandum (the "Commencement Memorandum"), in the form attached hereto as Exhibit "B" confirming (a) the Commencement Date pursuant to Section 1.5; (b) the initial Average Annual CFS pursuant to Section 1.6; and (c) any structures, improvements, or personal property excluded from the Lease.

#### **ARTICLE 2**

#### GRANT OF PREMISES, DELIVERY OF POSSESSION, TENANT'S RIGHTS

2.1 Grant of Premises. Landlord leases to Tenant, and Tenant leases from Landlord the Premises subject to the terms and conditions of this Lease.

2.2 Delivery of Possession. Landlord shall deliver possession of the Premises, in its existing condition (including all rights, privileges, benefits, rights of way and easements now or in the future appurtenant to the Premises), to Tenant on the Commencement Date free and clear of all tenancies and occupancies.

2.3 Permits. It is understood and agreed that Landlord's predecessor, pursuant to applicable rules and regulations, previously operated the fish production facilities on the Premises pursuant to a NPDES General Permit for Idaho. The specific permit number for the Aqualife Facility is IDG130001 and other required applicable permits or approvals including those issued by the State of Idaho or Gooding County, and any other applicable governmental agency (collectively the "Operating Permits"), which may be held in the name of Landlord for the benefit of Tenant during the Term of this Lease Idaho including, but not limited to, Gooding County CAFO Permit #G9-017. It shall be the sole responsibility and obligation of Tenant to secure and maintain all Operating Permits for the Term of this Lease, including obtaining the transfer of the Operating Permits to Tenant. To the extent that Landlord's consent, authorization or cooperation is required in securing or transferring of the Operating Permits, such shall not be unreasonably conditioned, withheld, or delayed.

2.4 Lease Water Rights. Notwithstanding the limitations of Section 2.6 below, Landlord warrants and represents that Tenant shall be entitled to use all of the water available pursuant to the Lease Water Rights in connection with Tenant's use and operation of the Premises. Subject to approval by IDWR, Tenant shall be entitled to use all available water for the purpose of providing replacement water or mitigation for water delivery calls. Landlord agrees that during the Term of this Lease, it will take all

reasonable action that is necessary or required to protect the Lease Water Rights and agrees to cooperate with the Tenant should transfers of the Lease Water Rights become necessary to mitigate for water delivery calls.

2.5 Tenant's Right to Revenue. For the Term of this Lease, Tenant shall have the right to all revenue or fees generated from the Premises.

2.6 Condition of Premises. Tenant has inspected the Premises and finds the Premises acceptable for its purposes and accepts the Premises in its "As Is" condition and without any warranty, implied or express, except for those representations and warranties specifically identified in Sections 2.4 and 10.3 herein, provided no material change in the condition of the Premises occurs between the execution of this Lease and the Commencement Date. Landlord warrants and represents that on the Commencement Date the Premises will be in substantially the same condition as exists on the date of execution of this Lease, with the exception of reasonable wear and tear. Except as expressly set forth in this Lease, Tenant hereby waives all warranties, express or implied, regarding the condition and use of the Premises, including, but not limited to, any warranty of merchantability or fitness for a particular purpose.

#### ARTICLE 3 TERM

3.1 Term. The Term of this Lease is set forth in Section 1.5.

3.2 Tenant's Termination Right. Notwithstanding anything to the contrary herein contained, Tenant, in its sole discretion, may, in addition to the remedies provided in Section 7.4, terminate this Lease upon written notice to Landlord of at least one (1) year, or any other notice period set forth below, upon the occurrence of the following:

3.2.1 If during the Term of this Lease, the Average Annual CFS declines by fifty percent (50%) or more from the Average Annual CFS for the calendar year immediately preceding the commencement of this Lease ("Termination Threshold"), then Tenant shall have the right in its sole and absolute discretion to terminate this Lease ("Termination Right").

3.2.2 If Tenant determines that the Premises or Lease Water rights are not necessary or will not be used by Tenant for the Permitted Use of aquaculture or for providing replacement water or mitigation for water delivery calls, then Tenant shall have the right in its sole and absolute discretion to terminate this Lease ("Termination Right").

3.2.3 Tenant's right to exercise the Termination Right shall exist in any year that the Termination Threshold occurs, regardless of whether or not the Termination Threshold has previously occurred but Tenant has not elected to exercise its Termination Right.

#### ARTICLE 4 OPERATION OF PREMISES

4.1 Tenant's Use of Premises. The Premises shall be occupied and used by Tenant, its agents, contractors, employees and invitees for the Permitted Use.

4.2 Tenant's Maintenance Obligations. Tenant shall, at Tenant's sole expense, keep and maintain the Premises in good condition and repair. Tenant shall diligently and timely perform all of its maintenance and repair obligations. Tenant shall, at Tenant's sole expense, maintain and repair the levee that impounds water in Fisher Lake. Landlord shall support and assist Tenant in securing all permits necessary to operate, maintain and repair the levee and all diversion and delivery structures and facilities. Tenant shall have no obligation to maintain any portion of the Premises that is abandoned and not in use as of the Commencement Date. Tenant shall have the right to defer certain maintenance of the Premises when such maintenance will result in an expense or benefit that is unreasonable in light of the remaining Term of the Lease, provided, however, that Tenant provides notice to Landlord of Tenant's intent to defer such maintenance, and Landlord and Tenant agree that the deferral of such would not damage the Premises nor create a safety hazard.

4.3 Landlord's Maintenance and Repair Obligations. Landlord shall not be obligated to repair and maintain the Premises except for maintenance and repair obligations arising from the negligent or intentional acts or omissions of Landlord, or Landlord's agents, employees, contractors or invitees.

4.4 Alterations. Tenant shall have the right, with Landlord's prior written consent, which shall not be unreasonably conditioned, withheld, or delayed, to construct additional buildings and other improvements on the Premises or to remodel, repair or remove any buildings or improvements on the Premises. Landlord shall have thirty (30) days after Landlord's receipt of notice of Tenant's request to construct, remodel, repair or remove a building or other improvement on the Premises to approve or disapprove Tenant's request. If Landlord does not respond to Tenant's request within thirty days, Tenant's request is deemed approved by Landlord. All fees and costs incurred in connection with such construction, remodeling, repair or removal shall be paid by Tenant. In the event Tenant does not exercise either its Preferential Right to lease the Premises following the termination or expiration of the Lease for any reason other than for a default by Tenant, then Tenant may remove any buildings or improvements added or placed by Tenant during Tenant's occupancy of the Premises, or the Parties may negotiate purchase by Landlord of the buildings or improvements added or placed by Tenant during Tenant's occupancy of the Premises, based on the then fair market value of such buildings or improvements. In the event of Tenant's removal of buildings or improvements, Tenant shall be responsible for returning the location of the removal to its prior condition, with the exception of reasonable wear and tear. If Tenant does not remove Tenant's buildings or improvements within 180 days of the date of expiration or termination of the Lease. such right to remove will be canceled, and the improvements will be deemed property of Landlord.

4.5 Excluded Improvements. The Parties agree that the structures and improvements on the Premises identified in the Commencement Memorandum are subject to the Lease unless specifically excluded from the Parties' obligations in Sections 4.2 and 4.3.

4.6 Utilities. Tenant shall be solely responsible for and shall promptly pay all charges, when due, for water, power, natural gas, telephone, cable, computer, security, and any other utility or service used for, upon or furnished to the Premises. Tenant shall not be responsible for any cost or expense associated with the future extension of any utility service to the Premises unless such utility extension occurs at the request of Tenant. Additionally, nless caused by the negligent or intentional acts or omissions of Landlord, or Landlord's agents, employees, contractors, or invitees, Landlord shall not be liable in damages or other-wise for any failure or interruption of: (i) any utility service being furnished to the Premises. Unless caused by the negligent or interruption, whether resulting

from a casualty or otherwise, shall entitle Tenant to terminate this Lease or to abate any payment Tenant is required to make under this Lease.

4.7 Real and Personal Property Taxes. Tenant agrees to pay, before they become delinquent, all taxes for real and personal property, assessments, or governmental charges lawfully levied or assessed against the Premises ("Taxes").

4.8 Covenant Against Liens. Tenant will not directly or indirectly create or cause to be created or to remain, and will promptly discharge, at Tenant's sole expense, any mechanic's lien or similar lien recorded against the Premises, which Tenant created or caused to be created by Tenant's work on the Premises. Tenant has no authority or power to cause or permit any mechanic's lien or similar lien created by the act of Tenant, by operation of law, or otherwise, to attach to or be placed upon Landlord's title or interest in the Premises. Any lien against Tenant shall attach only to Tenant's leasehold interest in the Premises. Landlord will not directly or indirectly create or cause to be created or to remain, and will promptly discharge, at Landlord's sole expense, any mechanic's lien or similar lien against the Premises, which Landlord created or caused to be created by Landlord's work on the Premises.

4.9 Landlord's Right of Entry. Landlord or Landlord's agents, upon prior reasonable notice to Tenant's agent or employee responsible for the operation of the Premises, may enter upon the Premises at all such times as may be necessary to inspect the general condition and state of repair of the Premises. Landlord's entry shall be supervised by Tenant, and Landlord shall not interfere with, or create a hazard to, Tenant's business operations, except in the event of an emergency arising within the Premises that endangers property or persons.

4.10 Control of Access. Tenant shall not permit the Premises to be generally accessible to the public. Tenant shall control access to the Premises consistent with Tenant's Permitted Use of the Premises.

Environmental Definitions. As used in this Lease, the term "Hazardous Materials" is 4.11 defined to include, without limitation: (i) oil hydrocarbons, petroleum, petroleum products, or products containing, or derived from, petroleum; and (ii) any hazardous or toxic waste, substance, material, chemical, gas or particulate matter, as presently defined by, or for purposes of, any Environmental Laws. As used in this Agreement, the term "Environmental Laws" is defined to include, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C.A. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C.A. Section 6901, et seq.; the Toxic Substances Control Act, 15 U.S.C.A. Section 2601, et seq.; the Federal Water Pollution Control Act, 33 U.S.C.A. Section 1251, et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300f, et seq.; the Clean Air Act, 42 U.S.C. Section 7401, et seq.; the Hazardous Substance Emergency Response Act, Idaho Code Section 39-7101, et seq.; any successor or amendment to those laws (in existence on the date this representation is made or updated): any rules, regulations, ordinances, orders or decrees issued pursuant to those laws; any other applicable federal, state or local environmental, health or safety statute, ordinance, code, rule, regulation, order or decree as may now, or at any later time be in effect, regulating, relating to, or imposing, liability, or standards, concerning, or in connection with, hazardous or toxic wastes, substances, materials, chemicals, gases or particulate matter, or the emission, discharge, dumping, or other release, of any substance to the environment; and any common law theory based on nuisance or strict liability.

4.12 Hazardous Materials Use by Tenant. During the Term, at its sole expense, Tenant shall abide by all Environmental Laws, as defined above. Tenant shall not use, handle, deposit or dispose of any Hazardous Materials, as defined above, except in compliance with all Environmental Laws. Tenant agrees to indemnify Landlord consistent with the provisions of Section 8.3 if Tenant fails to comply with its obligations during the term of the Lease under this Section.

4.13 Environmental Condition of Premises. Landlord has not been in possession of the Premises prior to its acquisition and has not previously been responsible for the operation of the Premises. Landlord has no knowledge of the use of Hazardous Material on the Premises or any violation of the Environmental Laws as those terms are defined above. Landlord agrees to release Tenant from any claims arising from the presence of Hazardous Materials on the Premises or violations of Environmental Laws in the operation of the Premises (as those terms are defined above), occurring prior to the commencement of the Term of the Lease.

#### ARTICLE 5 CHANGES IN THE PARTIES

5.1 Relationship of Parties. Nothing contained in this Lease shall be construed as creating the relationship of principal or agent, employment, partnership or joint venture or any relationship between the Parties other than landlord and tenant.

5.2 Successors and Assigns. This Lease shall benefit and bind the successors and permitted assigns of Landlord and Tenant.

5.3 Tenant's Assignment and Subletting. Tenant may not assign this Lease or sublet all or a part of the Premises unless Tenant first obtains the prior written consent of Landlord, which consent shall not be unreasonably conditioned, withheld or delayed.

#### ARTICLE 6 LOSS AND DAMAGE TO PREMISES

6.1 Tenant Insurance Obligations. Tenant agrees to maintain, in full force and effect throughout the Term of the Lease, comprehensive general liability coverage covering the Premises with limits of liability for each occurrence of not less than \$2,000,000, naming Landlord as an additional insured. Tenant shall also purchase, obtain and maintain a policy of fire and extended coverage insurance or coverage in an amount equal to the full insurable value (from time to time) of all Tenant's personal property, fixtures, equipment and tenant improvements. Promptly upon the effective date of such insurance, or any renewal or replacement thereof, Tenant shall provide Landlord with a copy of a Certificate of Insurance evidencing the coverage required by this paragraph and upon change or termination in insurance coverage Landlord shall be provided not less than thirty (30) days advance written notice thereof. Landlord may maintain such additional insurance as it elects to permit it to perform the same. Landlord shall have no right to the proceeds of business damage or other insurance coverage obtained by Tenant and shall not be named as an insured on such policies obtained by Tenant.

6.2 Condemnation. If any material portion of the Premises affecting the Permitted Use is permanently condemned or taken under any governmental law, ordinance or regulation, by right of eminent domain, by inverse condemnation, or by deed in lieu, then Tenant may, at its option and upon written notice to Landlord, cancel this Lease, effective when the physical taking shall occur. For purposes of this Section, a "material" portion of the Premises means such portion as would render the remaining portion of the Premises insufficient for Tenant's continuing needs and desired operations. Upon receipt of notice of any proposed condemnation, the receiving party shall promptly notify the other party. Tenant shall have the right to any award of just compensation related to Tenant's operation of the Premises, Tenant's profits and Tenant's leasehold interest.

#### ARTICLE 7 DEFAULT

7.1 Tenant's Default. The occurrence of any of the following by Tenant shall constitute a default under the terms of this Lease: (a) the abandonment or surrender of the Premises by Tenant prior to the expiration of the Term of this Lease, or (b) failure to perform any obligation as required or conditioned by any of the covenants and agreements contained in this Lease within a reasonable time, but in no event later than thirty (30) days after written notice by Landlord to Tenant specifying wherein Tenant has failed to perform such obligations. Each notice of default required by this subsection shall specify the alleged event of default and the intended remedy. After expiration of the applicable time for curing a particular default, Landlord may on behalf of Tenant, at Landlord's election, make any payment required of Tenant under this Lease, or perform or comply with any covenant or condition imposed on Tenant under this Lease. Any amount so paid or the cost of such performance shall be immediately reimbursed by Tenant upon receipt of a demand therefor from Landlord. No such payment or performance by Landlord shall constitute a waiver of default, nor shall it affect Tenant's liability for any loss or damage resulting from the default.

7.2 Landlord's Remedies Upon Tenant's Default. Upon the occurrence of a default by Tenant, Landlord, at its sole option, in addition to any other rights or remedies provided by law or equity, may:

7.2.1 Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord.

7.2.2 Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

7.2.3 Landlord shall have the right to recover against Tenant any and all damages that are proximately caused by Tenant's default under this Lease.

7.2.4 Landlord shall have the right to take whatever action is necessary to cure Tenant's default, including the incurring of any reasonable expenses, and if Tenant fails to reimburse Landlord for the costs incurred in connection with the curing of Tenant's default, then Tenant shall pay to Landlord the amount of any such expenses together with interest thereon at the rate of six percent (6%) per annum from the date of Landlord's expenditure of such costs until such costs are paid or reimbursed.

7.2.5 Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State of Idaho. The rights, privileges, elections and remedies of Landlord

as set forth in this Lease or allowed by law or equity are cumulative, and the enforcement by Landlord of a specific remedy shall not constitute an election of remedies and/or a waiver of other available remedies.

7.3 Landlord's Default. Landlord shall be in default under this Lease upon Landlord's failure to perform any obligation as required or conditioned by any of the covenants and agreements contained in this Lease within a reasonable time. Each notice of default required by this subsection shall specify the alleged event of default and the intended remedy.

7.4 Tenant's Remedies Upon Landlord's Default. Upon the occurrence of a default by Landlord under this Lease, Tenant shall have the following rights in addition to any other rights and remedies allowed by law or equity, including, but not limited to the following:

7.4.1 Tenant shall have the right to seek a decree or order of specific performance by a court of competent jurisdiction, ordering Landlord to perform its obligations under this Lease.

7.4.2 Subject to restrictions under state law regarding the Landlord's acceptance of liability, Tenant shall have the right to recover against Landlord any and all damages that are proximately caused by Landlord's default under this Lease.

7.4.3 Tenant shall have the right to take whatever action is necessary to cure Landlord's default, including the incurring of any reasonable expenses, and if Landlord fails to reimburse. Tenant for the costs it incurred in connection with the curing of Landlord's default, to offset such costs against the rent then due and owing to Landlord until Tenant is fully reimbursed for such costs plus interest thereon at the rate of six percent (6%) per annum from the date of Tenant's expenditure of such costs until such costs are paid or reimbursed.

7.4.4 Pursue any other remedy now or hereafter available to Tenant under the laws or judicial decisions of the state of Idaho. The rights, privileges, elections and remedies of Tenant as set forth in this Lease or allowed by law or equity are cumulative, and the enforcement by Tenant of a specific remedy shall not constitute an election of remedies and/or a waiver of other available remedies.

#### ARTICLE 8 CLAIMS AND DISPUTES

8.1 Rights and Remedies Cumulative. Except as expressly provided in this Lease, each party's rights and remedies described in this Lease are cumulative and not alternative remedies.

8.2 Non-Waiver of Remedies. A waiver of any condition stated in this Lease shall not be implied by any neglect of a party to enforce any remedy available by reason of the failure to observe or perform the condition. A waiver by a party shall not affect any condition other than the one specified in the waiver, and a waiver shall waive a specified condition only for the time and in the manner specifically stated in the waiver. The acceptance by Landlord of rent or other money from Tenant after termination of the Lease, after termination of Tenant's right of possession, after the occurrence of a default, or after institution of any remedy by Landlord shall not alter, diminish, affect or waive the Lease termination, termination of possession, default or remedy.

8.3 Indemnification. To the extent allowed under Idaho law, Landlord and Tenant agree to indemnify and hold harmless the other party, and the other party's employees, agents, officers, and direc-

tors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of any kind or nature, known or unknown, contingent or otherwise (including reasonable attorneys' fees and costs), arising from any act, omission or negligence of that party, or the officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors of that party, in or about the Premises, or arising from any accident, injury, or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Premises; provided that the foregoing provision shall not be construed to make one party responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence of the other party, including any officer, contractor, licensee, agent, servant, employee, guest, invitee of that party.

8.4 Remedies Subject to Idaho Tort Claims Act and Appropriation Limits. Tenant acknowledges that Landlord is a state agency and is subject to state law restrictions concerning the actions it may take to accept liability. It is specifically understood that any monetary liability against Landlord pursuant to this provision shall be subject to the provisions of the Idaho Tort Claims Act. Further, nothing in this Lease shall be so construed or interpreted to commit or obligate Landlord to unlawfully expend funds that have not been appropriated or budgeted.

8.5 Dispute Resolution. Notwithstanding anything to the contrary herein, if the Parties disagree regarding the performance of this Lease other than nonpayment of rent, then the Parties agree to engage in direct discussions to settle the dispute. If the disagreement cannot be settled by direct discussions, then the Parties agree to first endeavor to settle the disagreement in an amicable manner by mediation and, if unsuccessful, by arbitration, pursuant the American Arbitration Association's Commercial Mediation Rules, with litigation allowed only for the purpose of enforcing an arbitrator's decision. The forgoing dispute resolution provisions shall not preclude Landlord from bringing legal action to recover nonpayment of rent, unlawful detainer and possession of the Premises by reason of Tenant's default in any payment obligation under this Lease, nor shall it preclude Tenant from bringing legal action in conformance with Section 7.4.1 to enforce the rights and remedies available to it thereunder.

8.6 Attorneys' Fees and Costs. If a party is in default under this Lease, then the defaulting party shall pay to the other party reasonable attorneys' fees and costs: (i) incurred by the other party after default and referral to an attorney, and (ii) incurred by the prevailing party in any litigation.

#### ARTICLE 9 TERMINATION OF LEASE

9.1 Events of Termination. This Lease shall terminate upon the occurrence of one or more of the following events: (i) by mutual written agreement of Landlord and Tenant; (ii) by Landlord pursuant to the express provisions of this Lease; (iii) by Tenant pursuant to the express provisions of this Lease; (iv) upon expiration of the Term; or (v) by reason of condemnation or damage/destruction of the Premises as set forth in Article 6.

9.2 Surrender of Possession. Except as otherwise provided herein, upon termination of this Lease, Tenant will immediately surrender possession of the Premises to Landlord. If possession is not immediately surrendered, Landlord may, in compliance with the laws of the state of Idaho, re-enter and repossess the Premises and remove all persons and property.

#### ARTICLE 10 GENERAL PROVISIONS

10.1 Notices. All notices under this Lease shall be in writing and shall be deemed to be delivered on the date of delivery if delivered in person or by fax, or on the date of receipt if delivered by U.S. Mail or express courier. Proof of delivery shall be by affidavit of personal delivery, machine-generated confirmation of fax transmission, or return receipt issued by U.S. Postal Service or express courier. Notices shall be addressed to the address set forth below:

Tenant:

Magic Valley Ground Water District P.O. Box 430 Paul, Idaho 83347

North Snake Ground Water District 152 E. Main Street Jerome, Idaho 83338

Southwest Irrigation District 340 S. 400 W. Burley, Idaho 83318

Idaho Ground Water Appropriators, Inc. c/o Randall C. Budge Racine, Olson, Nye, Budge & Bailey P.O. Box 1391 Pocatello, Idaho 83204-1391 Fax: 208-232-6109

Landlord:

Idaho Water Resource Board Brian Patton, Administrator 322 East Front Street P.O. Box 83720 Boise, Idaho 8372-0098 Fax: 208-287-6700

10.2 Time is of the Essence. Time is of the essence with respect to the obligations to be performed under this Lease.

10.3 Quiet Enjoyment. Notwithstanding the limitations of Section 2.6 above, Landlord warrants and represents that on the Commencement Date it shall own fee simple title to the Premises and have the right to enter into this Lease and to let the Premises to Tenant. If Tenant pays the rent and keeps and performs the covenants of this Lease on Tenant's part to be kept and performed according to the provisions and conditions hereof, then Tenant shall peacefully and quietly hold, occupy, and enjoy the Premises during the Term hereof without any hindrance or molestation by Landlord or Landlord's agents, successors or assigns.

#### 10.4 First Right of Refusal to Purchase and to Lease.

10.4.1 Landlord hereby grants Tenant a right of first refusal on the Premises or any portion of the Premises in accordance with the terms below ("Right of First Refusal").

10.4.2 If, at anytime during the term of this Lease, the Seller receives a bona fide written offer from a willing third party to purchase all or part of the Premises which Landlord intends to accept ("Third Party Offer"), Landlord shall give written notice to Tenant at the addresses provided below accompanied by a copy of such Offer at least thirty (30) days before the date of contemplated sale.

10.4.3 If, at anytime for a period of one (1) year following the date of termination of this Lease, the Landlord receives a bonafide written offer from a willing third party to lease all or part of the premises which Landlord intends to accept ("Third Party Offer"), Landlord shall give written notice to Tenant at the addresses provided below accompanied by a copy of such Offer at least thirty (30) days before the date of the contemplated lease.

10.4.4 Within fifteen (15) business days after receipt of the written notice, Tenant shall notify Landlord that it intends to exercise its Right of First Refusal and will purchase the Premises pursuant to a purchase agreement or will lease the Premises pursuant to a lease agreement which matches the terms and conditions of the Third Party Offer.

10.4.5 Notwithstanding the Tenant's Right of First Refusal described herein, the Landlord may enter into an agreement to sell the premises to the Tenant any time after the commencement date of this Lease at such price and terms as the parties may agree.

10.5 Interpretation. This Lease shall be governed by the law of the State of Idaho. The courts in the State of Idaho shall have exclusive jurisdiction.

10.6 Binding Effect. The covenants and conditions contained herein shall apply to and bind the Parties and all heirs, administrators, grantees, successors, sublessees, assigns and successors of the Parties.

10.7 Memorandum. This Lease shall not be recorded. However, a Memorandum of this Lease shall be executed and recorded in the records of Gooding County, Idaho, in the form attached here-to as Exhibit "C".

10.8 Entire Agreement; Amendment. This Lease contains the entire agreement between the Parties hereto and supersedes all prior agreements, oral or written, with respect to the subject matter hereof. This Lease may not be modified in any manner whatsoever except by an instrument in writing signed by each of the Parties hereto.

10.9 Severability. Any provisions of this Lease that may be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable any other provision in any other jurisdiction.

10.10 Cooperation Landlord and Tenant shall and do hereby agree to cooperate with each other and to encourage and participate in efforts made by the State of Idaho and other users of the waters of the State of Idaho to promote the recharging, stabilization and sustaining of the aquifer in area of the Premises.

Landlord:

Dated: Dec. 3/34 , 2014

STATE OF IDAHO IDAHO WATER RESOURCE BOARD

ase By Roger Chase

Chairman Idaho Water Resources Board

Tenant:

Dated: Nov. 5+1 ,2014

NORTH SNAKE GROUND WATER DISTRICT

By: Name Carlquist Title: hairman

MAGIC VALLEY GROUND WATER DISTRICT

By:

Name: <u>Dean Stevenson</u> Title: <u>Chairman</u>

SOUTHWEST IRRIGATION DISTRICT

Brown By:

Name: <u>Randy Brown</u> Title: <u>Chairman</u> in any jurisdiction shall not invalidate or render unenforceable any other provision in any other jurisdiction.

10.10 Cooperation Landlord and Tenant shall and do hereby agree to cooperate with each other and to encourage and participate in efforts made by the State of Idaho and other users of the waters of the State of Idaho to promote the recharging, stabilization and sustaining of the aquifer in area of the Premises.

Landlord:

STATE OF IDAHO IDAHO WATER RESOURCE BOARD

Dated:\_\_\_\_\_, 2014

By\_\_\_

Roger Chase Chainnan Idaho Water Resources Board

Tenant:

NORTH SNAKE GROUND WATER DISTRICT

Dated: Nov. 5 + M, 2014

Bv	1

Name: <u>Lynn Carlquist</u> Title: <u>Chairman</u>

MAGIC VALLEY GROUND WATER DISTRICT

SOUTHWEST IRRIGATION DISTRICT

Ву:\_\_\_\_\_

Name:	Randy Brown	
Title:	Chairman	

## **EXHIBIT "A"**

## LEGAL DESCRIPTION OF PREMISES

Legal Description is the 51 acre parcel with associated easements depicted in the attached map and legal description. This consists of a 17.05 acre parcel containing the hatchery facility as deeded by IDPR to IWRB. The remaining 33 acre parcel consisting of Fisher Lake and the spring discharge areas is in the process of being acquired by IWRB from IDPR.



# EXHIBIT "A-2"

# LEASE WATER RIGHTS

WATER SOURCE	WATER RIGHT NO.	PRIORITY DATE
SPRING FLOW TRIBUTARY TO BILLINGSLEY CREEK	36-2338	8/5/1954
UNNAMED STREAM TRIBUTARY TO BILLING- LEY CREEK	36-2414	12/21/1959
BILLINGSLEY CREEK	36-2734	10/5/1965
BILLINGSLEY CREEK	36-4011	12/1/1965

# EXHIBIT "B"

# COMMENCEMENT MEMORANDUM

#### COMMENCEMENT MEMORANDUM

Pursuant to Section 1.9 of the Lease ("Lease") effective 1st day of January, 2015, between the State of Idaho, by and through the Idaho Water Resource Board(collectively, "Landlord"), and North Snake Ground Water District, Magic Valley Ground Water District and Southwest Irrigation District ("Tenant"). Landlord and Tenant through their primary contacts do hereby memorialize the following upon the commencement of the Lease:

1. The Commencement Date pursuant to Section 1.5 of the Lease is January 1, 2015.

2. The initial Average Annual CFS for the **Tenant's** use pursuant to Section 1.6 of the Lease is **48.227** cfs.

3. The following structures or improvements on the Premises shall be excluded from the Parties' obligations in Sections 4.2 and 4.3 of the Lease: No Exclusions

IDAHO WATER RESOURCES BOARD

Landlord:

Dated: January 9, 2015

4 Bv Roger Chase 🕆 Chairman Idaho Water Resources Board

Tenant:

## NORTH SNAKE GROUND WATER DISTRICT

Dated: Nov. 5 th, 2014

By: Name: Lynn Carlquist Title: Chairman

MAGIC VALLEY GROUND WATER DISTRICT

By	i P	*	
Dy.	Name:	Dean Stevenson	
	Title:	Chairman	

# SOUTHWEST IRRIGATION DISTRICT

By:				
Name:	Randy Brown	 40 an 14	14. 11 ° 14	 
Title:	Chairman			

#### MEMORANDUM OF LEASE

# EXHIBIT "C"

Recording Requested By and When Recorded Return to:

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

#### MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("Memorandum") is made as of the 1st day of January, 2015, between North Snake Ground Water District, Magic Valley Ground Water District and Southwest Irrigation District (collectively, "Tenant"), and the State of Idaho by and through the Idaho Water Resource Board. ("Landlord").

1. Landlord and Tenant have entered into a lease dated as of January 1,, 2015 (the "Lease") for a term of thirty (30) years regarding certain real property and water rights described in Exhibit A and A-2, attached hereto and incorporated herein.

2. The Lease is made in consideration for rent paid by Tenant and includes options to lease and a right of first refusal in favor of Tenant.

3. This Memorandum summarizes the provisions of the Lease pursuant to Idaho Code § 55-818, and incorporates by reference all of the terms and provisions of the Memorandum.

4. The terms, conditions and provisions of the Lease shall extend to and be binding upon the heirs, executors, administrators, grantees, successors and assigns of the Parties hereto.

5. In the event of any conflict between the Lease and this Memorandum, the Lease shall control.

6. Capitalized terms set forth in this Memorandum shall have the same meanings ascribed for such capitalized terms in the Lease.

SIGNATURES ON FOLLOWING PAGES

#### **IDAHO WATER RESOURCES BOARD**

Landlord:

Dated: , 2014

By\_

Roger Chase Chairman, Idaho Water Resources Board

STATE OF IDAHO ) )ss. )

County of Ada

On this \_\_\_\_\_day of \_\_\_\_\_\_, 2014, before me the undersigned Notary Public in and for said county and state, personally appeared \_\_\_\_\_\_known to me to be the person whose name is subscribed to within instrument and acknowledged to me that he/she executed the same.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first written.

> Notary Public in and for Idaho Residing at:\_\_\_\_\_ Commission Expires:

Tenant:

#### NORTH SNAKE GROUND WATER DISTRICT

Dated: \_\_\_\_\_\_\_\_\_, 5th, 2014

By: Name: Lynn Carlquist Chairman Title!

MAGIC VALLEY GROUND WATER DISTRICT

#### SOUTHWEST IRRIGATION DISTRICT

By:

Name: Randy Brown

Title: Chairman

STATE OF IDAHO ) County of Bunnock ) ss.

On this <u>S</u><sup>+h</sup>day of <u>Novem ber</u>, 2014, before me, Randall C. Budge, the undersigned notary public in and for said county and state, personally appeared Lynn Carlquist, known or identified to me to be the Chairman of North Snake Ground Water District, Dean Stevenson, known or identified to me to be the Chairman of Magic Valley Ground Water District and Randy Brown, known or identified to me to be the Chairman of Southwest Irrigation District, that executed the within instrument, and known to me to be the person that executed the within instrument on behalf of said Ground Water Districts and Irrigation District, and acknowledged to me that such Ground Water Districts and Irrigation District executed the same for the purposes herein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

IrAND & C BUDS ICT IF PUBLS A C C DAPO

ankall Bule

Notary Public for Idaho ( Residing at Pocatello, Idaho Commission Expires 10/11/2016.

# **ATTACHMENT A-2**

#### MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT ("Memorandum") is made as of January 2, 2015 between North Snake Ground Water District, Magic Valley Ground Water District and Southwest Irrigation District (collectively "Districts"), and SeaPac of Idaho, Inc., an Idaho corporation ("SeaPac").

- The Districts and SeaPac have entered into a Magic Springs Water Use Agreement dated as of January <u>/</u><sup>67</sup>, 2015 (the "Agreement").
- 2. Pursuant to the Agreement, SeaPac grants the Districts the exclusive right to use up to 10 cfs of first use water from its Magic Springs Hatchery under water right nos. 36-7072 and 36-8386 together with the exclusive right and access to utilize all discharge water from the Magic Springs facility as needed to provided mitigation to Rangen, Inc. and other water right holders in the Hagerman Valley, together with a right of access and easements to design, construct, operate and maintain water intake and collection facilities, pump stations, pipelines and other facilities necessary to deliver water from SeaPac's Magic Springs Hatchery for mitigation purposes.
- 3. The Agreement is made in consideration for a long term lease or ownership of the Aqualife Hatchery provided by the Districts to SeaPac.
- 4. This Memorandum summarizes the provisions of the Agreement.
- 5. The terms, conditions and provisions of the Agreement shall extend to and be binding upon the heirs, executives, administrators, grantees, successors and assigns of the parties hereto.
- 6. In the event of any conflict between the Agreement and this Memorandum, the Agreement shall control.
- This Memorandum may be recorded in the Gooding County, Idaho Recorder's Office and may be filed with the Director of the Idaho Department of Water Resources to provide notice of the Agreement between the parties.

(Signatures on the following page)

### SEAPAC OF IDAHO, INC., an Idaho corporation

Dated: \_\_\_\_\_, 2015

By:		
	Name:	
	Title:	

#### NORTH SNAKE GROUND WATER DISTRICT

Dated: January 7, 2015

1 Int	
By A V	
Dy	
Name:	
Title:	

#### MAGIC VALLEY GROUND WATER DISTRICT

Dated: Jinkany . 2015
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By:	- Free marries	1. A. A.	1.5	
	Name:			
	Title:	· ·		

#### SOUTHWEST IRRIGATION DISTRICT

Dated: Journary 7, 2015

By: Kandy Brown Name: Paridy BEANN Title: Charinan

STATE OF IDAHO ) : 55. County of )

On this \_\_\_\_\_ day of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared \_\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_\_, of SEAPAC OF IDAHO, INC., that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

(SEAL)

NOTARY PUBLIC FOR IDAHO Residing at: My Commission Expires:

STATE OF IDAHO ) County of Panne )

On this <u>I</u><sup>T</sup> day of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared RANDY BROWN, known or identified to me to be the Chairman, of SOUTHWEST IRRIGATION DISTRICT, LYNN CARLQUIST, known or identified to me to be the Chairman, of NORTH SNAKE GROUND WATER DISTRICT and DEAN STEVENSON, known or identified to me to be the Chairman, of MAGIC VALLEY IRRIGATION DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporations, and acknowledged to me that such corporations executed the same.

(SEAL)

Faulal C. Bulge

NOTARY PUBLIC FOR IDAHO Residing at: Bannouc, county-My Commission Expires: 10/11/10 SEAPAC OF IDAHO, INC., an Idaho corporation By: Jee Name: Leo Assert Title: The Assert

Dated There y 12 2015

#### NORTH SNAKE GROUND WATER DISTRICT

Dated: January 7, 2015

\_, 2015

Dated: JANUANS 7

By: Name: De~ +PA Title: Clivrer

#### MAGIC VALLEY GROUND WATER DISTRICT

By: Name: D Ste Title: Chaim -

#### SOUTHWEST IRRIGATION DISTRICT

Dated: January 7 \_, 2015

By: Name: Title:

\*\*\*

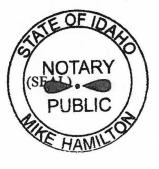
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STATE OF IDAHO

) : SS.

County of Tivin Falls )

On this 12 day of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared <u>Hen Ushley</u>, known or identified to me to be the <u>President</u>, of SEAPAC OF IDAHO, INC., that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.



STATE OF IDAHO

OTARY PUBLIC FOR IDAHO Residing at: Bich / My Commission Expires: 9-26-15

County of Bannock On this 7<sup>tr</sup> day of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared RANDY BROWN, known or identified to me to be the Chairman, of SOUTHWEST IRRIGATION DISTRICT, LYNN CARLQUIST, known or identified to me to be the Chairman, of NORTH SNAKE GROUND WATER DISTRICT and DEAN STEVENSON, known or identified to me to be the Chairman, of MAGIC VALLEY IRRIGATION DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporations, and acknowledged to me that such

(SEAL)

RANDALL C. BUDGE NOTARY PUBLIC STATE OF IDAHO

: SS.

Handell C. Budg NOTARY PUBLIC FOR IDAHO

Residing at: Bannock, County My Commission Expires: 10/11/10

corporations executed the same.

# **ATTACHMENT A-3**

Instrument # 250222 GOODING, GOODING, IDAHO 12-11-2014 09:29:35 AM No. of Pages: 8 Recorded for : RACINE, OLSON, NYE, BUDGE & BAIL DENISE M. GILL Fee: 31.00 Ex-Officio Recorder Deputy\_\_\_\_\_

### BURIED PIPELINE AGREEMENT

#### NORTH SIDE CANAL COMPANY Southwest Irrigation District North Snake Ground Water District Magic Valley Ground Water District

AGREEMENT effective this 4/4 day of November, 2014, between NORTH SIDE CANAL COMPANY ("NORTH SIDE"), and Southwest Irrigation District, North Snake Ground Water District and Magic Valley Ground Water District (hereinafter "Districts"), collectively referred to as the "parties."

#### RECITALS

A. WHEREAS, NORTH SIDE, owns certain real property located in Gooding County, Idaho located in Government Lot SE ¼ SE ¼, Section 6 and SW ¼ SW, Section 5, Township 8 South, Range 14 East, B.M., Gooding County, Idaho ("Property") and;

B. WHEREAS, the Districts desire to acquire from NORTH SIDE an easement 20' in width as described in Exhibit "A" attached for the purpose of constructing, owning and operating up to two buried pipelines through the NORTH SIDE Property to convey water from a spring source and the Magic Springs aquaculture facility; and

C. WHEREAS, NORTH SIDE is willing to provide the Districts the requested easement for the buried pipelines pursuant to this Agreement.

#### AGREEMENT

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

1. **Payment**. The total purchase price for the easement shall be FIVE THOUSAND (\$5,000.00) DOLLARS per acre calculated based upon the width and length of the easement payable from the Districts to NORTH SIDE at the execution of this agreement.

2. Installation of Pipelines. The Districts shall submit to NORTH SIDE construction drawings and specifications stamped by a registered professional engineer in the State of Idaho, that illustrate the design of the project for NORTH SIDE to review and approve prior to beginning construction on the Property. After NORTH SIDE has approved the construction drawings and specifications, the Districts may install, at their own expense, up to two (2) buried pipelines for the conveyance of water from Magic Springs within the easement described in Exhibit "A" attached. The Districts shall install

said pipelines within the easement in accordance with standard specifications for pipe, materials, installation, and backfill, as set forth in the Idaho standards for public works construction or the respective projects' construction drawings, as approved by NORTH SIDE.

3. **Pipeline Ownership and Maintenance.** The Districts shall own the pipelines and be responsible for their installation, maintenance, repair and replacement.

4. **Easement and Access.** NORTH SIDE hereby grants to the Districts an easement on, over, under and through a portion of the Property, approximately 550' in length and 20' in width as described in Exhibit "A" attached hereto, to construct, operate, maintain and replace as necessary up to two (2) buried pipelines to insure the proper delivery of water from Magic Springs. It is understood and agreed that the final description of the easement and location of the pipes are subject to amendment by the Districts based upon the final survey and installed pipe locations.

5. **Indemnification.** The Districts agree to indemnify and hold NORTH SIDE harmless from any and all claims arising out of the construction, operation, maintenance, repair or replacement of the pipeline, or the use of the easement for any purpose.

6. The Districts' Representative. The Districts agree to designate one person to represent the Districts in all dealings with NORTH SIDE and to act as a liaison between the parties. The Districts shall communicate to NORTH SIDE in writing the name, address and telephone number of such person.

7. Additional Documents. The parties will execute such additional deeds, releases and other documents and instruments as may be required to carry out the purpose and intent of the foregoing agreement.

8. **Cooperation.** The parties will cooperate, communicate and act in good faith with each other as may be reasonable and necessary in exercising their rights and performing their responsibilities pursuant to this Agreement.

9. **Default.** In the event any party fails to perform any of the terms, conditions or provisions of this Agreement, and fails to cure such default within thirty (30) days of receipt of written notice of default, the non-defaulting party may elect any one of the following remedies, which are the sole and exclusive remedies available:

- (a) to terminate this Agreement;
- (b) file an action to obtain specific performance of this Agreement; or
- (c) pursue any other remedy to which they may be entitled under the laws of the state of Idaho.

10. Legal Fees. In the event legal action is undertaken to enforce this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney fees and costs, in addition to whatever other relief that party may be entitled to.

11. **Binding Effect.** All of the terms, conditions and covenants of this Agreement shall be binding upon the parties and shall inure to the benefits of all successors and assigns of the parties hereto.

12. Assignment of this Agreement. The Districts may assign their interest in this Agreement to a third party, subject to the prior written consent of NORTH SIDE, which consent shall not be unreasonably withheld.

13. Modification or Revocation. This Agreement may be modified or revoked by a writing executed by all parties.

14. **Dispute Resolution.** Any substantial dispute between the parties shall be resolved in accordance with the following provisions:

- (a) Mediation. The parties shall designate a mediator and appear before the mediator and attempt to mediate a settlement of the dispute.
- (b) Arbitration. In the event the dispute between the parties cannot be settled as a result of mediation as above described, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall elect a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties. The arbitrator's decision shall be non-appealable.
- (c) Litigation. Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation, or an arbitrator's decision resulting from arbitration.
- (d) Injunctive Relief. Either party may request a Court to issue such temporary or interim relief (including temporary restraining orders and preliminary injunctions) as may be appropriate, either before or after mediation or arbitration is commenced. The temporary or interim relief shall remain in effect pending the outcome of the mediation or arbitration. No such request shall be a waiver of the right to submit any dispute to mediation or arbitration.
- (e) Arbitration and Mediation Costs. The parties shall share equally in all expenses and costs and fees of the mediator and arbitrator.

Each party shall be responsible for it is own costs, attorney fees and witness fees, if any. However, the arbitrator may award reasonable attorney fees to the prevailing party.

(f) Choice of Law. This Agreement and the validity, interpretation and performance thereof shall be governed by and construed in accordance with the laws of the State of Idaho.

15. Notices. All notices required to be given pursuant to this Agreement shall be served upon the parties by certified mail, return receipt requested, at the following addresses:

North Side Canal Company c/o Alan Hansten, Manager 921 North Lincoln Avenue Jerome, Idaho 83338

Southwest Irrigation District P.O. Box 910 Burley, Idaho 83318

North Snake Ground Water District 152 E. Main St. Jerome, Idaho 83338

Magic Valley Ground Water District P.O. Box 430 Paul, Idaho 83347

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date recited above.

NORTH SIDE CANAL COMPANY

-----

BUEKERS, President

SOUTHWEST IRRIGATION DISTRICT

By

RANDY BROWN, Chairman

NORTH SNAKE GROUND WATER DISTRICT

CARLQUIST, Chairman

### MAGIC VALLEY GROUND WATER DISTRICT By\_\_\_\_\_\_\_ DEAN STEVENSON, Chairman

#### STATE OF IDAHO ) : ss. County of <u>Twin Falls</u> )

On this  $\underline{4}$  day of November, 2014, before me, a Notary Public for the State of Idaho, personally appeared JOHN BUEKERS, known or identified to me to be the President, of NORTH SIDE CANAL COMPANY, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

NÓTARY PUBLIC FOR IDAHO RANDALL C. BUDGE Residing at: Tuentats EANOTARY PUBLIC STATE OF IDAHO My Commission Expires: 4/3/18 STATE OF IDAHO

On this  $\underline{47}^{1}$  day of November, 2014, before me, a Notary Public for the State of Idaho, personally appeared RANDY BROWN, known or identified to me to be the Chairman, of SOUTHWEST IRRIGATION DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

: SS.

RANDALL C. BUDGE NGRARY PUBLIC THE OF DAHO

County of Cassia

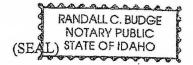
NOTARY PUBLIC FOR IDAMO Residing at: Deca fello, ID, My Commission Expires: 10/41/16 STATE OF IDAHO

County of Cassia

On this  $\underline{\mathcal{Y}}^{d,k}$  day of November, 2014, before me, a Notary Public for the State of Idaho, personally appeared LYNN CARLQUIST, known or identified to me to be the Chairman, of NORTH SNAKE GROUND WATER DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

) : ss.

)



NOTARY PUBLIC, FOR IDAHO

Residing at: *focutello JP*. My Commission Expires: *Jo /n //6* 

STATE OF IDAHO ) : ss. County of <u>lassia</u>)

On this  $\underline{44}^{\underline{44}}$  day of November, 2014, before me, a Notary Public for the State of Idaho, personally appeared DEAN STEVENSON, known or identified to me to be the Chairman, of MAGIC VALLEY IRRIGATION DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

BUDGE
UBLIC
UBLIC DAHO

NOTARY PUBLIC FOR IDAHO Residing at: Preafello, JP. My Commission Expires: 10/11/16 October 24, 2014



#### EXHIBIT A MAGIC SPRING PROJECT BURIED PIPELINE EASMENT DESCRIPTION NORTHSIDE CANAL COMPANY

A 20 foot wide easement across a portion of a parcel of land described in a deed dated January 17, 1912, and recorded in Book J of Deeds, at Page 331, records of Gooding County, Idaho, said easement being situated in the a portion of Lot 8 of Section 6 and a portion of the NW 1/4, SW 1/4, SW 1/4 of Section 5 all in Township 8 South, Range 14 East, Boise Meridian, Gooding County, Idaho. Said easement being more particularly described as follows:

Commencing at the South 1/16<sup>th</sup> Comer common to said Sections 5 and 6 being marked by a U.S. Fish and Wildlife brass cap monument dated 1949, said monument also being the **POINT OF BEGINNING**, thence continuing along the section line common to said Sections 5 and 6

South 0° 47' 14" West 41.88 feet, thence leaving said section line into said Section 6 South 70° 10' 11" West 293.61 feet, thence

South 19° 49' 49" East 77.66 feet to a point on the southeasterly line of said parcel of land (Book J, Page 331), thence along said southeasterly line

North 68° 00' 35" East 20.01 feet, thence leaving said

southeasterly line

North 19° 49' 49" West 56.90 feet, thence

North 70° 10' 11" East 266.09 feet to a point on said section line, thence leaving said section line and continuing into said Section 5

North 70° 10' 11" East 21.36 feet to a point, thence

South 0° 47' 14" West 1.60 feet to a point, thence

North 70° 10' 11" East 132.73 feet to a point of curvature, thence

6.93' feet along a curve to the left, said curve having a radius of 110.00', a delta angle of 3°36'33" and a cord bearing and distance North 68° 21' 55" East 6.93 feet, thence

North 66° 33' 38" East 23.20 feet to a point on the north line of said parcel (Book J, Page 331), also being the north line of said NW 1/4, SW 1/4, SW 1/4 of Section 5 thence along said parth line

5, thence along said north line

North 89° 44' 17" West 53.33 feet, thence leaving said north line

South 70° 10' 11" West 105.20 feet, thence

North 0° 47' 14" East 36.09 feet to a point on said north line, thence along said north line

North 89° 35' 23" West 20.00 feet to the POINT OF BEGINNING.

Said easement contains 10,833 square feet or 0.249 acres, more or less.



1904 W. Overland • Boise, ID 83705 • Phone (208) 342-0091 • Fax (208) 342-0092 • www.quadrant.cc Civil Engineering • Surveying

## **ATTACHMENT A-4**

instrument # 250221 GOODING, GOODING, IDAHO 12-11-2014 09:20:57 AM No. of Pages: 8 Recorded for : RACINE, OLSON, NYE, BUDGE & BAIL DENISE M. GILL Fee: 31.00 Ex-Officio Recorder Deputy\_\_\_\_\_

#### **BURIED PIPELINE AGREEMENT**

#### LEE R. and MARY E. MITCHELL Southwest Irrigation District North Snake Ground Water District Magic Valley Ground Water District

AGREEMENT effective this  $4^{++}$  day of November, 2014, between LEE R. MITCHELL and MARY E. MITCHELL, husband and wife, ("MITCHELL"), and Southwest Irrigation District, North Snake Ground Water District and Magic Valley Ground Water District (hereinafter "Districts"), collectively referred to as the "parties."

#### RECITALS

A. WHEREAS, MITCHELL, owns certain real property located in Gooding County, Idaho located in NW ¼ SW ¼, Section 5, Township 8 South, Range 14 East, B.M., Gooding County, Idaho ("Property") and;

B. WHEREAS, the Districts desire to acquire from MITCHELL an easement 20' in width as described in Exhibit "A" and Exhibit "B" attached for the purpose of constructing, owning and operating two (2) buried pipelines through the MITCHELL Property to convey water from the Magic Springs water rights; and

C. WHEREAS, MITCHELL is willing to provide the Districts the requested easement for the buried pipelines pursuant to this Agreement.

#### AGREEMENT

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

1. Installation of Pipelines. MITCHELL agrees that the Districts may install, at its own expense, two (2) buried pipelines for the conveyance of water from Magic Springs within the easements described in Exhibit "A" and Exhibit "B" attached. The Districts shall install said pipelines within the easements in accordance with standard specifications for pipe, materials, installation, and backfill, as set forth in the Idaho standards for public works construction or the respective projects' construction drawings.

2. Pipeline Ownership and Maintenance. The Districts shall own the pipelines and be responsible for their installation, maintenance, repair and replacement.

3. Easement and Access. MITCHELL hereby grants to the Districts easements on, over, under and through a portion of the MITCHELL Property, approximately 850' in length, 20' in width as described in Exhibit "A" and approximately 730' in length, 20' in width as described in Exhibit "B" attached hereto, to construct, operate, maintain and replace as necessary two (2) buried pipelines to insure the proper delivery of water from Magic Springs. It is understood and agreed that the final description of the easements and location of the pipes are subject to amendment by the Districts based upon the final survey and installed pipe locations.

4. Indemnification. The Districts agree to indemnify and hold MITCHELL harmless from any and all claims arising out of the construction, operation, maintenance, repair or replacement of the pipelines, or the use of the easement for any purpose.

5. The Districts' Representative. The Districts agree to designate one person to represent the Districts in all dealings with MITCHELL and to act as a liaison between the parties. The Districts shall communicate to MITCHELL in writing the name, address and telephone number of such person.

6. Additional Documents. The parties will execute such additional deeds, releases and other documents and instruments as may be required to carry out the purpose and intent of the foregoing agreement.

7. Cooperation. The parties will cooperate, communicate and act in good faith with each other as may be reasonable and necessary in exercising their rights and performing their responsibilities pursuant to this Agreement.

8. **Default.** In the event any party fails to perform any of the terms, conditions or provisions of this Agreement, and fails to cure such default within thirty (30) days of receipt of written notice of default, the non-defaulting party may elect any one of the following remedies, which are the sole and exclusive remedies available:

- (a) to terminate this Agreement;
- (b) file an action to obtain specific performance of this Agreement; or
- (c) pursue any other remedy to which they may be entitled under the laws of the state of Idaho.

9. Legal Fees. In the event legal action is undertaken to enforce this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney fees and costs, in addition to whatever other relief that party may be entitled to.

10. Binding Effect. All of the terms, conditions and covenants of this Agreement shall be binding upon the parties and shall inure to the benefits of all successors and assigns of the parties hereto.

11. Assignment of this Agreement. The Districts may assign their interest in this Agreement to a third party, subject to the prior written consent of MITCHELL, which consent shall not be unreasonably withheld. Provided, that the Districts may

assign their interest in this Agreement to one or more of their member groundwater districts without the consent of MITCHELL.

12. Modification or Revocation. This Agreement may be modified or revoked by a writing executed by all parties.

13. **Dispute Resolution.** Any substantial dispute between the parties shall be resolved in accordance with the following provisions:

- (a) Mediation. The parties shall designate a mediator and appear before the mediator and attempt to mediate a settlement of the dispute.
- (b) Arbitration. In the event the dispute between the parties cannot be settled as a result of mediation as above described, the dispute shall be arbitrated in accordance with the Uniform Arbitration Act, Title 7, Chapter 9, Idaho Code. The parties shall elect a mutually agreeable arbitrator and the dispute shall be submitted to that arbitrator for decision. The arbitrator shall be authorized to enter a decision to resolve the dispute that is binding on the parties. The arbitrator's decision shall be non-appealable.
- (c) Litigation. Litigation is allowed between the parties only for the purpose of enforcing a settlement agreement entered into between the parties as a result of mediation, or an arbitrator's decision resulting from arbitration.
- (d) Injunctive Relief. Either party may request a Court to issue such temporary or interim relief (including temporary restraining orders and preliminary injunctions) as may be appropriate, either before or after mediation or arbitration is commenced. The temporary or interim relief shall remain in effect pending the outcome of the mediation or arbitration. No such request shall be a waiver of the right to submit any dispute to mediation or arbitration.
- (e) Arbitration and Mediation Costs. The parties shall share equally in all expenses and costs and fees of the mediator and arbitrator. Each party shall be responsible for it is own costs, attorney fees and witness fees, if any. However, the arbitrator may award reasonable attorney fees to the prevailing party.
- (f) Choice of Law. This Agreement and the validity, interpretation and performance thereof shall be governed by and construed in accordance with the laws of the State of Idaho.

14. Notices. All notices required to be given pursuant to this Agreement shall be served upon the parties by certified mail, return receipt requested, at the following addresses:

> Mr. & Mrs. Lee R. Mitchell 1400 Nova Lane Meridian, 10 83642

Southwest Irrigation District P.O. Box 910 Burley, Idaho 83318

North Snake Ground Water District 152 E. Main St. Jerome, Idaho 83338

Magic Valley Ground Water District P.O. Box 430 Paul, Idaho 83347

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date recited above.

SOUTHWEST IRRIGATION DISTRICT

By Y BROWN, Chairman

NORTH SNAKE IRRIGATION DISTRICT

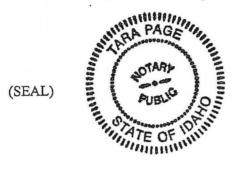
By ARLQUIST, Chairman

MAGIC VALLEY GROUND WATER DISTRICT

Br DEAN STEVENSON, Chairman

STATE OF IDAHO ) County of Haa ; ss.

On this  $\angle$  day of November, 2014, before me, a Notary Public for the State of Idaho, personally appeared LEE R. MITCHELL and MARY E. MITCHELL, husband and wife, known or identified to me to be the persons whose names subscribed to the within instrument, and acknowledged to me that they executed the same.

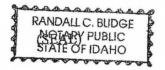


NOTARY PUBLIC FOR IDAHO Residing at: Mencil an ICCU My Commission Expires: May 30, 2020

: ss. County of <u>Cassing</u>) On this <u>4</u><sup>4</sup>/<sub>b</sub> On this <u>4</u><sup>4</sup>/<sub>b</sub> On this <u>4</u><sup>4</sup>/<sub>b</sub> State of Idaho, personally appeared RANDY BROWN, known or identified to me to be

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the Chairman, of SOUTHWEST IRRIGATION DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

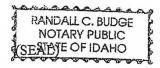


STATE OF IDAHO

NOTARY PUBLIC FOR IDAHO Residing at: *Deck llo, IV*. My Commission Expires: 10/11/16

### STATE OF IDAHO : \$\$. County of Carsia

On this  $\underline{44}^{H}$  day of November, 2014, before me, a Notary Public for the State of Idaho, personally appeared LYNN CARLQUIST, known or identified to me to be the Chairman, of NORTH SNAKE GROUND WATER DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.



NOTARY PUBLIC FOR IDAHO Residing at: *PocaAllu*, *I*. My Commission Expires: *lo /11/14* 

STATE OF IDAHO ) : SS. County of Casiria )

On this  $4^{4}$  day of November, 2014, before me, a Notary Public for the State of Idaho, personally appeared DEAN STEVENSON, known or identified to me to be the Chairman, of MAGIC VALLEY IRRIGATION DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

RANDALL C. BUDGE SEX DIARY PUBLIC STATE OF IDAHO

NOTARY PUBLIC FOR IDAHO Residing at: *Poca fully*, *II*. My Commission Expires: 10/11/16

October 28, 2014



#### EXHIBIT A MAGIC SPRING PROJECT BURIED PIPELINE EASMENT DESCRIPTION MITCHELL EASEMENT

A 20 foot wide easement across a portion of a parcel of land described in a deed recorded on October 5, 1999 as Instrument Number 182760, records of Gooding County, Idaho, said easement being situated in a portion of the NW ¼ of the SW ¼ of Section 5 in Township 8 South, Range 14 East, Boise Meridian, Gooding County, Idaho. Said easement being more particularly described as follows:

Commencing at the South 1/16<sup>th</sup> Corner common to said Section 5 and Section 6, Township 8 South, Range 14 East being marked by a U.S. Fish and Wildlife brass cap monument dated 1949, said monument being the southwest corner of said parcel of land (Instrument Number 182760) and the **POINT OF BEGINNING**, thence continuing along the section line common to said Sections 5 and 6

North 0°53'45" East 857.05 feet to the southerly right-of-way of a county road, thence along said southerly right-of-way

South 49°24'52" East 25.99 feet, thence leaving said southerly right-of-way

South 0°53'45" West 840.24 feet to the south line of said parcel, being the south line of said NW1/4 of the SW1/4 of Section 5, thence along said south line

North 89° 44' 17" West 20.00 feet to the POINT OF BEGINNING.

Said easement contains 16,972 square feet or 0.390 acres, more or less.



October 28, 2014

3



#### EXHIBIT B MAGIC SPRING PROJECT BURIED PIPELINE EASMENT DESCRIPTION MITCHELL EASEMENT

A 20 foot wide easement across a portion of a parcel of land described in a deed recorded on October 5, 1999, as Instrument Number 182760, records of Gooding County, Idaho, said easement being situated in a portion of the NW ¼ of the SW ¼ of Section 5 in Township 8 South, Range 14 East, Boise Meridian, Gooding County, Idaho. Said easement being more particularly described as follows:

Commencing at the southwest corner of said NW ¼ of the SW ¼ of said Section 5, being marked by a U.S. Fish and Wildlife brass cap monument dated 1949, said monument also being the southwest corner of said parcel of land (Instrument Number 182760), thence along the south line of said parcel South 89° 44' 17" East 118.47 feet to the **POINT OF BEGINNING**, thence leaving said south line,

North 70° 10' 11" East 20.01 feet, to a point of curvature, thence

5.67 feet along a curve to the left, said curve having a radius of 90.00 feet, a delta angle of 3° 36' 33" and a chord bearing and distance North 68° 21' 55" East 5.67 feet, thence

North 66° 33' 38" East 186.98 feet, thence North 75° 03' 05" East 169.11 feet, thence North 90° 00' 00" East 309.73 feet to a point of curvature, thence

60.59 feet along a curve to the left, said curve having a radius of 90.00 feet, a delta angle of 38° 34' 17" and a chord bearing and distance of North 70° 42' 51" East 59.45 feet to a point on the southerly right-of-way of a county road, thence along said southerly right-of-way

South 49° 24' 52" East 20.30 feet, thence leaving said southerly right-of-way

77.87 feet along a non-tangent curve to the right, said curve having a radius of 110.00 feet, a delta angle of 40°33'38" and a chord bearing and distance of South 69° 43' 11" West 76.25 feet, thence

South 90° 00' 00" West 307.11 feet, thence South 75° 03' 05" West 165.00 feet, thence South 66° 33' 38" West 162.29 feet to a point on the south line of said parcel (Instrument Number 182760), thence along said south line North 89° 44' 17" West 53.33 feet to the **POINT OF BEGINNING**.



Said easement contains 14,625 square feet or 0.336 acres, more or less.

1904 W. Overland • Boise, ID 83705 • Phone (208) 342-0091 • Fax (208) 342-0092 • www.quadrant.cc Civil Engineering • Surveying

## **ATTACHMENT A-5**

### PATRICK D. BROWN, P.C.

516 Hansen Street East P.O. Box 125 Twin Falls, ID 83303 208-733-5004

Pat Brown pat@pblaw.co

January 16, 2015

Thomas J. Budge Racine, Olson, Nye, Budge & Bailey 201 E. Center, Ste. A2 P.O. Box 1391 Pocatello, ID 83204-1301

# Re: Permission to IGWA for a pipeline to Rangen, Inc. across the property of Walter and Margaret Candy (located in the NWSW and SWNW of Section 32, Township 7 South, Range 14 East, Boise Meridian)

Dear Mr. Budge:

As you and I have discussed by phone, Walter and Margaret Candy have authorized me to continue to extend their permission for IGWA to have and use a pipeline across their property in order to convey water to Rangen, Inc. from Magic Springs. The permission Candys are granting is in the form of a license and is revocable at any time.

They will not revoke the permission as long as, in their sole discretion, they believe we are progressing towards the execution of a comprehensive agreement which not only grants IGWA a license for the pipeline but assures that IGWA and its members will supply water to the senior water rights. Of course this comprehensive agreement will also have to be formally approved by the State of Idaho.

The permission Candys continue to extend is not intended and shall not in any way be construed to be an easement. We remain convinced that an easement is not necessary, as access and use will be fully and continuously licensed under conditions to be set forth in the anticipated agreement.

Please let me know if there is anything else I can do to assist you in providing documentation to IDWR about this matter.

Singeret Patrick D. Brown

# **ATTACHMENT A-6**

#### PIPELINE LICENSE AGREEMENT

#### RANGEN, INC. Southwest Irrigation District North Snake Ground Water District Magic Valley Ground Water District

LICENSE AGREEMENT ("Agreement") effective this \_\_\_\_\_ day of January, 2015, between RANGEN, INC., ("Rangen"), and Southwest Irrigation District, North Snake Ground Water District and Magic Valley Ground Water District (hereinafter "Districts"), collectively referred to as the "parties."

#### RECITALS

A. WHEREAS, Rangen, owns certain real property located in Gooding County, Idaho located in SW ¼ NW ¼, Section 32, Township 7S, Range 14E, B.M., Gooding County, Idaho ("Rangen Property");

B. WHEREAS, the Idaho Department of Water Resources (IDWR) recently approved IGWA's Fourth Mitigation Plan in IDWR Docket No. CM-MP-2014-006 ("Order"), authorizing IGWA to deliver mitigation water to Rangen from Magic Springs;

C. WHEREAS, over Rangen's objection to the Districts Fourth Mitigation Plan, the Director Ordered Rangen to accept the water and allow construction on its land related to placements of the delivery pipe, and if not accepted, the Districts mitigation obligation would be suspended;

D. WHEREAS, on November 6, 2014, pursuant to the Order, Rangen conditionally accepted delivery of the water;

E. WHEREAS, pursuant to Rangen's conditional acceptance of delivery of water under the Order, the Districts desire to obtain from Rangen a license for a rightof-way 20' in width as described in Exhibit "A" attached for the purpose of constructing, owning and operating buried and above grade pipelines through the Rangen Property with necessary equipment and facilities to convey water from Magic Springs to Rangen; and

F. WHEREAS, pursuant to the Order, Rangen hereby provides the Districts with a license for a right-of-way as set forth in this Agreement.

#### AGREEMENT

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

Access License for Pipelines and Appurtenances. Rangen grants the 1. Districts a license to install, operate, maintain, and replace as needed, at their expense, buried pipelines for the conveyance of water from Magic Springs to Rangen's hatchery as described in Exhibit "A" attached. The license includes the right to deliver water to Rangen's existing facility and gives the districts authority to convey water to Rangen's existing diversions and pipes. Other than as necessary to attach to Rangen's existing facility, Rangen does not grant any license to the districts to use any of Rangen's pipes, diversions or existing structures owned or otherwise used by Rangen. The Districts shall install said pipelines and appurtenances within the licensed area in accordance with standard specifications for pipe, materials, installation, and backfill, as set forth in the Idaho standards for public works construction or the respective projects' construction drawings. The final description of the license and location of the pipelines are subject to amendment by the Districts based upon the final survey and installed pipe locations. This license covers the delivery of water only under the Fourth Mitigation Plan, and water delivered under transfer 79560 (water right 36-7072). This license does not cover the delivery of water under any other mitigation plan, right, license or permit.

2. **Pipeline Ownership and Maintenance.** The Districts shall own the pipelines and be responsible for their installation, maintenance, repair and replacement.

3. **Indemnification.** The Districts agree to indemnify and hold Rangen harmless from any and all claims arising out of the construction, operation, maintenance, repair or replacement of the pipeline, or the use of the easement for any purpose.

4. The Districts' Representative. The Districts agree to designate one person to represent the Districts in all dealings with Rangen and to act as a liaison between the parties. The Districts shall communicate to Rangen in writing the name, address and telephone number of such person.

5. Additional Documents. The parties will execute such additional documents and instruments as may be required to carry out the purpose and intent of this Agreement.

6. **Revocation.** Rangen may elect to terminate this Agreement upon not less than thirty (30) days written notice.

7. **Default.** This Agreement may be revoked by Rangen as set forth in paragraph 6, or in the event any party fails to perform any of the terms, conditions or provisions of this Agreement, and fails to cure such default within thirty (30) days of receipt of written notice of default, the non-defaulting party may elect any one of the following remedies, which are the sole and exclusive remedies available:

- (a) to terminate this Agreement;
- (b) file an action to obtain specific performance of this Agreement; or

(c) pursue any other remedy to which they may be entitled under the laws of the state of Idaho.

8. Attorney's Fees. In the event that either party hereto retains an attorney to enforce any right or duty arising out of this Agreement, the prevailing party in such dispute shall be entitled to be paid reasonable attorney's fees by the non-prevailing party, whether or not litigation is actually instituted.

9. Assignment of this Agreement. The Districts may assign their interest in this Agreement to a third party, subject to the prior written consent of Rangen, which consent shall not be unreasonably withheld. Provided, that the Districts may assign their interest in this Agreement to one or more of their member groundwater districts without the consent of Rangen.

10. Non-waiver: By entering into this Agreement, Rangen does not waive any right to seek judicial review of the Order; Rangen does not waive any cause of action it may have against IGWA, its member Districts, its Directors, the Department, or the State of Idaho including, but not limited to, compensation for the condemnation of its real property, damages resulting from the implementation of the Fourth Mitigation Plan such as the loss of fish or the introduction of disease, pathogens, parasites, or other organisms harmful to Rangen's operation, or damages resulting from the failure to deliver water for any reason whatsoever; and Rangen also reserves the right to reject the water in the event it determines the delivery of water is causing harm to Rangen's operation. Furthermore, Rangen does not waive its right to avail itself of any and all administrative and legal remedies with respect to challenging or appealing transfer 79560 (water right 36-7072), or any other administrative or legal proceeding currently pending before the Parties, or any or any other administrative or legal proceeding which may arise between or involve the Parties.

11. **Dispute Resolution.** Any dispute between the parties shall be resolved in any court, or otherwise agreed by the parties.

12. Choice of Law. This Agreement and the validity, interpretation and performance thereof shall be governed by and construed in accordance with the laws of the State of Idaho.

13. Merger, Except for the terms of this Agreement, the Parties agree that the terms, covenants and conditions of this Agreement shall supersede all such prior negotiations and agreements, and that there are no other agreements not contained in this Agreement, and that this Agreement shall be and is the final expression of the agreement of the Parties and shall control. No modification of this Agreement shall be valid unless in writing and executed by the Parties to the Agreement.

14. Notices. All notices required to be given pursuant to this Agreement shall be served upon the parties by certified mail, return receipt requested, at the following addresses:

Rangen, Inc. o'o Christopher T. Rangen, President P.O. Box 706 Buhl, Idaho 83316

Southwest Inigation District P.O. Box 910 Burley, Idaho 83318

North Snake Ground Water District 152 B. Main St. Jerome, Idaho 83338

Magic Valley Ground Water District P.O. Box 430 Paul, Idaho 83347

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date reoited above.

RANGEN, INC. 01114/2015

SOUTHWEST IRRIGATION DISTRICT

By\_\_\_\_

RANDY BROWN, Chairman

NORTH SNAKE GROUND WATER DISTRICT

Support Support

By

LYNN CARLQUIST, Chairman

MAGIC VALLEY GROUND WATER DISTRICT

By\_

DEAN STEVENSON, Chairman

Rangen, Inc. c/o Christopher T. Rangen, President P.O. Box 706 Buhl, Idaho 83316

Southwest Irrigation District P.O. Box 910 Burley, Idaho 83318

North Snake Ground Water District 152 E. Main St. Jerome, Idaho 83338

Magic Valley Ground Water District P.O. Box 430 Paul, Idaho 83347

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date recited above.

RANGEN, INC.

SOUTHWEST IRRIGATION DISTRICT

By

RANDY BROWN, Chairman

By\_\_\_\_\_

By

NORTH SNAKE GROUND WATER DISTRICT

By CARLQUIST, Chairman

MAGIC VALLEY GROUND WATER DISTRICT

By\_\_\_\_

DEAN STEVENSON, Chairman

**BURIED PIPELINE AGREEMENT - 4** 

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Rangen, Inc. c/o Christopher T. Rangen, President P.O. Box 706 Buhl, Idaho 83316

Southwest Irrigation District P.O. Box 910 Burley, Idaho 83318

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IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date recited above.

RANGEN, INC.

By

By\_\_\_\_\_

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SOUTHWEST IRRIGATION DISTRICT

Seale 1 By Craig E Sear lehairman

NORTH SNAKE GROUND WATER DISTRICT

By\_

LYNN CARLQUIST, Chairman

MAGIC VALLEY GROUND WATER DISTRICT

By\_

DEAN STEVENSON, Chairman

Rangen, Inc. c/o Christopher T. Rangen, President P.O. Box 706 Buhl, Idaho 83316

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RANGEN, INC.

SOUTHWEST IRRIGATION DISTRICT

Ву\_\_\_\_\_

By\_\_\_\_

RANDY BROWN, Chairman

Ву

NORTH SNAKE GROUND WATER DISTRICT

By

LYNN CARLQUIST, Chairman

MAGIC VALLEY GROUND WATER DISTRICT

By Unde H. Maughan - Braulmenter DEAN STEVENSON, Chairman

STATE OF IDAHO ) : ss. County of <u>Twin Falls</u> )

On this  $14^{\frac{14}{14}}$  day of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared <u>Christopher T. Rangek</u>nown or identified to me to be the <u>President</u>, of RANGEN, INC., that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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(SEAL)

NOTARY FUBLIC FOR IDAHO Residing at: Filer Idaho My Commission Expires: 09-05-15

STATE OF IDAHO ) : 39. County of )

On this \_\_\_\_\_\_ day of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared RANDY BROWN, known or identified to me to be the Chairman, of SOUTHWEST IRRIGATION DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

(SEAL)

NOTARY PUBLIC FOR IDAHO Residing at: My Commission Expires:

STATE OF IDAHO ) : ss. County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared \_\_\_\_\_\_, known or identified to me to be the \_\_\_\_\_\_, of RANGEN, INC., that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

(SEAL)

1

NOTARY PUBLIC FOR IDAHO Residing at: My Commission Expires:

STATE OF IDAHO ) County of Cassia )

On this <u>14t</u> kay of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared Craig E. Searknown or identified to me to be the Chairman, of SOUTHWEST IRRIGATION DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

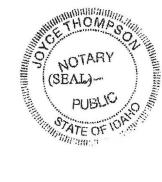
Residing at.

My Commission Expires:

(SERHELLY WARD NOTARY PUBLIC STATE OF IDAHO

STATE OF IDAHO ) : ss. County of <u>JEROME</u> )

On this  $\underline{147^{H}}$  day of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared LYNN CARLQUIST, known or identified to me to be the Chairman, of NORTH SNAKE GROUND WATER DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.



NOTARY PUBLIC FOR IDAHO Residing at: JEROME COUDIY My Commission Expires: 3/4/1/4

STATE OF IDAHO ) : SS. County of )

On this \_\_\_\_\_\_ day of January, 2015, before me, a Notary Public for the State of Idaho, personally appeared DEAN STEVENSON, known or identified to me to be the Chairman, of MAGIC VALLEY IRRIGATION DISTRICT, that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

(SEAL)

NOTARY PUBLIC FOR IDAHO Residing at: My Commission Expires:

## EXHIBIT A Attached to Pipeline Agreement

SW ¼ NW ¼, Section 32, Township 7S, Range 14E, B.M., Gooding County, Idaho:

A licensed right-of-way approximately 510' feet in length and 20' in width running from south boundary line of described Rangen Property in a northerly direction to a point between the small raceway and hatch house as depicted in Exhibit A-1 attached, with 4", 12" and 16" lines running from there to small raceway and hatch house per attached engineering drawings Exhibit A-2. Final description of the right-of-way and location of the pipelines to be provided by amendment to this Exhibit A upon final survey and installed pipe locations.

# **ATTACHMENT A-7**

#### HAGERMAN HIGHWAY DISTRICT

### PO BOX 411

### HAGERMAN, ID 83332

#### PHONE/FAX 208-837-9110

Oct. 1, 2014

Mr. Bob Hardgrove,

The Hagerman Highway Commissioners met at an Emergency Meeting 9/26/2014 at 5:00 PM at the S1200 Road, site of the proposed pipeline.

Bud Huntley moved to approve the proposed main pipeline alignment within the S1200E right of way. The requirements to be met are;

The road be returned to like or better condition.

- 1. The top depth of pipe is to be at a minimum 3 feet below the road surface.
- 2. The reconstructed road meets all Gooding County Transportation plan and Hagerman Highway District specifications.
- 3. Compaction and composition of the fill is approved by Foreman Rich Regnier. The compaction is to be 95%.
- 4. Maintain one lane of traffic with Flaggers and be appropriately signed at all times during construction.
- 5. The entire width of the road disturbed is to have an over lay of 4 inch compacted hot mix which meets Idaho Transportation Department specifications.

Fred Mavencamp seconded and the motion carried.

Butch Morris recued himself due to personal involvement with the project.

If a hard copy is required please E-mail address.

Commissioners,

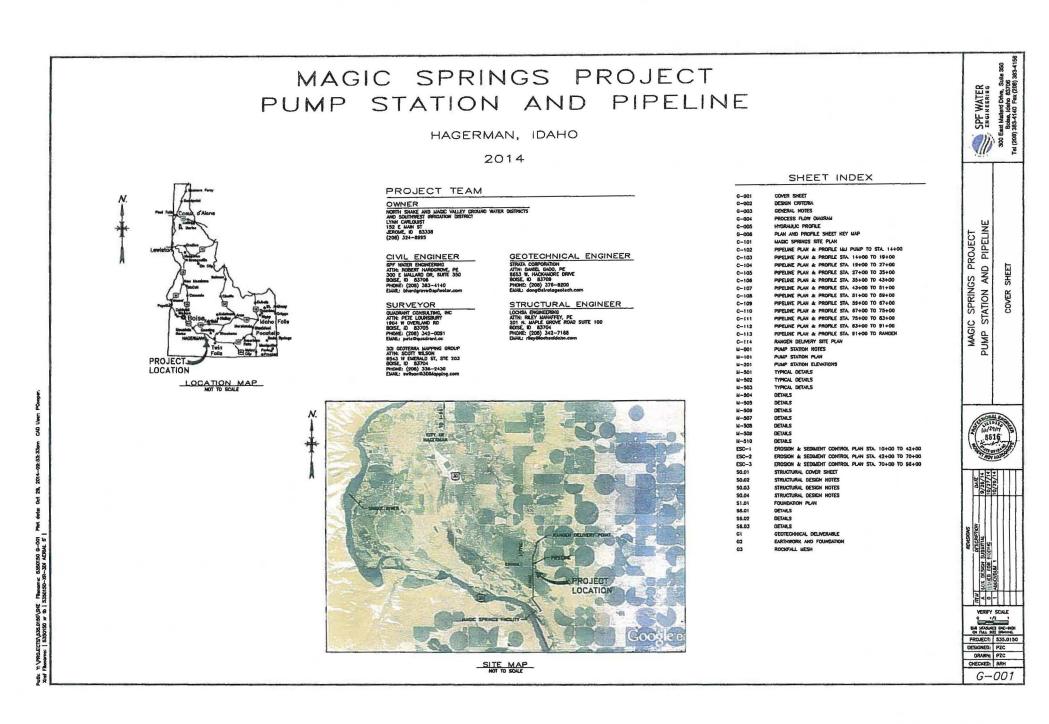
Fred Mavencamp

Bud Huntley

Butch Morris

Cc/ Jason Thompson

## **ATTACHMENT A-8**



MAGIC SP	TIGATION PLAN PRINGS PROJECT A AND ASSUMPTIC	INS	ND PIF	PELINE					SPF WATER	val we kni M va Mallard Drive, Suite 350 Ise, Idaho 83706 14140 Fax (208) 383-4156
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5. CONTRACTOR SHALL CONTACT IDAHO DIG LINE (208) 342-1585 TO MARK AND IDENTIFY UNDERGROUND UTILITIES PRIOR TO EXCAVATION.

10. UPON THE COMPLETION OF WORK, THE CONTRACTOR SHALL SUBMIT A SET OF "RED-LINED" RECORD DRAWINGS TO THE ENGINEER.

4. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION OF ALL EXISTING NONUMENTS, OTHER SURVEY MARKERS, STREET SIGNS, UTILITES, REGISTION LINES, PAYOBERT, TREES, FONCES, AND ANY OTHER IMPORTANT OBJECTS ON OR ADJACENT TO THE JOB STE AS DETERMINED BY THE OTHER'S REPRESENTATIVE OR NONEERS.

B. CONTRACTOR SHALL PROVIDE, MAINTAN, AND BE RESPONSIBLE FOR ALL EROSION AND SEDIMENT CONTROL STRUCTURES AND PRACTICES AND MEET THE REQURREMENTS OF ANY AGENCY HAVING JURISDICTION. 9. CONTRACTOR TO DETAIN AND PAY ALL COSTS FOR ALL APPLICABLE PERMITS, INCLIDING BUT NOT LIMITED TO A PERMIT FROM THE HAGERMAN HIGHMAY DISTRICT FOR ALL ROADWAY INSTALLATIONS AND OTHER APPLICTEMACES INSTALLED WITHIN THE ROW, CONTRACTOR TO COORDINATE PATCHING RECORDERLISTS IN FOIT-BUX SPHALT IS NOT AVAILABLE AT TIME OF PATCH CORRENT CON.

- STEEL PIPE COATING, LINING AND INSULATION NOTES:
- 1. NO LINING REQUIRED ON INSIDE OF STEEL POPE.

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- 2. THE CARBON STEEL FARRCATED FITTINGS AND PIPE SHALL BE SHOP COATED WITH A ZINC PRAVER AND A POLYAMIDE EPOXY OR A POLYAMIDE A POLYAMIDE A POXY OR A POLYAMIDE EPOXY OR A POLYAMIDE A POXY OR A POXY O  $\triangle$
- 3. CONTING SHALL BE HELD BACK AT END OF FITTINGS AND PIPE WHERE FIELD WELDING IS REDURED.
- 4. THE SAME COATING SYSTEM SHALL BE APPLIED IN THE FIELD FOR TOUCH-UP AND AT WELDED JOINTS.
- 5. THE 24-INCH STEEL PIPE SHALL BE INSULATED WHERE IT IS ABOVE GROUND AND NOT ENCASED IN CONCRETE.
- Insulation shall be a one-price wolded glass fiber wateral. Provide allwainum jacket and vapor barrier. The insulation shall conform to ASTM C347. Insulation shall make a thickness of 2 inches.
- ALLMANUL MORET SHALL COMPLY WITH SETM 2000 AND SHALL BE A NUMBER THEORY SET OF AT LESS 0.020 INCH. WITH A CORRUSATED (CROSS-SHAMPD) FINER. THE MORET SHOULD BE SUPALD WITH A PACTORY MANUED MARED ON OCCAR (MANUTAD) EXTENDER, COLOR SHALL BE CROSSIN BE MORETER. A FARTER DEVINERTING HANNED WITH A PACTORY MANUED MARED ON OCCAR (MANUTAD) EXTENDER, COLOR SHALL BE CROSSIN BE MORETER. A FARTER DEVINERTING HANNED KINFORMLY SPACED AT NOT MORE THAN 18 INCHES TO PRODUCE TORIF SHALL BE HOLD IN PLACE WITH STARLESS STEEL SECURING BANDS UNFORMLY SPACED AT NOT MORE THAN 18 INCHES TO PRODUCE TORIF JOINTS WITHOUT BULGARG. 7.
- 8. PIPE INSULATION AND JACKETING OF THE SAME MATERIAL TYPE SHALL BE APPLIED TO ASSOCIATED FITTINGS, FLANGES, AND VALVES.
- 9. INSULATION SHALL BE COORDINATED WITH PIPE HANGERS AND SUPPORTS. INSULATION PROTECTION SHIELDS SHALL BE USED.
- 12. F WITHIN ONE (1) YEAR TROM THE DATE OF COMPLETION, THE PUMPING 3YSTEL, PPELME, AND ALL APPARTEMANCES OR ANY PART THEREOF INSTALLED AS REW SHALL PROVE TO BE DEFECTIVE IN INSTALLING, MAREINA, ON WORKAMERING THE CONTRACTOR SHALL MARKANT REPLACEMENT OR REPART TO THE SANTSANTON OF THE OWNER'S REPRESENTATIVE AT NO EXPENSE TO THE OWNER.

11. CONTRACTOR SHALL NOTFY AND COORDINATE WITH THE OWNER'S REPRESENTATIVE PRIOR TO, DURING, AND AT THE COMPLETION OF CONSTRUCTION ACTIVITY.

- 13. The LOATIONS OF DISTING UNDERGOIND UTLITES ARE SHOWN AS AN APPROBATE LOATION ONLY THE CONTRACTOR SHALL DETERMET THE EXACT LOADTON OF ALL DISTING UTLITES INFORM COMBANY NOR, THE CONTRACTOR ADDRESS TO BE FULLY RESPONSE FOR ANY AND ALL DWARES WHICH INFIT BE DECUSSIONED BY THEIR FALLER TO EXACTLY LOAD'E AND PRESERVE ANY AND ALL UNDERGROUND UTLITES. CONTRACTOR SHALL CONTACT PROPERTY DWIRES TO GAM INFORMATION ON PROVIDE UTLITES.
- 14. CONTRACTOR TO NOTIFY AND COORDINATE WITH PRIMATE PROPERTY OWNERS PRIOR TO BLOCKING AND DETOURING DRIVEWAYS AND PROPERTY ACCESS POINTS.
- 15. ALL DOMTRACTORS WORKING WITHIN THE PROJECT BOUNDARIES ARE RESPONSIBLE FOR COMPLIANCE WITH ALL APPLICABLE SAFETY LAWS OF ANY JURISDICTIONAL BODY.
- 15. CONTRACTOR SHALL PROVIDE, MAINTAIN, AND BE RESPONSIBLE FOR TRAFFIC CONTROL PERSONNEL AND DEVICES PER HAGEDMAN HIGHWAY DISTRICT REQUIREMENTS.
- 17. IT SHALL BE THE RESPONSIBILITY OF THE CONTRACTOR TO DEWATER ALL DICAWATIONS DURING CONSTRUCTION, GROUNDWATER SHALL BE KEFT BELOW THE BOTTOM OF EXCAMIDING DURING INSTALLATION AND TESTING OF ALL UTLATES AND STRUCTURES. PROVIDENT TO DESCHARGING TO WATERS OF THE STATE DF IDAMO. THE CONTRACTOR SHALL DETAIN A SHORT TESM ACTIVITY EXEMPTION FROM THE DANO DEPARTMENT OF EMPRICAL QUALITY.
- 18. CONSTRUCTION STAGING SHALL BE DONE USING THE CONTROL DATA CREATED AND SET IN THE FIELD BY QUADRANT CONSULTING, INC. ALL LINES AND GRADES ON THE DESIGN SHETS WERE BASED ON THE TOPOGRAPHICAL SURVEY COMPLETED BY 3DI GEOTERNA MAPPING GROUP ON JUNE 12, 2014 AND SUPPLEMENTAL SURVEY BY QUADRANT.
- 19. CONTRACTOR TO COORDINATE WITH IDAHO POWER ON INSTALLING NEW ELECTRICUL-SEGNIDE TO PUMP STATION SITE. THE OWNER WILL PAY ALL IDAHO POWER FEES. THE PLAN STATION SUPPLIER SHALL PROVIDE METER CAN AND/CT ENCLOSURE). A

PIPELINE CONSTRUCTION NOTES:

8. CONTRACTOR SHALL LEGALLY DISPOSE OF ALL EXCESS MATERIAL

7. ALL "OR EQUAL" ITEMS ARE SUBJECT TO REVIEW AND APPROVAL OF THE ENGINEER.

- 2. PIPE BEDDING MATERIAL WARIES. SEE SHEET N-503 FOR TRENCH DETAILS AND REQUIREMENTS.
- 3. BACKFILL MATERIAL ABOVE THE BEDOIND ZONE SHALL BE FREE FROM CROCERS, ASHES, REFUSE, ORGANIC, AND FROZEN MATERIAL, ROCKS, 8" OR LARGER, OR OTHER UNSUITABLE MATERIAL, ROCKS, 8" OR
- 4. PIPELINE SHALL HAVE A NINIMUM BURY DEPTH OF 3 FEET AND SHALL BE INSTALLED PER THE LINES AND THE GRADES SHOWN IN THE DESIGN.
- 5. INSTALL PIPE WITH UNIFORM SLOPES AND STRAIGHT ALIGNMENTS, AVOID LOCALIZED HIGH AND LOW POINTS (TYP).
- 6. POLYETHYLENE ENCASE ALL BURGED DUCTILE IRON AND STEEL PIPING, JOINTS, BOLTS AND RESTRAINING DEVICES.
- 7. PHPELINE MATERIAL BE 24-IRCH 105, DR 17 AND 36-IRCH 105 DR21 HOPE, PE4710, 24-INCH AND 30-INCH SCH 10 WELDED STEEL, AND WARDUS SZES OF DUCTLE IRON.
- COMBINATION AIR VALVES SHALL BE INSTALLED PER ORABINOS, APCO MODEL 145C OR EQUAL INSTALL VALVES IN 4'9 MANHOLE PER DETAIL 1/M-501 (LOCAL) OR 2/M-501 (REMOTE). VALVES WITH OPERATING PRESSURE BELOW 20 PSI NEED TO BE NOTED WHEN ORDERING.
- 9. INSTALL BELOW GRADE THRUST BLOCKS PER DETAIL ON SHEET M-DO1 FOR ALL PIPE FITTINGS AND ACCESSORIES.
- 10. VALVE BOXES AND LIDS SHALL BE PER ISPIKE STANDARD DETAIL SD-405. CONCRETE COLLAR REQUIRED.
- 11. FOR ASPHALY ROAD INSTALLATIONS, CUT AND SURFACE REPAR PER HAGERMAN HIGHWAY DISTRICT REQUIREMENTS, REFER TO SHEEY M-503.
- 12. CONTRACTOR SHALL VERIFY EXISTING LOCATIONS, ELEVATIONS, AND MATERIAL TYPES OF ALL UTILITIES AND FEATURES WHERE PROPOSED MPROVEMENTS CONNECT. NOTIFY ENGINEER WIMEONATELY OF ANY DISCREPANCIES.
- 13. THE INTERIOR OF ALL HOPE PIPE SHALL BE DE-BEADED TO CREATE A SMOOTH PIPE INTERIOR. A

363-4156 300 East Matland Drive, Suite 1 Bolse, Idaho 83706 Tei (208) 383-4140 Fax (208) 363 SPF WATER ENGINEERING 300 East Materid Drive, Sui

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SPRINGS PROJECT ATION AND PIPELINE NOT MAGIC SPRING GENERAL

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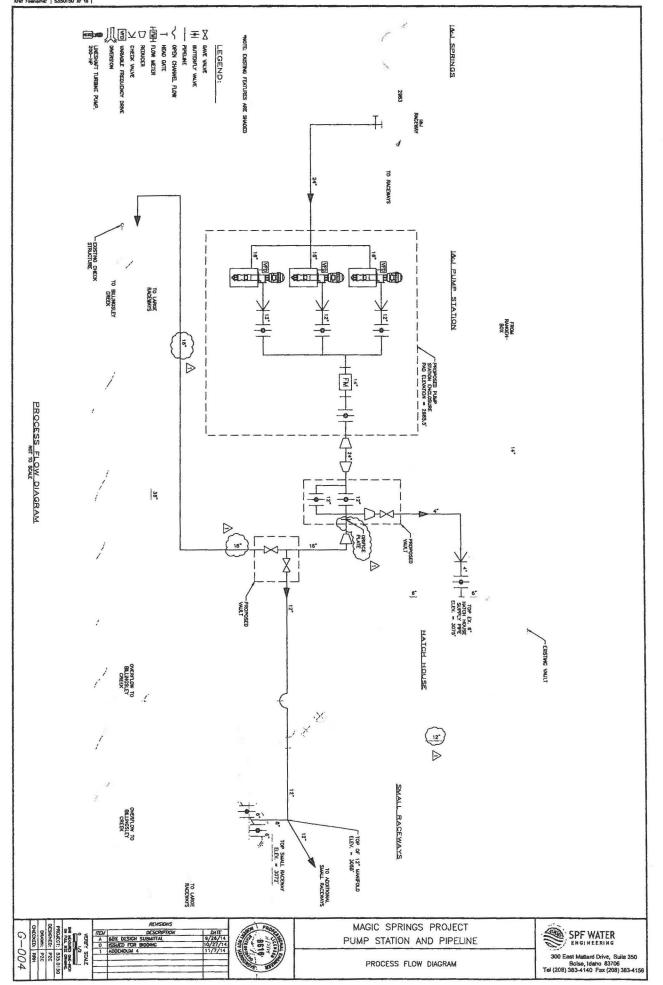
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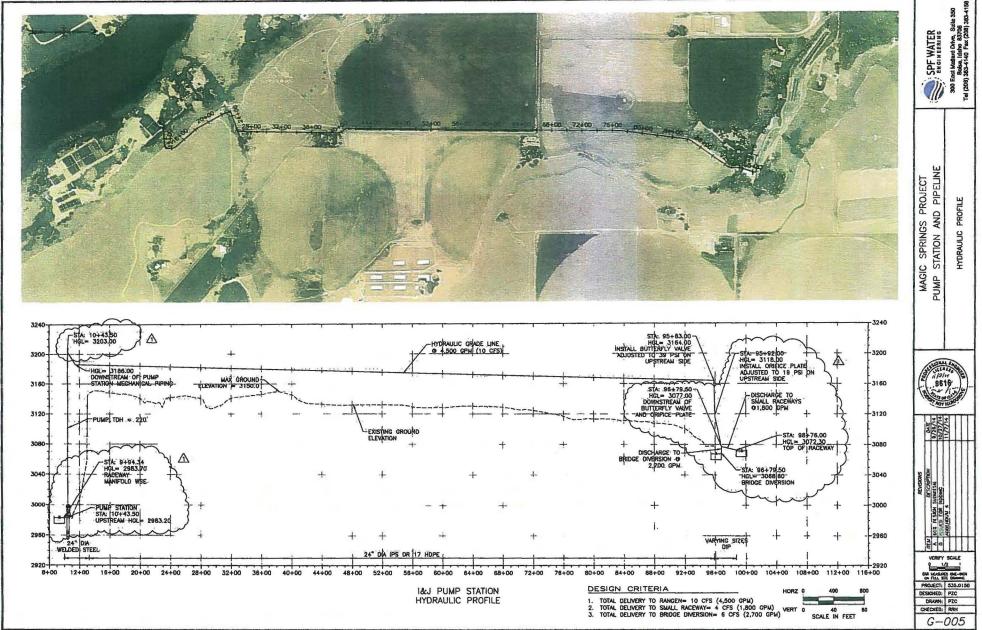
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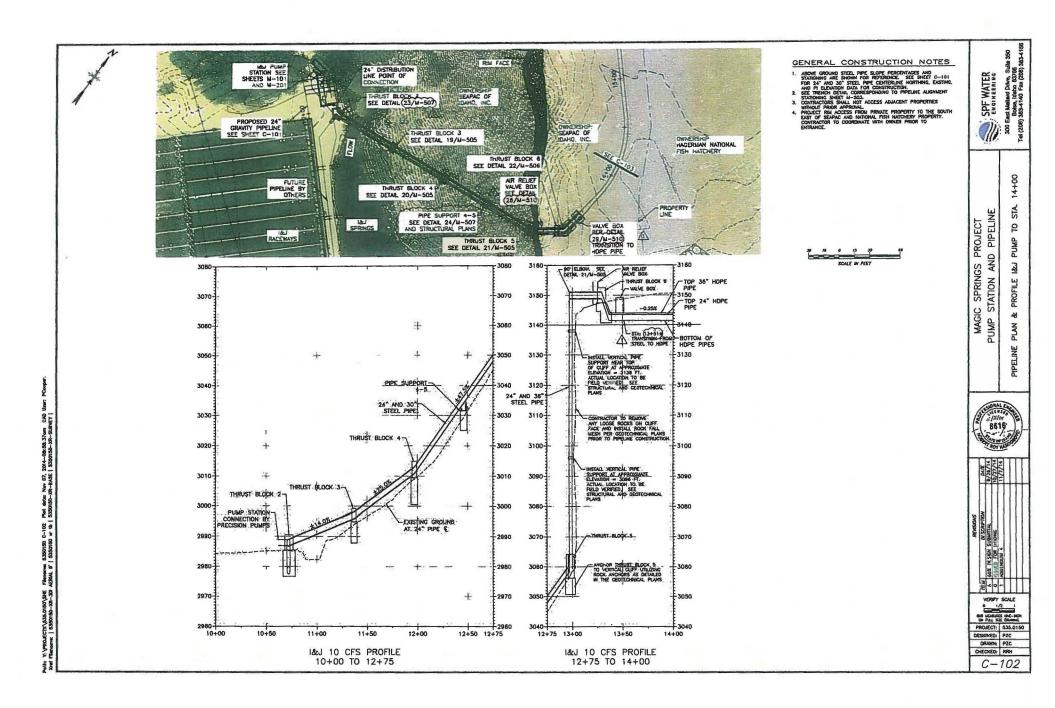


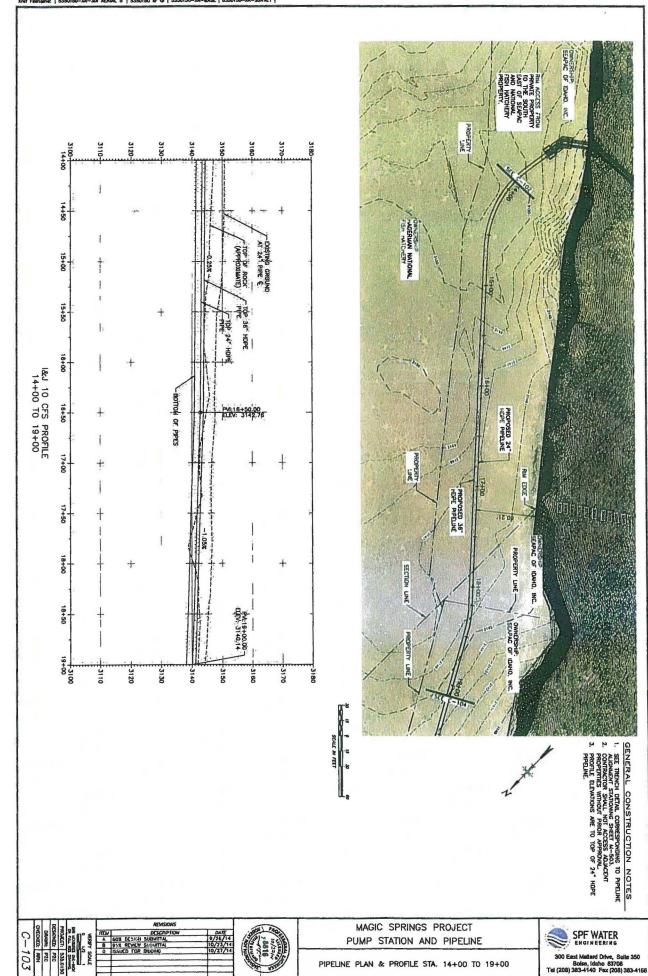
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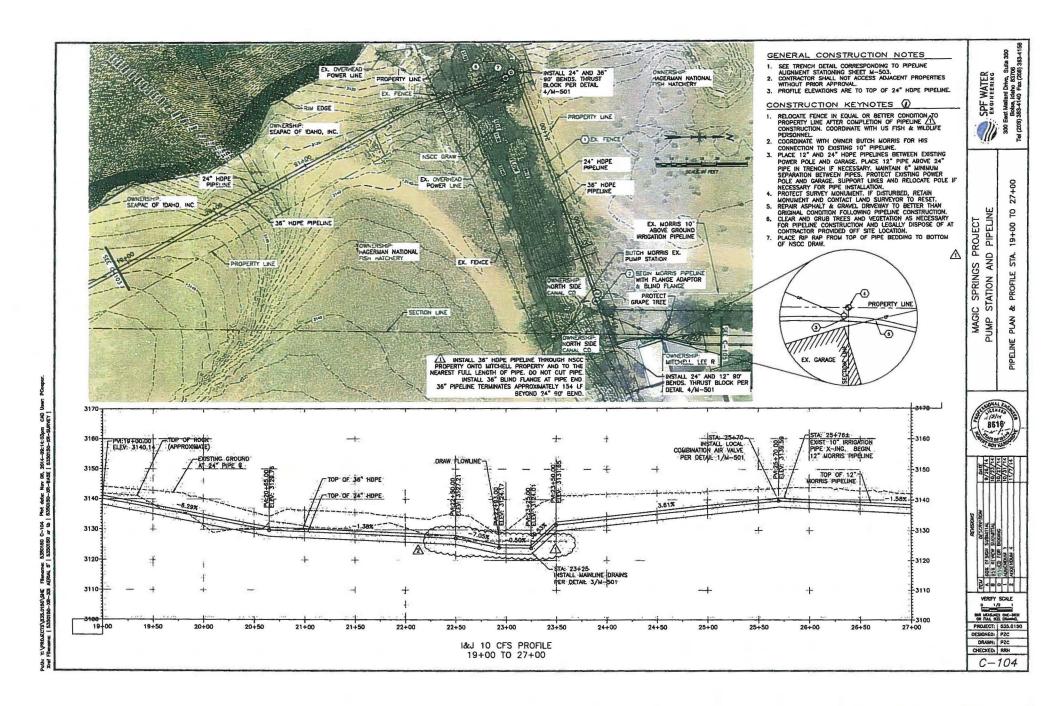
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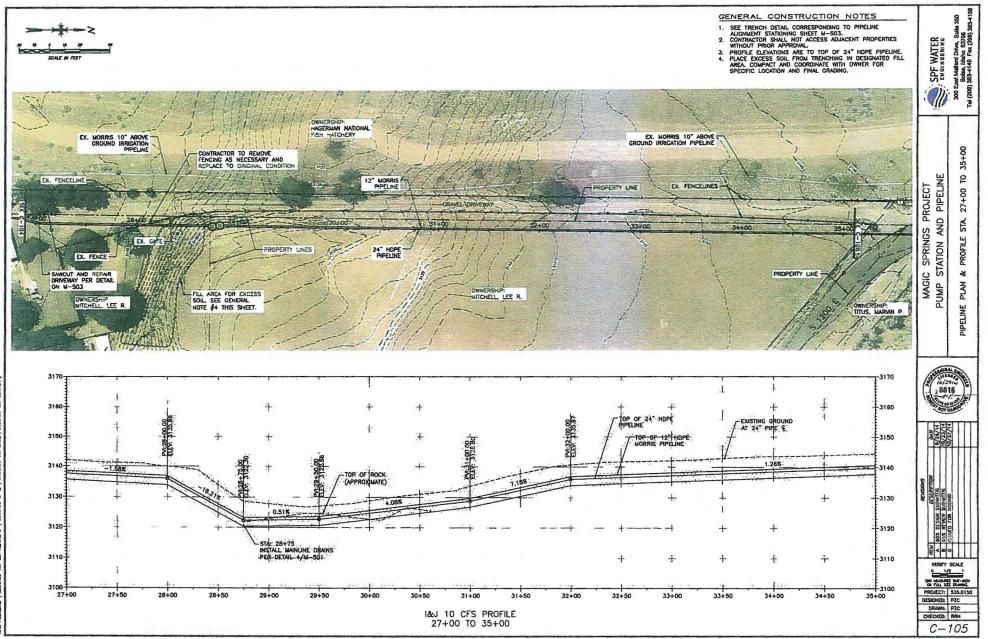


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1	r				and the second state of the second	HODEY AND CO	INECT TO IAW RACEWAY FOR	PUMP STATION SUPP	Y PER DETAIL 18/M-	-504.	1 310	140.		XXX	
222			PIPI	ETABLE		- 2. INSTALL 24" DU	BED PIPE IN CHIPS.	RADE EXISTING GROUP	D AWAY FROM CONCE	RETE STATE	STAR-	1	- 100	19	<b>6</b> .9
		y				AD. SEE SHE	BED PIPE IN CHIPS. IN. PAD FFE = 2985.5. G TS M-101, M-201, AND STI OR AND PAD, GENERATOR I CRETE PAD. SEE SMEETS M	PAD FFE = 2985.6.	GRADE EXISTING GROU	NO GON	1 1		18-11	Htte	E H
	POINT #	NORTHING	EASTING	ELEVATION	DESCRIPTION	- AWAY FROM CO	CRETE PAD. SEE SHEETS M	-101, N-201, AND S	TRUCTURAL SHEETS F	OR State			136-11	BLOCK 6	
	1	397699.80	1412189.87	2978.70	30" ELBOW PI	5. INSTALL WELDED SHOULD BE LOW	BUTT STRAP STEEL PIPE CO	NNECTION PER DETAL RUST BLOCK (±1').	9/M-SOZ. BUIT ST	IS STATE	1	-	15-17	H GIN	SPF WATER
	2	397699.80	1412189.87	2987.92	30" ELBOW PI	- 5. END 30" STEEL	GRETE PHO. RELEY SHELTS IN BUTT STRAP STEEL PARE CO UTT STRAP STEEL PARE CO UTED 12 FROM FACE OF IN HELDED. STALL 1-30" BLHO BECKER PER SHELTS I-300 ANS. SUBGRADE PREPARAT A. RECOMMERCIANTONS. MA AND INCH PRESSURE RE RE AND DOES NOT DAMAGE AL RECOMMERCIANTON TO ADDRESS AND DOES NOT DAMAGE NOT ADDRESS AND ADDRESS ON CAST COM DRESS OF ADD TO CAST COM DRESS OF ADDRESS FLAPPER VALVE. PEOPLER VALVE.	FLANGE FOR FUTURE	CONNECTION BY OTH	ERS.		-	135 -	132	S
22	3	397704.93	1412254.73	2997.00	30" ELBOW PI	7. INSTALL THRUST GEOTECHNICAL	BLOCKS PER SHEETS M-DO	ION FOR THRUST BLO	KS IS TO BE COMPLI	ETED	52			AHK ~~	allo
	4	397709.66	1412314.54	3012.00	30" ELBOW PI	a. ROUTE PUMP D	AN AND HIGH PRESSURE RE	LIEF VALVE OUTLET TO	POND SUCH THAT S	PRAY	A. Coras	1	- 133-	THE DI	110
	5	397717.78	1412417.05	3060.85	30" ELBOW PI	. 9. PUMP STATION	ONNECTION TO ABOVE OBADE	PRPELINE BY PRECIS	on pump systems.		NO STATES	and the second s		134	
-	6	397717.78	1412417.05	3150.00	30" ELBOW Pt	11. INSTALL 22-LF INSTALL 44-LF	" CAST IRON PIPE"ORDER"P " SOR 35 PVC AND ROUTE	UMP STATION CONCRE	TE SLAB FOR FLOOR E POSITIVE SLOPE AN	DRANK.	- A CONTRACT		138 AM		
	7	397737.60	1412444.14	3150.00	30" ELBOW PI	SUFFICIENT DEP END PIPE WITH	H UNDER EXISTING SERVICE	ROAD. PROTECT OUT	LOW AGAINST EROSIO	A AND	YULLING	and the second	- FAL DA	1	-
1	8	397744.77	1412445.25	3142.75	30" ELBOW PI	- 12. INSTALL PRE SI	N FLAPPER VALVE. PEDET PER GEOTECHNICAL A 24/24-507) PROTECT EXISTING POND AN MED NECESSARY, CONTRACTO	NO STRUCTURAL PLAN	S, AND DETALS TO/M	CLIFF FACE		11 (a)		-139	
11	9	397703.62	1412189.63	2987.92	24" ELBOW PI	SHORING IS DEL	LED NECESSARY, CONTRACTO	R IS TO SUBULT SHOP	ING PLAN TO ENGINE	ER FOR		11/1/2225			
	10	397708.75	1412254.43	2997.00	24" ELBOW P!	- 14. INSTALL VERTICA	SPAN SUPPORTS PER GEOT VEGETATION.	ECHNICAL AND STRUC	TURAL PLANS.	Sugar.		111-12		in M	ш
1	11	397713.49	1412314.24	3012.00	24" ELBOW PI	16. INSTALL WORE N	SPAN SUPPORTS PER GEOT D VEGETATION. SH PER GEOTECHNICAL PLAN F, PER ISPING, TRANSTICH, 6" DI TEE. INSTALL THO - 5" SCHEDUN	is. Pron. cast Box son	-PIPE_10_\$0635_PVC						E Z
	12	397721.38	1412413.93	3059.50	24" ELBOW PI	18. INSTALL 24" X	" DI TEE. INSTALL TWO - 5" SCHEDUL	E 40 CONDUITS FROM	WITHIN 18" OF PRO	POSED		AND P	-7FFE5		
	12	397721.38	1412413.93	3150.00	24" ELBOW PI	BE SCHEDULE B	6" OI TEE. INSTALL TWO - 5" SCHEDUL LE TO PUMP STATION CT EP ENSURE MINIMUM 30" BL	IRY AND 6" CLEARANG	e above pipes.	1 1 1 1 1 1		6	EE THRUST B	LOCK 6	PROJECT
	13	397740.27	1412413.83	3150.00	24" ELBOW PI	21. SEE SHEET M-1	EF BOX PER DETAIL 28/M-S DI FOR PUMP STATION COND OF BEND AND 24" X 16" DI	AUT INFORMATION.		1	-1-1150		+0		
····				3150.00	24" ELBOW PI						XALAX				AND
	15	397747.69 397710.75	1412440.90	2987.92	PUMP STATION CONNECTION	24. INSTALL 18" DP	ED FLANGED COUPLING ADA BED IN CHIPS. AP STATION CAN FLANGE.	ELEVATION = 2980.0	لا ممر .	2)					
	10	397690.50	1412189.57	2907.92	FUTURE 30" PIPE CONNECTION		incini	custona	1	1.	COL-	(1)			C SPRIN STATION
-	18	397754.36	1412441.93	3142.50	VALVE BOX CONNECTION	3011					HAT				IS IS
		397753.63	1412446.63	3142.75	VALVE BOX CONNECTION						1145				
	19	337733.03	1412440.00	5142.75	TALVE DUA CONTRECTION										MAGI PUMP
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						-3003			148						
			KL SPRING			ABOVE GROUND		130 130 30 <sup>°</sup> DA SCH, 10 MBOXE GROUND P	5TEEL						
			Id. SPRING	Solution (1)		ABOVE GROUND	APCLARE V	- 30° DIA SCH. 10 ABOVE GROUND P	STEEL	TION TABLE		RUST BLOC		TION TABLE	
			Le SPRING	وررز		ABOVE GROUND	APCLARE V	- 30° DIA SCH. 10 ABOVE GROUND P	STEEL		THF				
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				وررز		ABOVE GROUND	THRU POINT # 131	ST BLOCH FG ELEV 3147.50	FOUNDA EG ELEV 3148.63	TION TABLE DESCRIPTION TB6	POINT 146	# FG ELEV 3032.00	K FOUNDA EG ELEV 3028.36	TION TABLE DESCRIPTION P54~5	
			Id SPRING	وررز		ABOVE GROUND	THRU POINT # 131 132		FOUNDA EG ELEV 3148.63 3147.85	TION TABLE DESCRIPTION TB6 TB6	POINT 146 147	# FG ELEV 3032.00 3009.45	K FOUNDA EG ELEV 3028.36 3010.74	TION TABLE DESCRIPTION P54-5 P54-5	
			Id SPRING	وررز		ABOVE GROUND	THRL POINT # 131 132 133	ST BLOCH FG ELEV 3147.50 3147.50	CFOUNDA EG ELEV 3148.63 3147.05 3147.04	TION TABLE DESCRIPTION TB6 TB6 TB6 TB6	POINT 146 147 148	# FG ELEV 3032.00 3009.45 3009.45	K FOUNDA EG ELEV 3028.36 3010.74 3008.04	TION TABLE DESCRIPTION P54-5 P54-5 TB4	
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						ABOVE GROUND	THRU POINT # 131 132 133 134 135	SAT BLOCH FG ELEV 3147.50 3147.50 3147.50 3147.50	EG ELEV 3148.63 3147.04 3147.35 3147.45	TION TABLE DESCRIPTION TB6 TB6 TB6 TB6 TB6 TB6	POINT 145 147 148 149 150	# FG ELEV 3032.00 3009.45 3009.45 3009.45 3009.45	K FOUNDA EG ELEV 3028.36 3010.74 3008.04 3006.22 3009.06	TION TABLE DESCRIPTION P54-5 P54-5 TB4 TB4 TB4 TB4	
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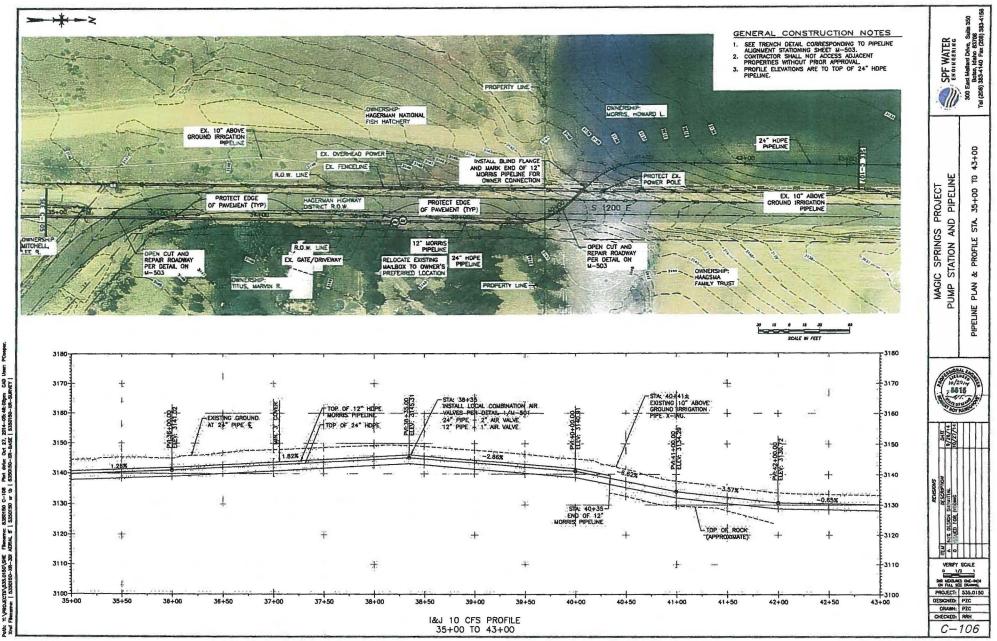




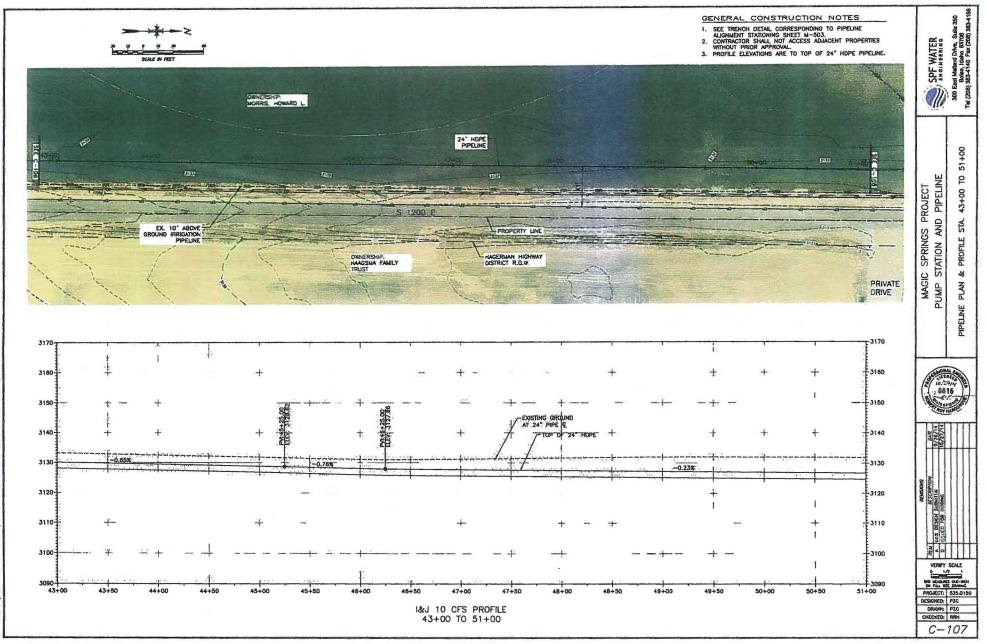




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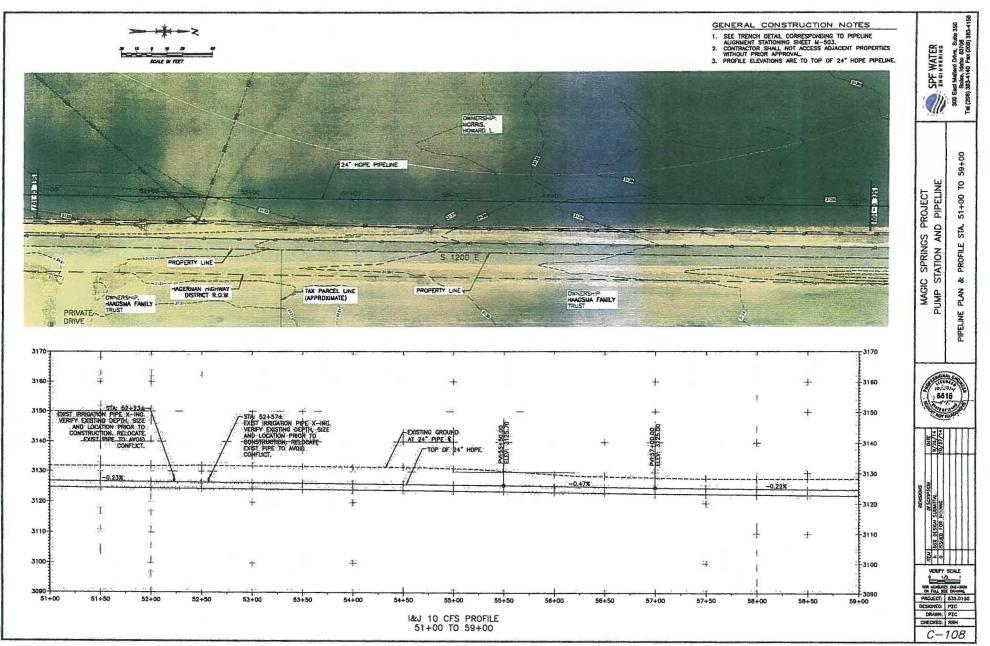
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Filtenomee 5350150 C-107 Post doile: Oct 27, 2014-05-46; 64pm CAD AERAL 5" | 5350150 er ta | 5350150-XR-84XE | 5350150-XR-54RVEY | 5350150-XR-30

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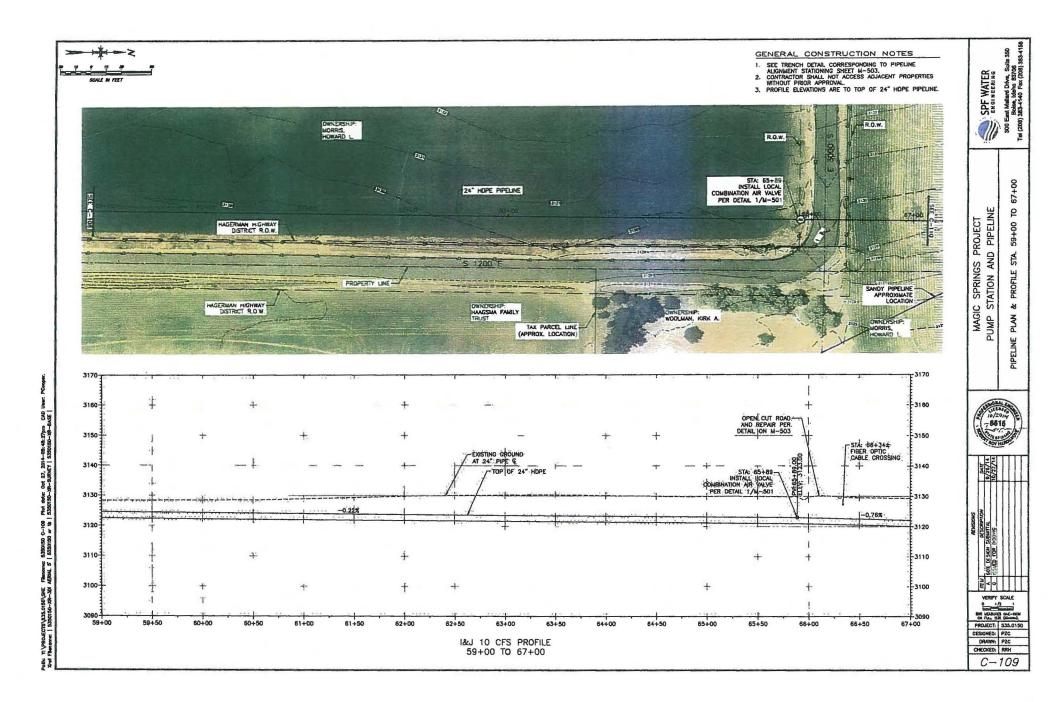
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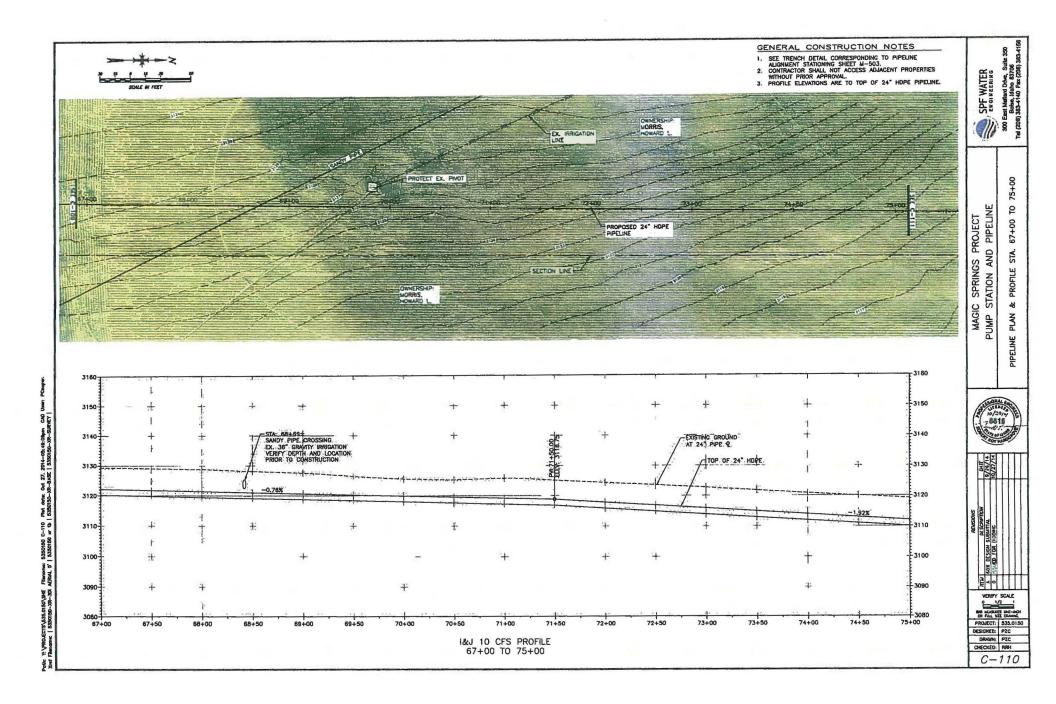


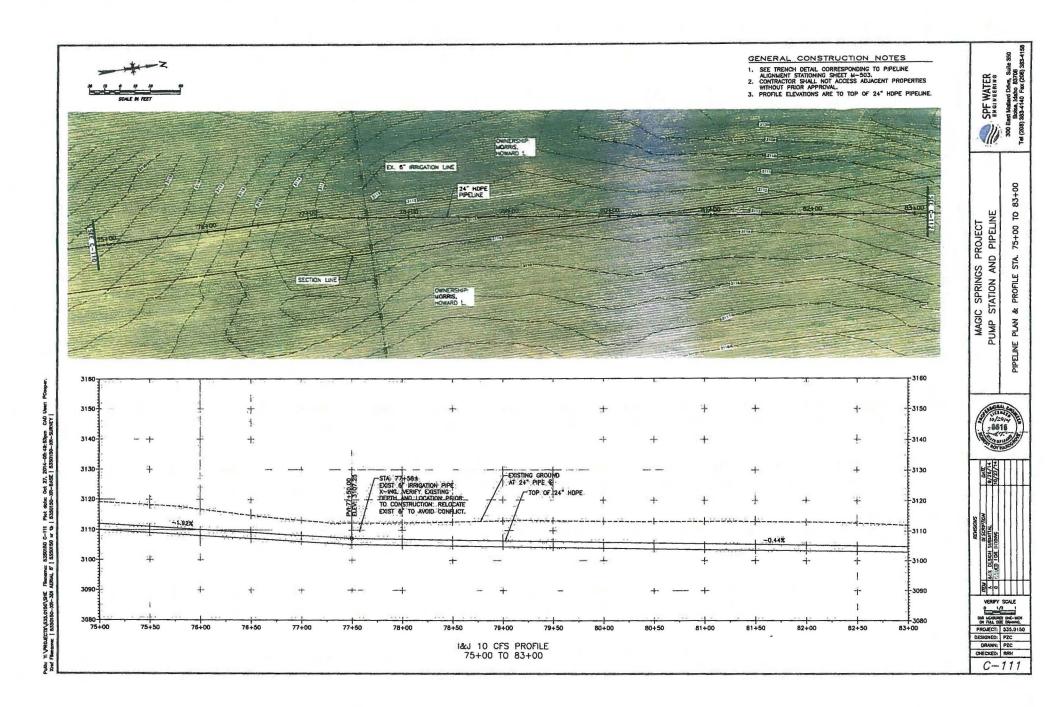
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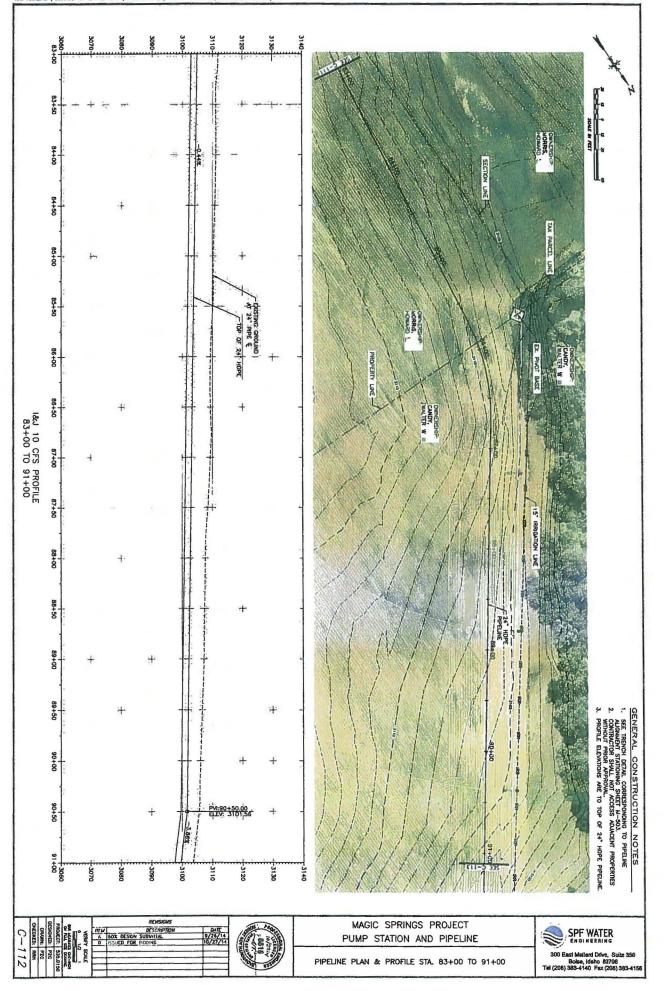
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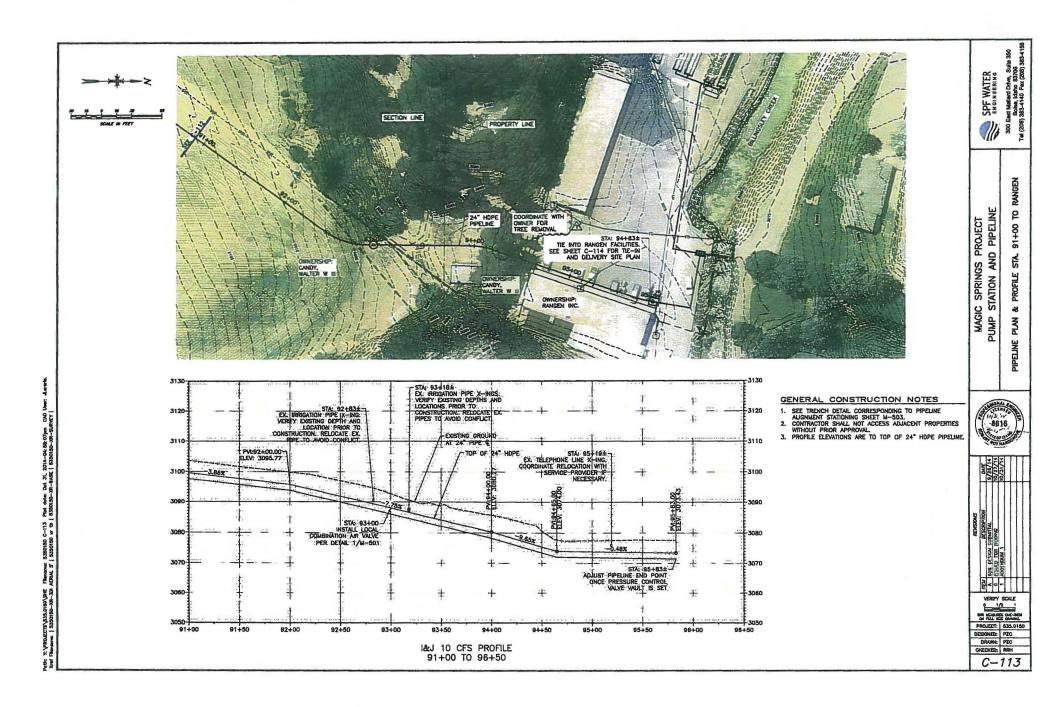
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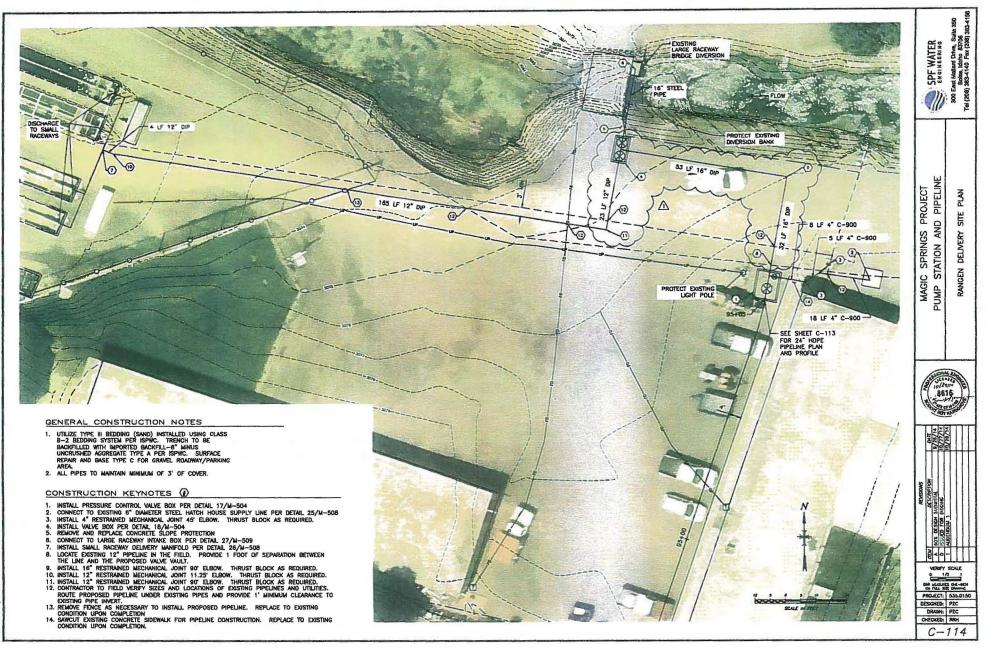






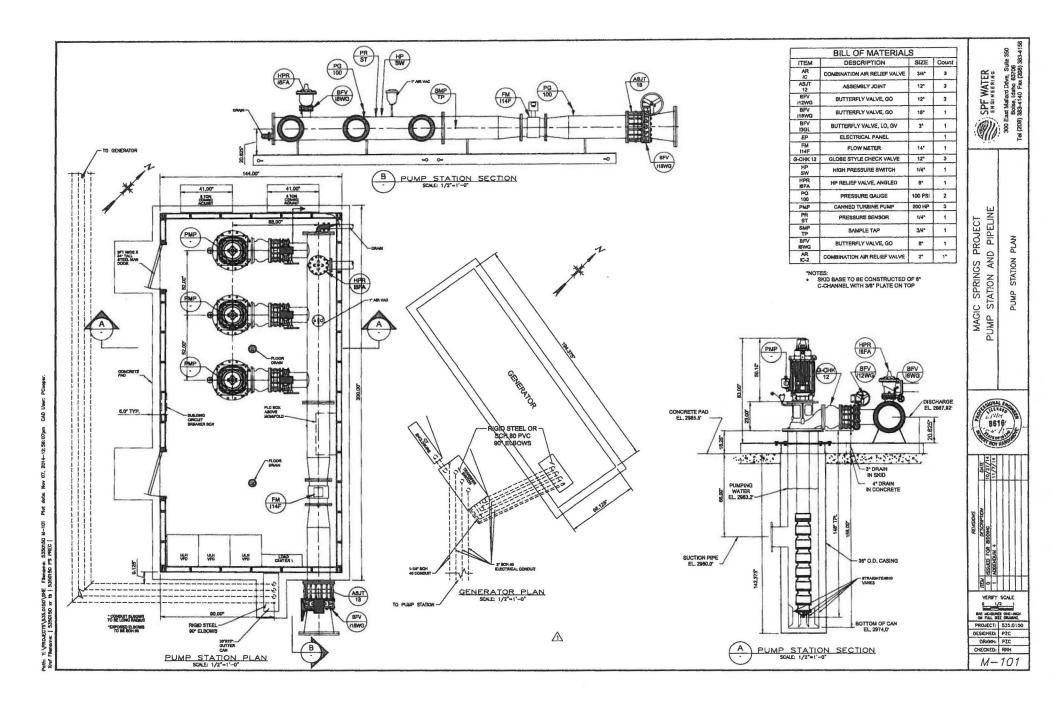


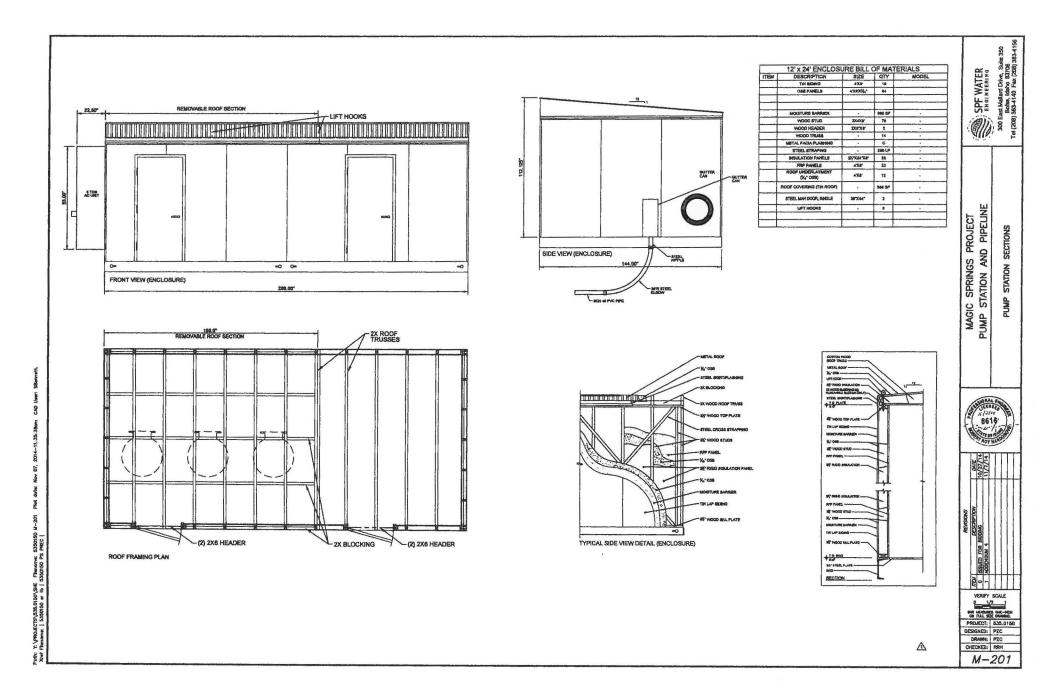


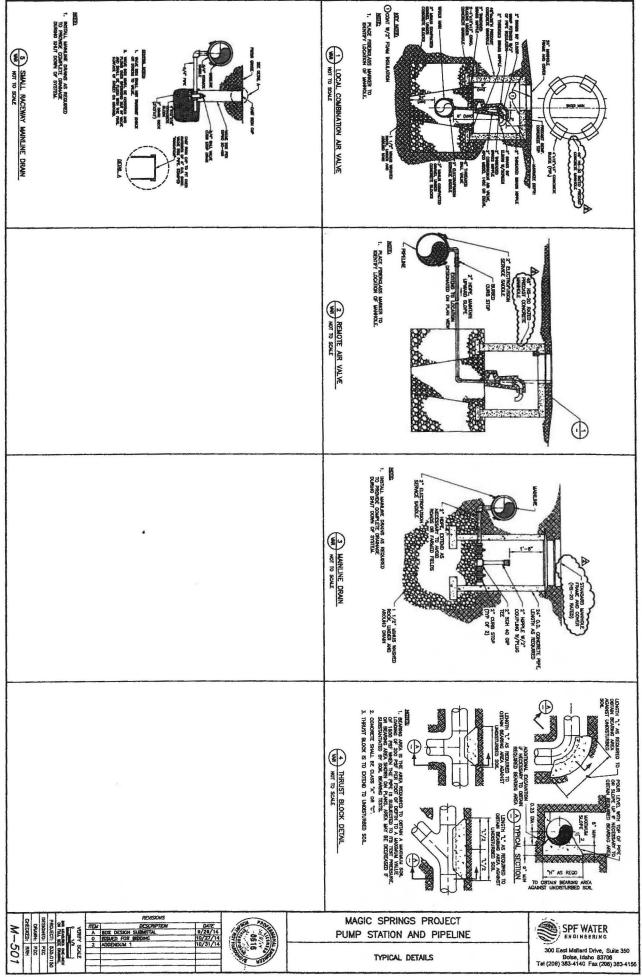


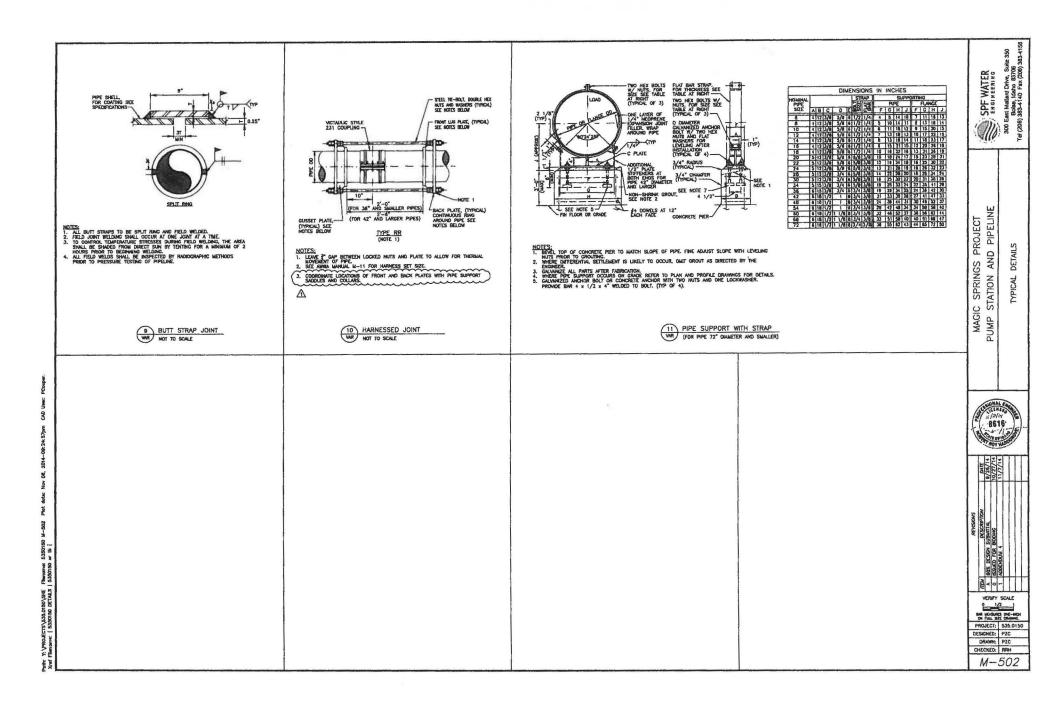
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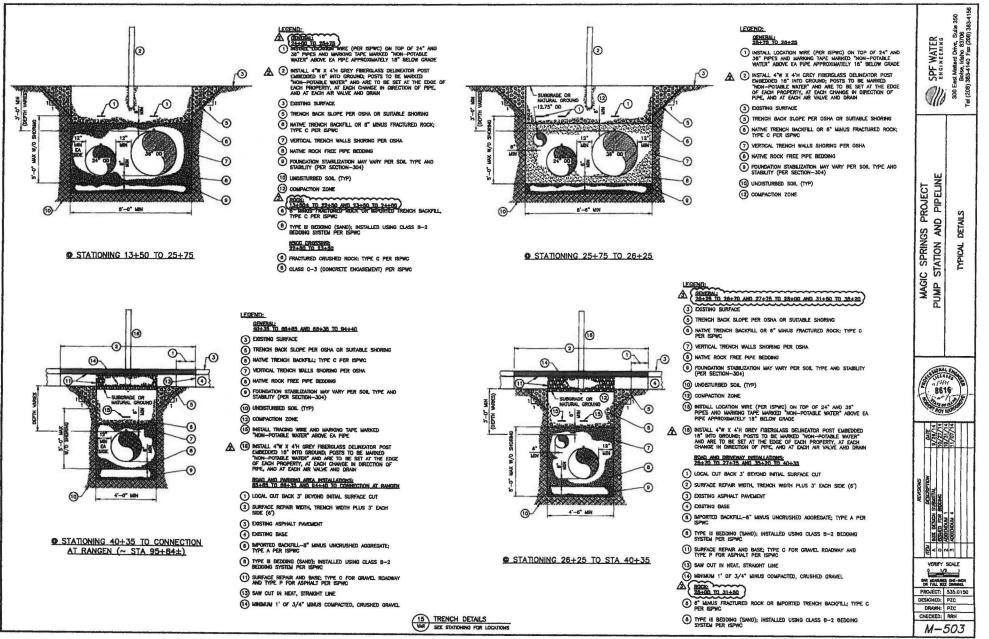
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M         OCI000000000000000000000000000000000000	MAGIC SPRINGS PROJECT PUMP STATION AND PIPELINE PUMP STATION NOTES	SPF WATER ENGINEERING 300 East Mailand Drive, Suite 350 Bolse, (datho 83706 Tel (206) 383-4140 Fax (208) 383-4156

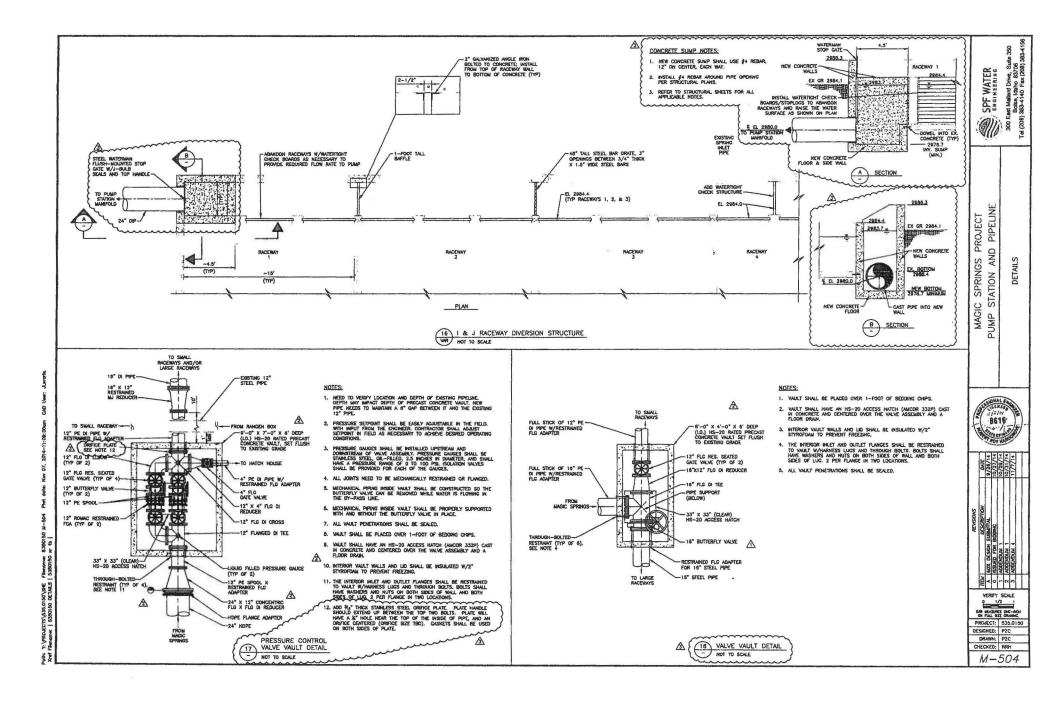


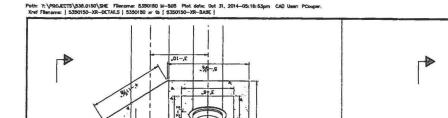


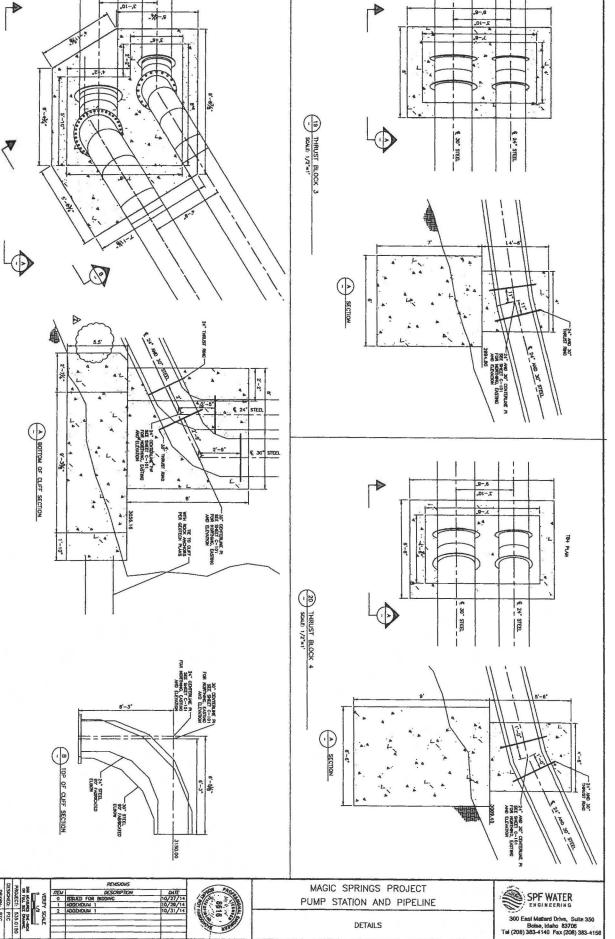












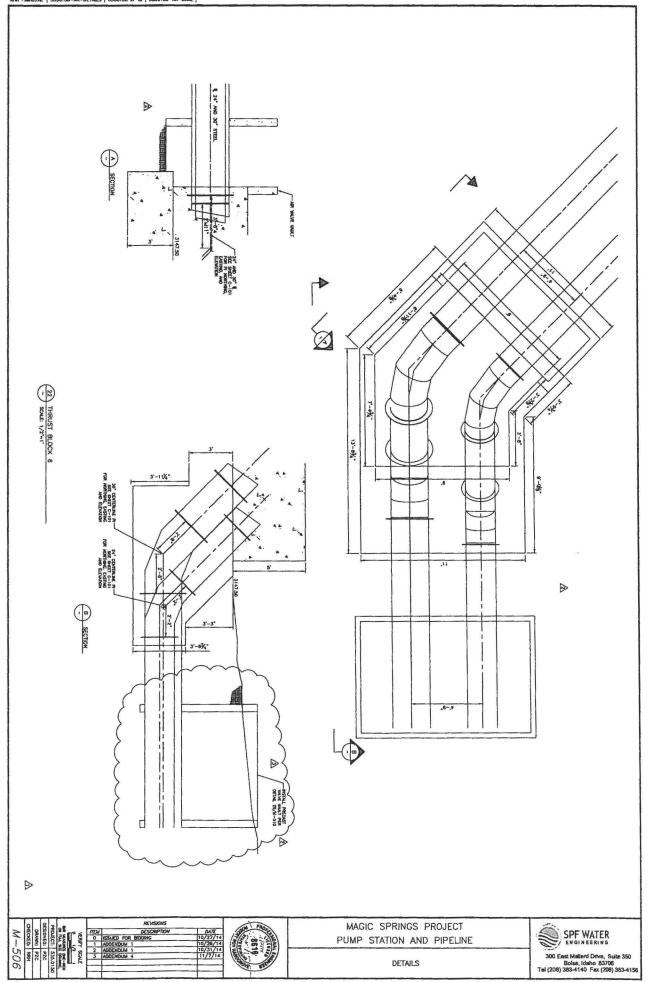
- THRUST BLOCK 5

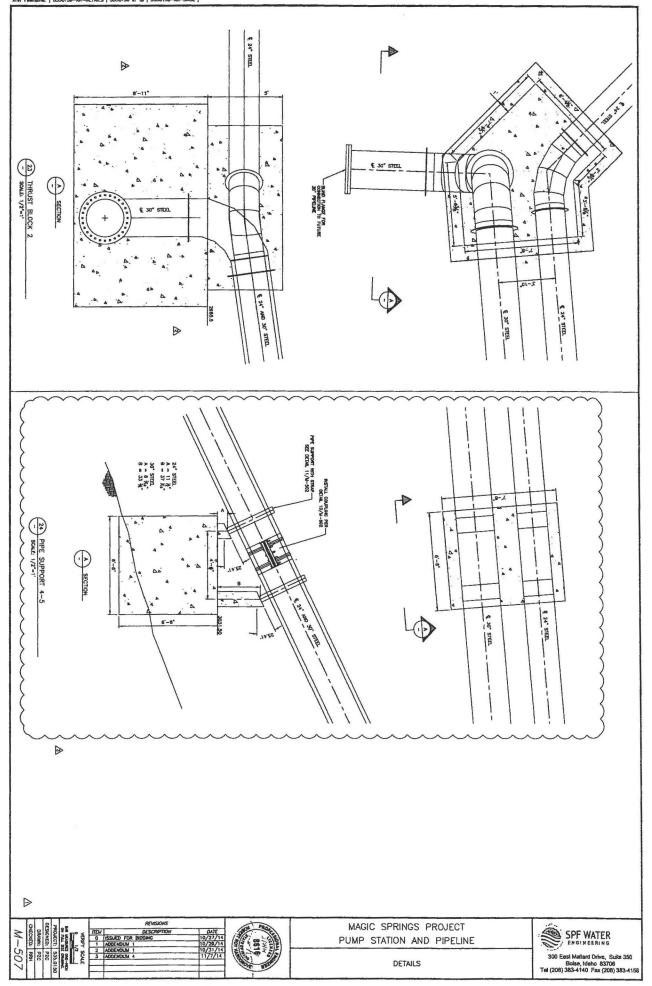
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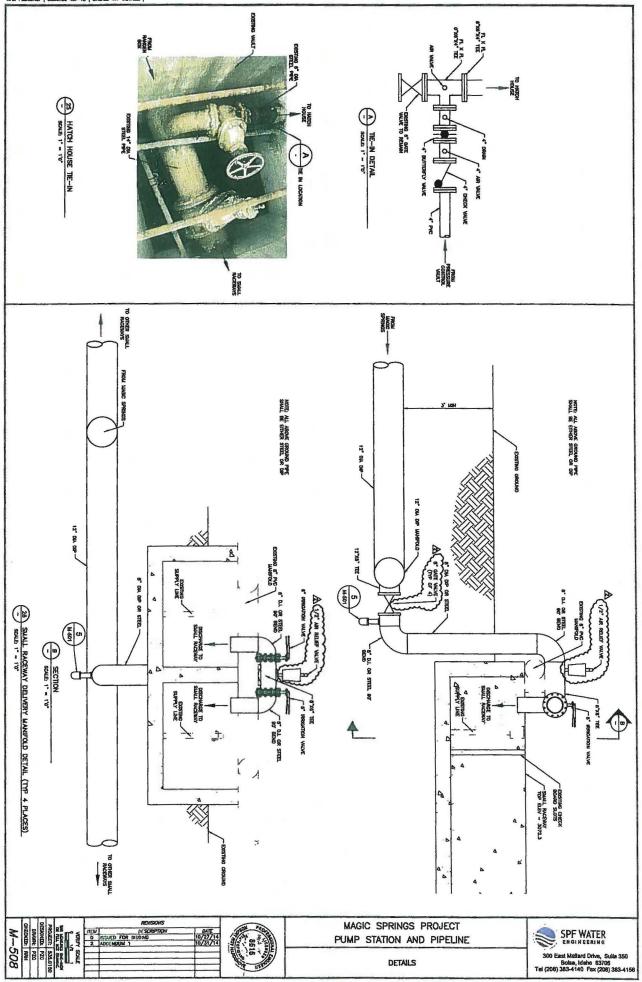
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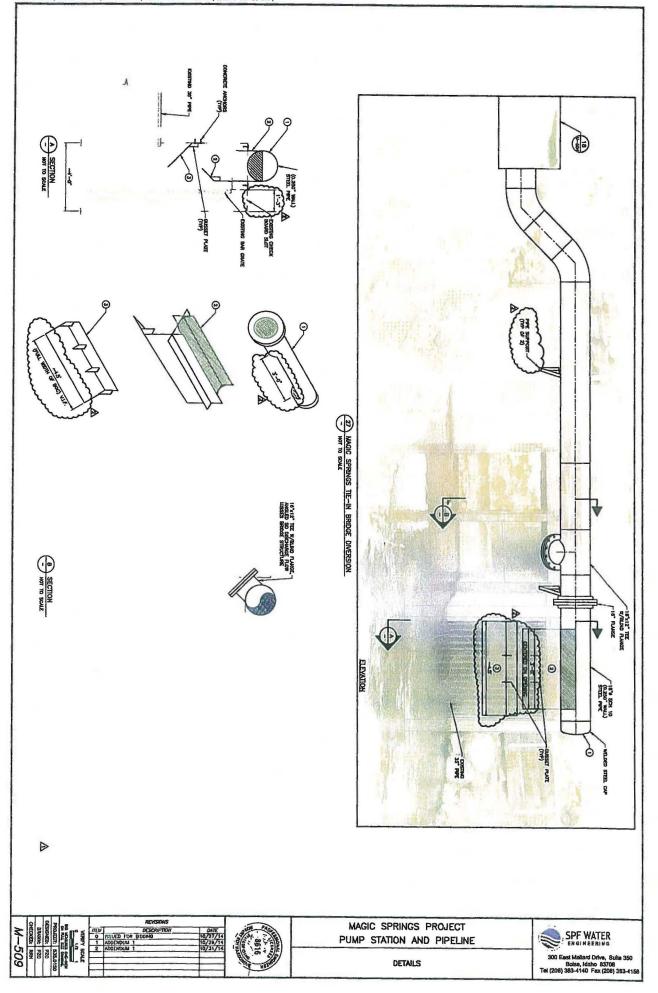
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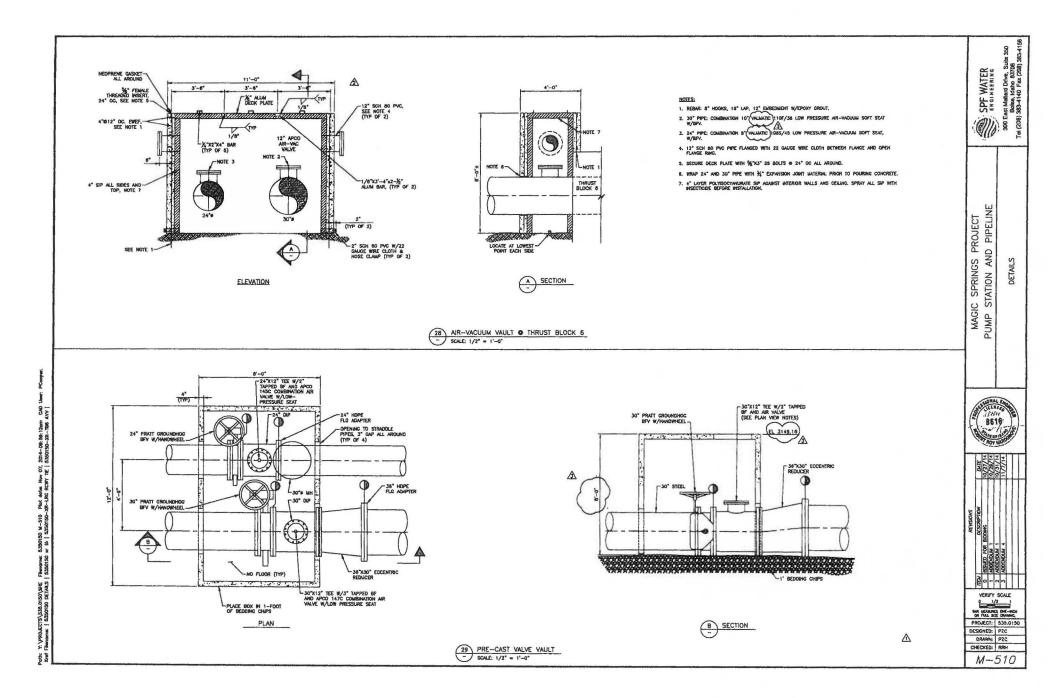
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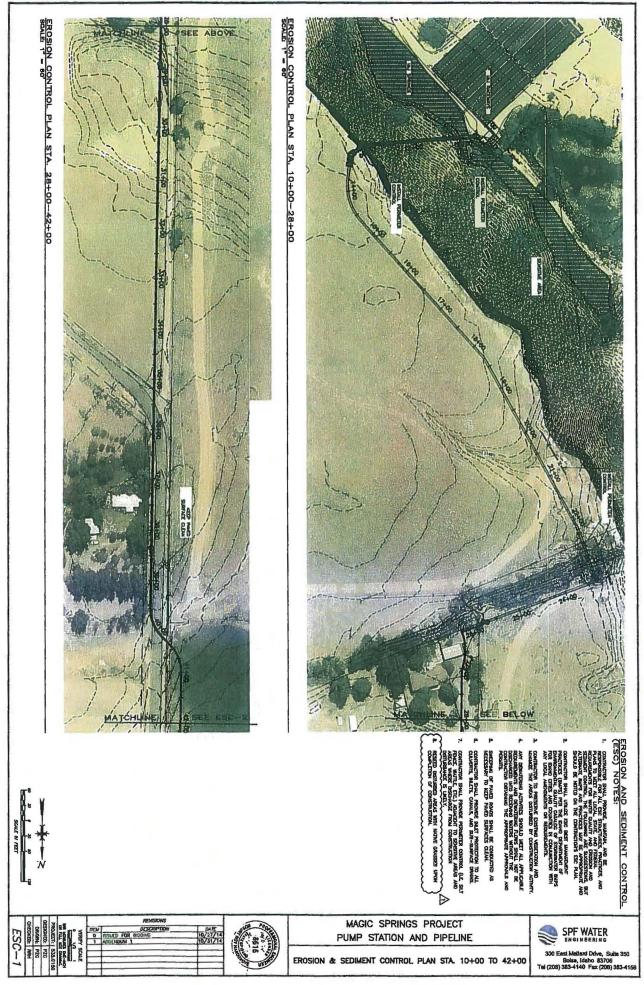




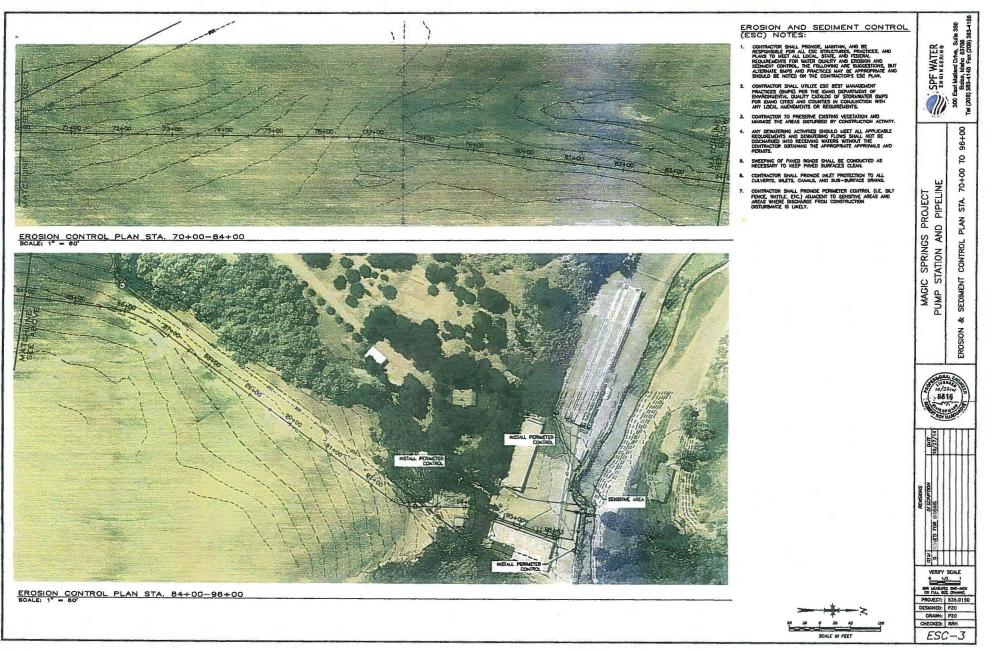




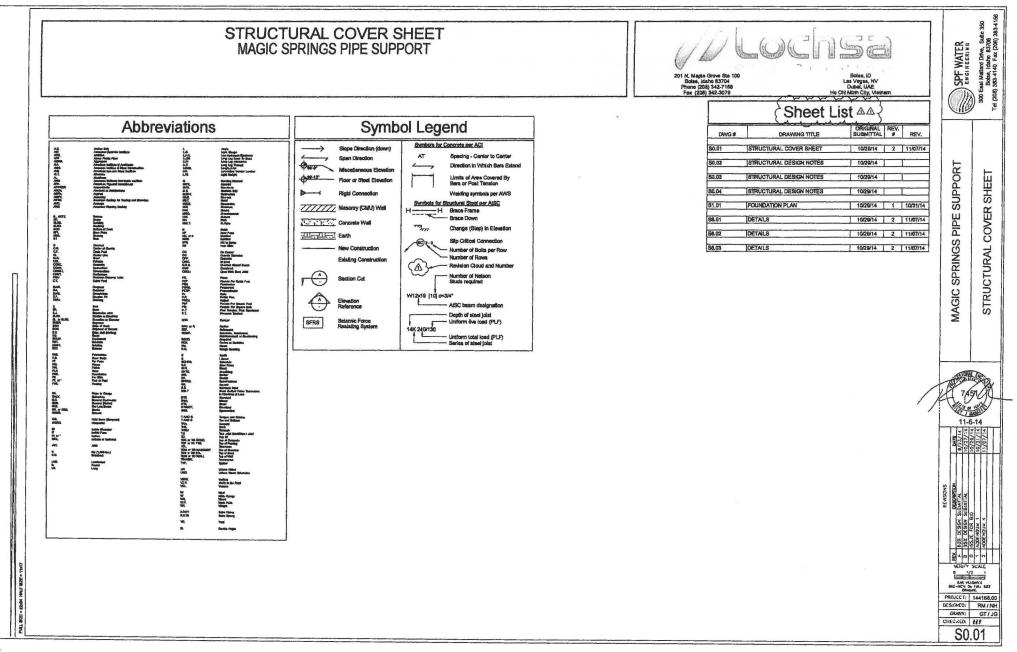


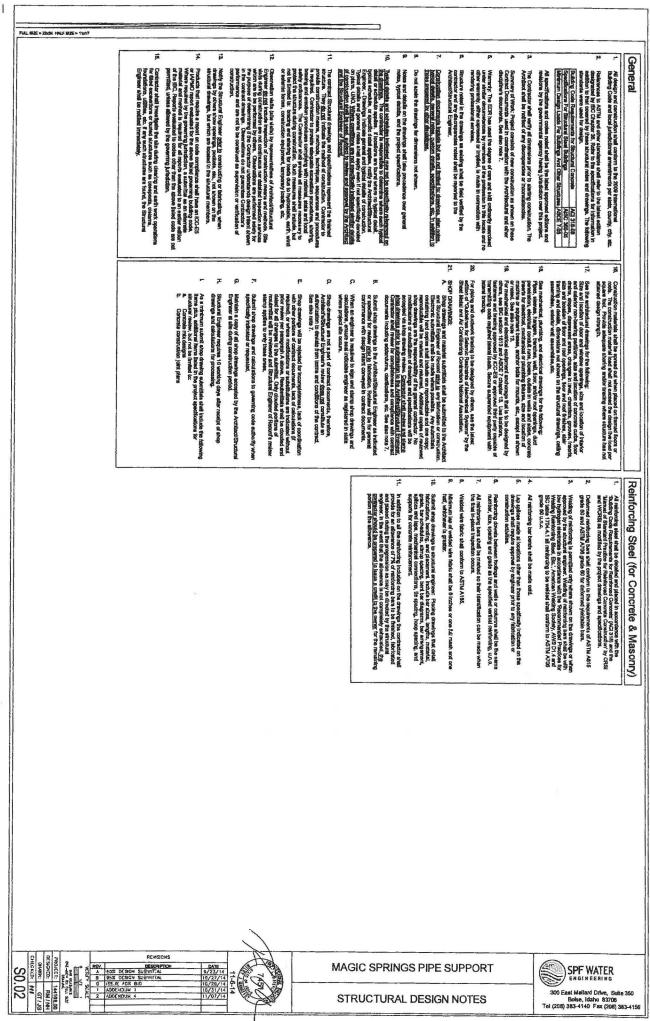


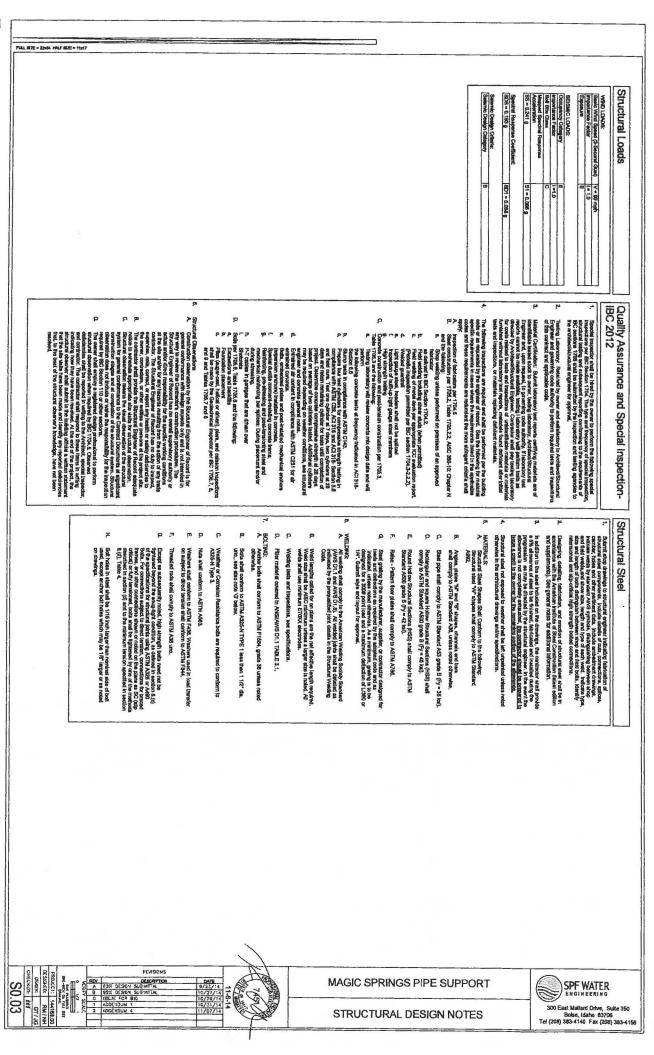


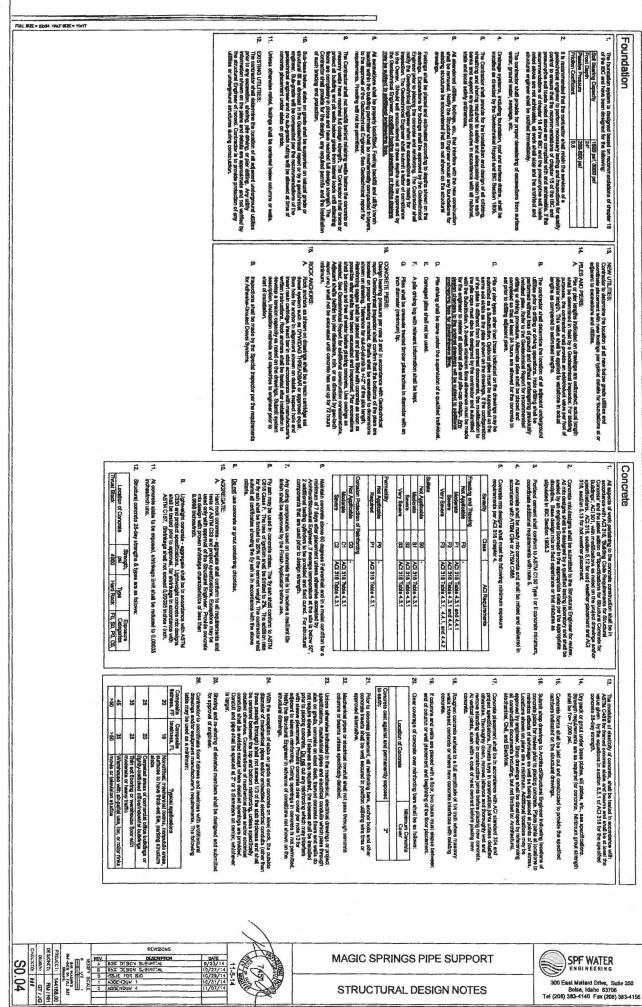


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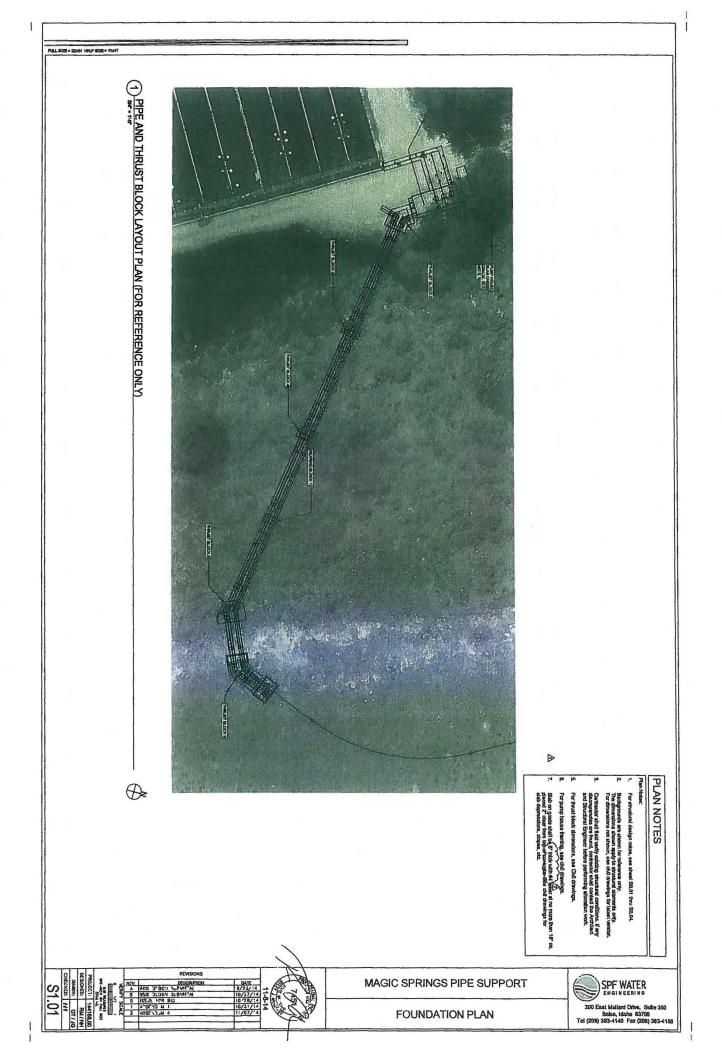


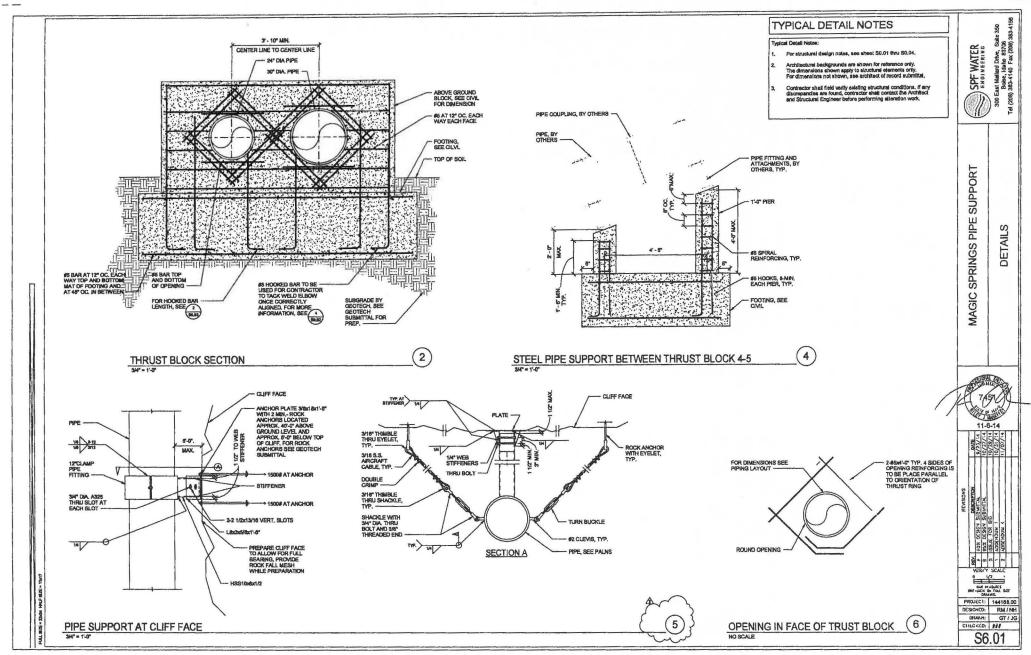




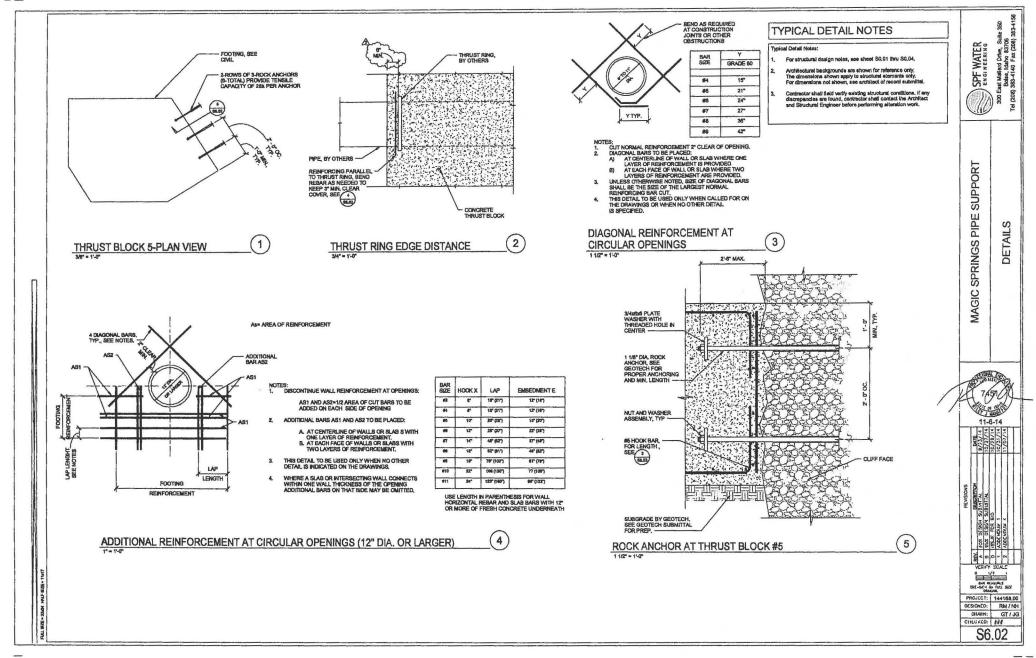


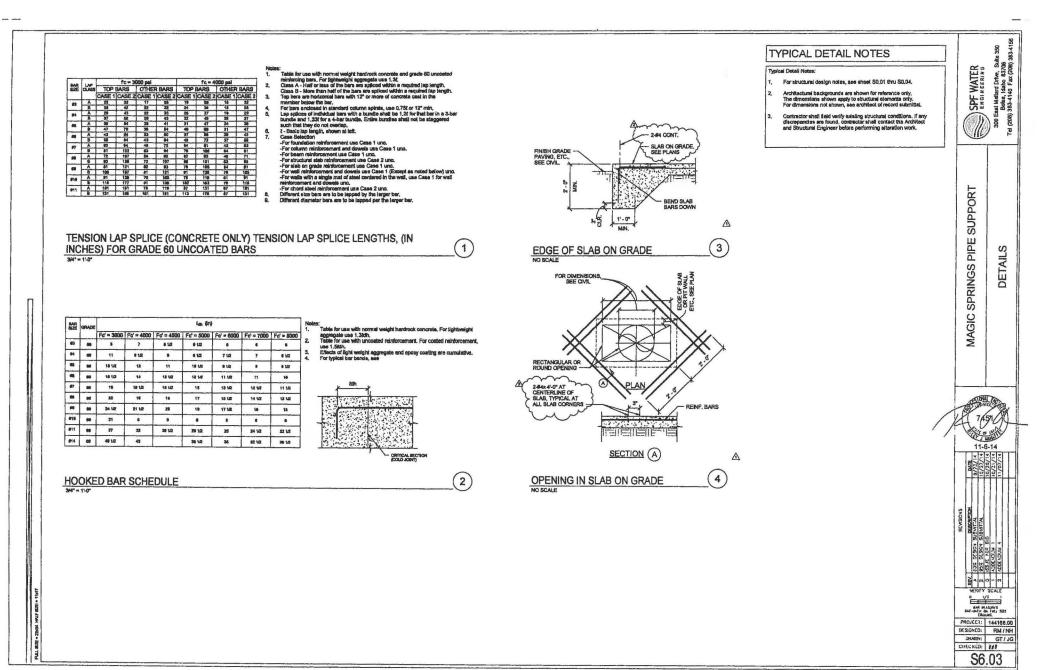
STRUCTURAL DESIGN NOTES



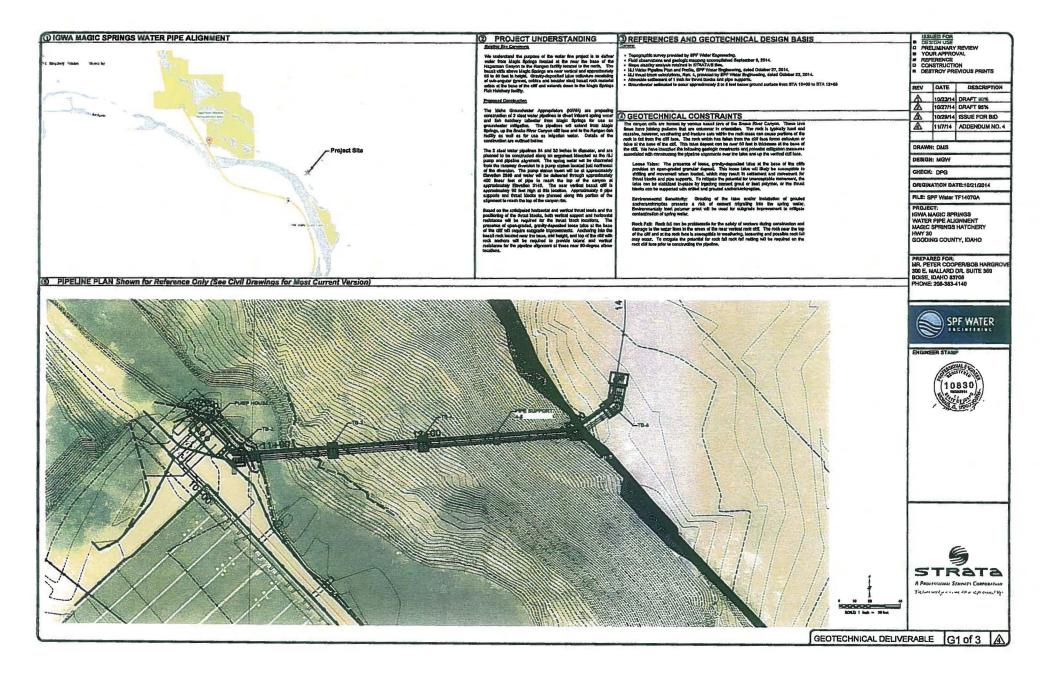


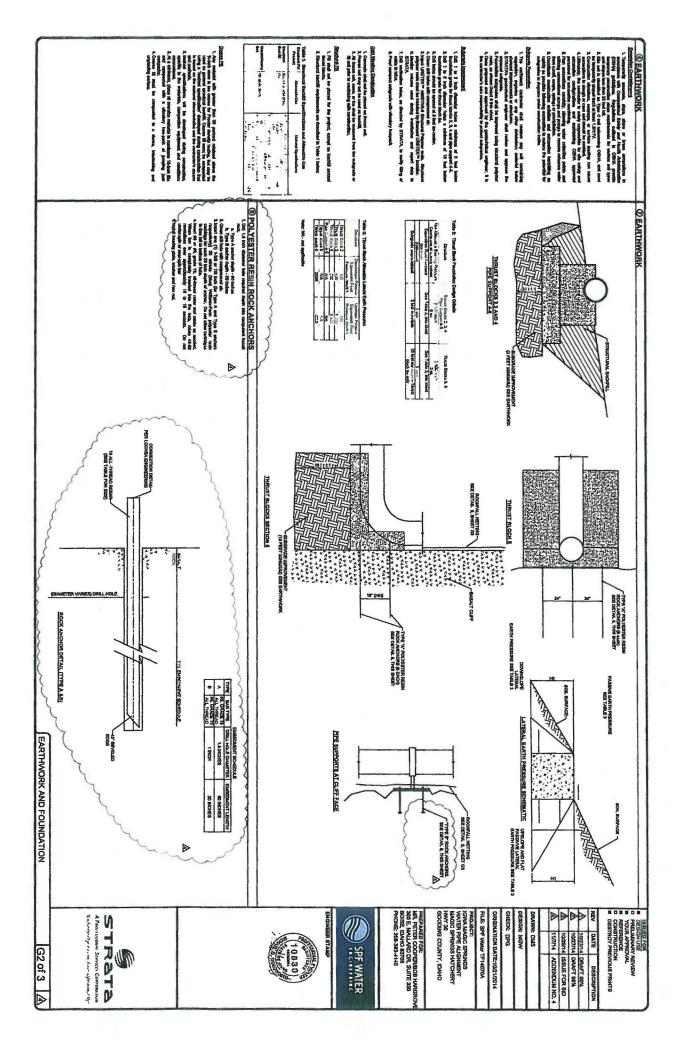
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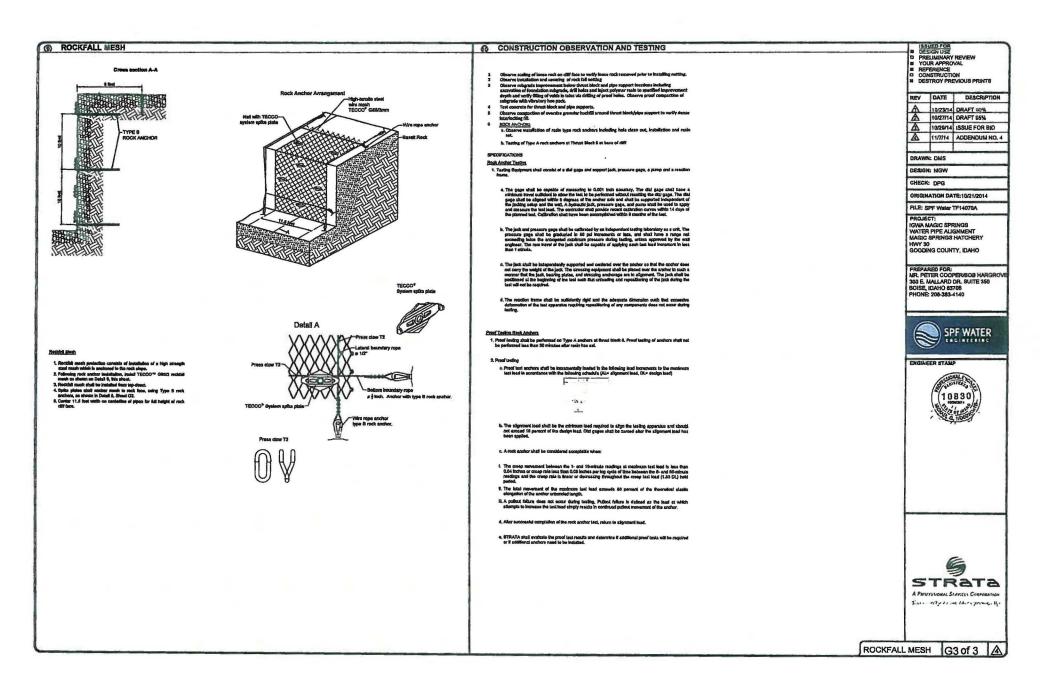




\_\_\_\_







## **ATTACHMENT A-9**



8722 South Harrison St., Sandy, UT 84070 P.O. Box 4439, Sandy, UT 84091 Phone: 877-678-7342 - Fax: 877-452-6910 Website: www.eibdirect.com E-mail: quotes@eibdirect.com

#### 1/13/2015

Baker Insurance Agency, Inc. 538 Main St Gooding, ID 83330

Re: North Snake Ground Water District

Below please find an Indication Quote. In order to accommodate the Insurer's underwriting parameters and/or the Insured's premium preference, the Quote may contain coverage options or be based upon factors such as lower Limits of Liability or a higher Self-Insured Retention or Deductible than what was stated as preferred on the Application. Accordingly, please read the Quote carefully.

#### INDICATION QUOTE

This is an Indication Quote only. The prices listed below are subject to review and change after receipt of any requested additional information. Be aware that the Insurer is not obligated to bind any risk based on the following information. Policy forms are manuscript policies and differ substantially from ISO forms. This Indication Quote expires after 30 days

 Quote Number: MM1501329-1
 Customer Number: E15-101329

 Underwriter: Maria Martin
 Direct Phone No.: (801) 304-5570
 E-Mail: mariam@primeis.com

Note: Please review the following coverage(s) as presented. Coverage may differ from the coverage requested on the application/ submission. Any changes must be submitted to the underwriter in writing for approval and pricing. *Please note that the new quoted coverage is not an extension of the previous Coverage Contract as the quoted coverage is for a new contract with a new coverage period. However, we are offering you the option to purchase retroactive coverage, for an additional premium, and subject to potential additional underwriting. Retroactive coverage provides continuous uninterrupted coverage for claims made against you during the new coverage period but which result from an accident that happened before the new coverage period. If you have questions regarding retroactive coverage, please contact us or your broker.* 

Description of Risk(s): Not Otherwise Classified Description of Coverage: Contractual Legal Liability

Premium:	\$13,475.00	Agent Commission Percentage: 10%
Policy/Inspection Fee:	\$350.00	Agent Commission Amount: \$1,347.50
State Taxes:	\$207.38	Total Due: \$12,719.44
SLSC:	\$34.56	Minimum Earned: 40%

Total: \$14,066.94

<u>To Bind Coverage</u>: Payment must be received before coverage can be bound. Review and comply with all the conditions below and complete and return all requirements on the coverage request form.

#### Conditions:

Policy is to cover losses from Rangen Inc due to failure of the pump system and supply of spring water resulting in loss of fish stock. Quote is based on the following information: operating expenses of \$250,000

Only scheduled operations and locations are covered on the policy

Higher Limits - If Higher Liability Limits are required by the insured, please contact underwriting for a formal quote.

RMD - Subject to completion of a Risk Management Direct discussion by the insured within thirty-days of binding coverage. Toll Free 877-585-2851.

Named Insured must be provided an Additional Insured on the Contractor and Engineering subcontractors policies.



8722 South Harrison St., Sandy, UT 84070 P.O. Box 4439, Sandy, UT 84091 Phone: 877-678-7342 - Fax: 877-452-6910 Website: www.elbdlrect.com E-mail: quotes@elbdirect.com

Commercial Liability			
\$1,000,000 Contractual Legal Liability \$2,000,000 Aggregate Limitations: The Policy provides coverage for only those an below and for which a specific coverage charge has been p		Include Include Claims Ma	
Classification and Description of activities and operations	• . <u></u>	Code No.	Basis of Coverage Charge
Contract Serivces - Water Pump station to supply Spring Water	r	91609	Annual Gross Receipts

Loc No. Address 152 E Main St Jerome, ID 83338 1

Other Coverages Available: (Additional underwriting required and an increase in premium, if accepted) Limited Terrorism Coverage - see Claims Warranty form.

Retroactive Coverage - see Claims Warranty form.

#### PERSONAL GUARANTEE

#### PAP-99-35

Coverage provided under the Policy is contingent on the following:

I hereby agree that i will be personally responsible for any unpaid premiums and/or Self Insured Retentions ("SIRs") payable under the Policy. I acknowledge and agree that my obligation to pay such amounts will not be diminished or otherwise altered by a change in ownership or management of the insured entity or by bankruptcy, dissolution, insolvency or any other change with respect to the Company All such amounts shall be paid within fifteen (15) calendar days of written notice provided to me by the Insurer in the event such amounts are not paid within that time. acknowledge and agree that will be responsible for all collection costs, including reasonable attorney fees

PRINT NAME:

SIGNATURE: \_\_\_\_\_\_, DATED\_\_\_\_\_,

JOB TITLE/CAPACITY OF SIGNOR: \_\_\_\_\_

#### **Greenlight Premium Financing Options**

(Monthly Payments as low as: \$1,011.92)

Quote Date:1/13/2015Company Name:North Snake Ground Water DistrictCustomer Number:E15-101329Total Pro

Total Premium Due (includes taxes and fees): \$14,066.94

If you want to finance, INITIAL the option containing the finance terms of your choice.

#### Choose ONLY ONE option otherwise 100% of the Total Premium is due.

	25% Down *         30% Down           *Auto Draft Monthly Payments are Required         30% Down		<u>40% Down</u>
3 Monthly Payments	Initial Here	Initial Here	Initial Here
Monthly Payments	3 @ \$3,616.93	3 @ \$3,376.69	3 @ \$2,896.21
Down Payment	25% or \$3,516.74	30% or \$4,220.08	40% or \$5,626.78
Interest Rate Finance Charge Final APR** Amount Financed Total of Payments	14.75% \$300.59 17.02 % \$10,550.21 \$10,850.80	14.75% \$283.22 17 18 % \$9,846.86 \$10,130.08	14.75% \$248.47 17.58 % \$8,440.16 \$8,688.64
5 Monthly Payments	Initial Here	Initial Here	Initial Here
Monthly Payments	5 @ \$2,205.82	5 @ \$2,059.30	5@\$1,766.25
Down Payment	25% or \$3,516.74	30% or \$4,220.08	40% or \$5,626.78
Interest Rate Finance Charge Final APR** Amount Financed Total of Payments	16.50% \$478.89 17.98 % \$10.550.21 \$11.029.09	16.50% \$449.63 18.09 % \$9.846.86 \$10.296.49	16.50% \$391 11 18.35 % \$8,440.16 \$8,831.27
7 Monthly Payments	Initial Here	Initial Here	Initial Here
Monthly Payments	7 @ \$1,600.75	7 @ \$1,494.42	7 @ \$1,281.75
Down Payment	25% or \$3,516.74	30% or \$4,220.08	40% or \$5,626.78
Interest Rate Finance Charge Final APR** Amount Financed Total of Payments	17.25% \$655.08 18.35 % \$10,550.21 \$11,205.28	17.25% \$614.07 18.43 % \$9,846.86 \$10,460.93	17.25% \$532.06 18.63 % \$8.440.16 \$8.972.23
9 Monthly Payments	Initial Here	Initial Here	Initial Here
Monthly Payments	9 @ \$1,263.79	9@\$1,179.83	9@\$1,011.92
Down Payment	25% or \$3,516.74	30% or \$4,220.08	40% or \$5,626.78
Interest Rate Finance Charge Final APR** Amount Financed Total of Payments	17.50% \$823.88 18.37 % \$10.550.21 \$*1.374.09	17.50% \$771.62 18.43 % \$9.846.86 \$10.618.48	17.50% \$667 10 18.59 % \$8,440.16 \$9,107.27

Check this box if you would like to setup your Monthly Payments to be Auto Drafted (This option is for 30 & 40% down, all 25% down payments will automatically be setup up for auto drafts).

### After initialing an option listed above, sign the agreement on the next page and attach a check for the Down Payment Amount shown in your selected option above.

\*Note: All 25% Down Payment options require an automatic draft from your bank account monthly.

<sup>\*\*</sup>Note: Final APR is based on the Annual Percentage Rate plus Fees for the duration of the number of monthly payments selected. This is not a loan document and is not binding on any premium finance company to accept any loan for the undersigned. The first payment is due in 30 days after the coverage effective date.

#### **Greenlight Premium Financing Request (Continued)**

Yes, I want to finance according to the option selected on the previous page (Please sign and see down payment methods below) (Note: All 25% Down Payment options require an automatic draft from your bank account monthly.)

The undersigned insured/member requests that, EIB International, LLC. (EIB) a Utah corporation, arrange the financing for its premium in monthly installments and hereby irrevocably appoints (EIB) a limited power of attorney to complete and execute a premium financing agreement on its behalf.

The undersigned shall have the right to, without charge, rescind by paying to (EIB) the net amount financed on the financing agreement executed on its behalf by (EIB) within 10 days after (EIB) or the actual premium finance company mails to the undersigned a true copy of the actual premium financing agreement being executed by (EIB) as attorney-in fact for the undersigned. Failure to rescind shall be deemed a ratification and affirmation of the actions of the attorney-in-fact in the execution of a premium financing.

Security Interest: Borrower gives the PFC a security interest in and assigns to the PFC as security for any amount due under this Agreement, including interest, late or cancellation charges, any and all unearned premiums and dividends which may be payable under the insurance policies listed in the Schedule of Policies, loss payments which reduce the unearned premiums, and any interest arising under a state guarantee fund relating to these items.

No, I do not want to finance. I am paying 100% of the Total Premium listed on my quote. (See payment methods below)

#### Authorization to Set Up Financing

I, the Insured , have read and authorize (EIB) to set up financing according to my selection on the previous page.

Signature

Date

#### Print Name and Title

#### PAY BY WIRE, PHONE, FAX, OR MAIL

Payment	Method
---------	--------

	BANK WIRE	CHECK VIA OVERNIGHT OR EXPRESS MAIL	CREI	CHECK BY FAX DIT CARD BY PHONE
Account Name Brokers, L	e: Evolution Insurance	EIB	FAX:	1-877 452 6910
Bank Name:	Bank of American Fork	8722 South Harrison St,	E-MAIL:	ar@primeis.com
Telephone:	801-428-0532	Sandy, UT 84070		
Routing No.:	124301025		PHONE:	1-877-257-5590
Account No.:	07110224		FROME:	1-01.1-201-0090

#### CHECK DISCLOSURE:

Checks received may be processed electronically. (EIB), through its bank, has the ability to provide EFT (Electronic Fund Transfer) checks for processing rather than submitting a paper copy of the check to the bank. Funds transfer in the same manner if transacted electronically or by submitting a paper copy of the check to the bank, except funds transfer the day the information is received with electronic processing rather than within a few business days as with a paper check. Electronically processed transactions appear on your bank statement in the same manner as paper checks.

#### CHECK BY FAX METHOD:

To use this method, please complete the requested information below and fax to the Association. PLEASE PRINT CLEARLY- OR - You may attach a voided check to this form or fax a voided check instead. EITHER WAY, WE WILL ELECTRONICALLY DRAFT YOUR ACCOUNT. IF YOU CHOOSE THIS METHOD OF PAYMENT PLEASE DO NOT MAIL THE ORIGINAL CHECK TO US.

Attach Check here or Enter Check Information: Bank Name and Address:	
Bank Routing No.(usually 9 digits):	
Amount of Check: \$	Check No.:
	Date
Signature of authorization:	Date
F FINANCING Attach an additional check if you would like to use	a different account for your Auto Draft Monthly Payments.
SERVICE FEE: (EIB) reserves the right to collect directly from you nsufficient funds in your account (i.e. a "bounced check")."	r account a processing fee of \$25 for any incomplete transaction due to
City to the least desurrent and is not binding on any promium finance normal	any to perpert any loss for the undersigned

This is not a loan document and is not binding on any premium finance company to accept any loan for the undersigned The first payment is due in 30 days after the coverage effective date.



#### **RISK MANAGEMENT DIRECT**

The assessment, management, and loss cost containment of insured risks are long-standing objectives at Prime. Prime's risk management department fosters a mutually beneficial relationship with Prime's insured by taking a partnership approach to the management of each insured's account.

RMD begins this partnership with an initial contact with the insured to:

- ✓ Welcome the insured to the company.
- Z Review policy terms, limits, and conditions
- Z Establish a direct point of contact for risk management related concerns.

One of the applicant's contact requirements in the policy is to complete a Risk Management Call with Risk Management Direct to review certain important aspects of our partnership approach within 30 days of the policy being bound. The applicants contact should be the one that handles the day to day operations, insurance, hiring, safety, and maintenance for the company. The call must be completed with the applicant's contact person.

Please fill out the information below.

\*Required

#### \*Applicant/Office Contact Name(s):\_\_\_\_\_ \*Contact Phone Number(s): Contact Fax Number(s):\_\_\_\_\_ Contact Email address(s): \*Best Time to Contact \*Time of Day: Anytime Morning Afternoon Evening Any Day Tues Wed Thurs Fri Day of Week: Mon

\*By signing below, I understand that one of the requirements of binding the policy is to have the applicant's contact complete a Risk Management Call with Risk Management Direct within 30 days of policy being bound to keep policy coverage in effect.

If you don't receive a phone call within 14 days of the policy being bound, please contact one of our team members at 1-877-585-2851. We are available Monday through Friday, 7:00 AM - 5:00 PM Mountain Standard Time.

\*Applicant's Signature/Date

Signature of Broker/Agent of Applicant/Date

Print Applicant's Name

Print Broker/Agent Name

RMD-001 06DEC2013



#### COVERAGE REQUEST FORM

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING FALSE INFORMATION OR CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY MATERIAL FACT THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.

Applica	ant: North Snake Ground Water District		Producer: Evolution Insurance Brokers, LC.			
Quote	#: MM1501329-1	Amount Due:	\$14,066.94	Requested Bind Date:		
Cover	age will not be bound until the followin	ig documents a	re received:			
	A valid Indication Quote with all requirem	nents reviewed a	nd complied with.			
	A completed and signed Coverage Request Form.					
	A completed and signed Claims Warranty.					
	Amount due to bind policy in full unless	financed throug	h Greenlight Premium Finance	in which case attach the navment terms		

- Amount due to bind policy, in full, unless financed through Greenlight Premium Finance, in which case attach the payment terms.
   Finance agreement must be completed and signed by the Insured.
   All check by favore a laster is a batter in the insured.
- All check by fax or electronic checks presented to bind or add coverage will be processed via electronic funds transfer ("EFT") and must be on an account which authorizes this type of transaction.
- 🛄 🛯 If attached, a fully completed and signed affidavit.
  - A completed and signed Claims History and Incident Disclosure History form.

Special Conditions to Bind:

By signing below the Applicant acknowledges that municipal, state, federal or other law may require higher or otherwise different limits of liability coverage than have been offered. The Applicant further accepts responsibility for obtaining additional insurance or self-insuring to fulfill the requirements of the law.

This surplus line contract is issued pursuant to the Idaho Insurance Laws by an insurer not licensed by the Idaho Department of Insurance. There is no coverage provided for surplus line insurance by either the Idaho Insurance Guaranty Association or by the Idaho Life and Health Insurance Guaranty Association.

Page 6 of 10

(YOU MUST MAKE A SELECTION	BELOW)	)			
Do you require certificates or proof of	of insuran	ce?	Yes	- No	If yes, please provide list.
Do you require filings?	res	No	If yes, con	mplete fili	ng section on indication quote.
TO BIND SEND ABOVE DOCUME	NTS TO:		2 S. Harris Idy, UT 84		
	Phone:	Pho	ne: 877-6	78-7342	
	Fax:	Fax	: 877-452-	6910	
	E-mail:	poli	cyservices	@eibdire	et.com
We appreciate your business and an	re availab	le to	answer ar	y questio	ons. If we can be of any help, plea

We appreciate your business and are available to answer any questions. If we can be of any help, please contact your underwriter or the customer care department at the number or email addresses provided above. Thank you,

Applicant's Signature/Date

Signature of Broker/Agent of Applicant/Date

Print Applicant's Name UDA-F-004-22MAR2012 Print Broker/Agent Name

#### CLAIMS WARRANTY AND COVERAGE STATEMENT

#### PAP-99-07

Coverage provided under the Policy/Certificate is contingent on the following warranty, requirements, and acknowledgements as evidenced by the Applicant's signature.

#### WARRANTY STATEMENT

The "Applicant" is the party to be named as the "Insured"/"Assured" in any insuring contract if issued. By signing this statement, the Applicant for insurance hereby represents and warrants that the information provided in the Application, together with all supplemental information and documents provided in conjunction with the Application, is true, correct, inclusive of all relevant and material information necessary for the Insurer/Underwriter to accurately and completely assess the Application, and is not misleading in any way. The Applicant further represents that the Applicant understands and agrees as follows: (i) the Insurer/Underwriter can and will rely upon the Application and supplemental information provided by the Applicant, and any other relevant information, to assess the Applicant's request for insurance coverage and to quote and potentially bind, price, and provide coverage; (ii) all supplemental information and documents provided in conjunction with the Application are warranties that may become a part of any coverage contract that may be issued; (iii) the submission of an Application or the payment of any premium does not obligate the Insurer/Underwriter to quote, bind, or provide insurance coverage; and (iv) in the event the Applicant has or does provide any false, misleading, or incomplete information in conjunction with the Application, any coverage provided will be deemed void from initial issuance. The Applicant hereby authorizes the Insurer/Underwriter and its agents to gather any additional information the Insurer/Underwriter deems necessary to process the Application for quoting, binding, pricing, and providing insurance coverage including, but not limited to, gathering information from federal, state, and industry regulatory authorities, insurers, creditors, customers, financial institutions, and credit reporting agencies.

#### FUTURE CLAIM INCIDENT/REPORTING REQUIREMENT

As an express condition precedent to coverage under this Policy, you must give us immediate written notice no later than 72 hours after any incident, event, occurrence, loss, or Accident which might give rise to a Claim covered by this Policy. Written notice must be given to: Claims Direct Access, P.O. Box 4439, Sandy, Utah 84091-4439, U.S.A. Phone: (877) 585-2849 or (801) 304-5530; Fax: (877) 452-6909 or (801) 304-5536.

#### ACKNOWLEDGEMENT OF RESTRICTIVE SURPLUS LINES COVERAGES

The Policy/Certificate to be issued differs significantly from policies offered by other insurance companies. It is a manuscript policy with very strict reporting requirements. The "warranty-prior claims" forms are a part of the Policy/Certificate and constitute warranties. Coverage is provided only for otherwise covered Claims: (1) Which are first made by or against an Insured/Assured during the Policy Period; (2) Which result from an Accident occurring during the Policy Period; and (3) For which written notice is given to the Insurer/Underwriter during the Policy Period.

**NOTE:** If this Quote is being provided by Evolution Insurance Brokers ("EIB") for insurance placed with Prime Insurance Company ("Prime"), you are hereby informed that EIB is acting as a surplus lines broker for and on behalf of Prime. Certain agreements are in place between EIB and Prime that affect the types and nature of insurance offered through EIB. These agreements include Rick J. Lindsey serving as an officer of both EIB and Prime. You are further informed that nothing herein is meant to indicate that EIB is acting as an agent or broker on your behalf. All insurance decisions must be made independently by you and you are free to seek professional advice regarding such decisions.

In addition, coverage is strictly limited to those activities and operations and at those locations listed, described, and defined in the Policy/Certificate. Unless otherwise specifically stated in the Policy, the Policy is subject to Utah law and any coverage disputes shall be determined only by a court in the State of Utah. Various other provisions of this Policy/Certificate restrict and limit the coverage provided. Please read the Policy/Certificate and all Endorsements carefully to determine your rights and duties and what is and is not covered.

Claim Expenses reduce the available Limits of Liability stated on the Declarations. In the event of any Claim, the total amount of any premium charged shall be 100% earned and not subject to short-rate or pro rata adjustment.

The Applicant expressly understands, acknowledges, and agrees that (i) any and all policy fees are fully earned at inception; accordingly, no refund of any policy fees will be made regardless of whether the Policy is cancelled by the covered party or the Insurer/Underwriter for any reason, (ii) the Applicant agrees to pay a service fee for any Endorsements made to the Policy after initial binding unless additional premium is associated with such Endorsement. An additional fee may be assessed if a notice of cancellation is processed, (iii) The Insurer/Underwriter may process checks electronically, and a \$25 charge may be assessed for any check or electronic transaction returned for insufficient funds, (iv) the Applicant agrees to pay additional premium equal to 25% of the total premium due for the Policy if the Applicant fails to comply with any premium audit request made by the Insurer/Underwriter may add, at any time, and (v) if any portion of the premium, audit premium, endorsement fees, cancellation or other fees related to prior or current coverage to the amount financed by the Applicant.

Please check the corresponding box to accept or reject the following coverages, if accepted additional premium will apply.

#### Accepted Rejected (YOU MUST MAKE A SELECTION)

Limited Terrorism Coverage (ADDITIONAL PREMIUM required if accepted).

Retroactive Coverage for renewal coverage only (SEE QUOTE - ADDITIONAL PREMIUM required if accepted).

Print Broker/Agent Name

All other terms and conditions of this Policy/Certificate remain unchanged.

Applicant's Signature/Date

Signature of Broker/Agent of Applicant/Date

Print Applicant's Name

PAP-99-07 15MAY2014



8722 South Harrison St., Sandy, UT 84070 P.O. Box 4439, Sandy, UT 84091 Phone: 8776787342 - Fax: 877-452-6910 Website: www.primels.com E-mall: quotes@primeis.com

#### AFFIDAVIT OF ORIGINATING AGENT OR BROKER DUE DILIGENCE EFFORT

	<u> </u>	
Producing Agent:		
Agency License #:		(or Producers)
this state, and that being unable to p		coverage in three specific admitted licensed insurers in ice market, the required insurance coverage(s) was ines Broker in this state.
Name of Insured:		
Type of Risk:		
The following authorized licensed In	surer(s) were contacted by this Producer:	
1. Insurer:		Person Contacted:
Telephone #:	Date Contacted:	NAIC #
The reason(s) for declination by	the insurer:	
2. Insurer:		Person Contacted:
		NAIC #
3. Insurer:		Person Contacted:
		110.0 #
Telephone #:	Date Contacted:	NAIC #
The reason(s) for declination by	the insurer:	
The information that the Insurance v insured prior to procuring the insuration insuration as reasonably possible.	vas being quoted, and would be placed with a nce with a non-admitted.insurer and that the in	Surplus Lines Insurer, was (or will be) made known to the isured(s) signature thereon was (or will be) obtained as
	Signed:	
		(Originating Agent, Broker or Producer)
	Agency:	
	Address:	
	Phone:	



EIBI-

#### CLAIMS HISTORY AND

#### INCIDENT DISCLOSURE HISTORY

Coverage provided under any Policy/Certificate is contingent on the following warranty, requirements, and acknowledgements as evidenced by the Named Insured's or Agent for the Named Insured's signature.

Have you had any prior incident, event, occurrence, claim, lawsuit, notice of loss, loss, or any incident, event, or occurrence that you are currently aware of that might reasonably be expected to lead to a claim, lawsuit, notice of loss, or loss?

#### (YOU MUST MAKE A SELECTION) \_ Yes \_ No

If you fail to disclose all prior claims you may be subject to a penalty of up to three times the premium, the Self-Insured Retention and Deductible.

If you answered yes above, please complete the following information (\*\*PLEASE COMPLETE PAGE TWO FOR EACH AND EVERY CLAIM AND INCIDENT):

Policy Year	Date of Loss/Claim/Incident	Description of Loss/Claim/Incident	Amount Paid (if any)
		······································	
			····
		,	
			· · · · · · · · · · · · · · · · · · ·

By signing this document, the undersigned Applicant or Applicant's Agent hereby warrants to the Insurer that to the best of the Applicant's knowledge all of the information provided herein is complete, truthful, and accurate. The Applicant further understands and agrees that any insurance policy or certificate issued by the Insurer may, at the Insurer's discretion, be rescinded and voided [null and void from the beginning] in the event that the Applicant provides any incomplete, false, or misleading information of any kind on this document or on any other document relating to this insurance.

Applicant's/Insured's Name:		
Applicant's/insured's Signature:		Date:
Signature of Applicant's Broker or Agent:		Date:
Printed Name of Applicant's Broker or Agent:		
UDA-F-004-22MAR2012 F-033 23JAN2012	Page 9 of 10	Quote Number: MM1501329-1

#### Information:

Applicant Name:		Quote Number:
Claimants Name:	Age:	Sex:
Date Claim was made or Suit Brought:	J	Date Claim was made or Suit brought:
Insurance Carrier to Whom Claim/Circumstance Reported:		

#### Claim/Incident Status: For all Paid and Reserve amounts, include both Indemnity and Expense dollars

Dismissed:		Defense Verdict:			
Plaintiff Verdict:	Total Paid: \$		Paid on Your Behalf: \$		
Settlement:	Total Paid: \$		Paid on Your Behalf: \$		
Open:	L		J		
Settlement Demand:	Settlement Offer: \$		Loss Reserve: \$		

#### Detailed description of Claim/Incident:

	1	

What steps have you taken to reduce the chance of this type of claim/incident in the future?

By signing this document, the undersigned Applicant or Applicant's Agent hereby warrants to the Insurer that to the best of the Applicant's knowledge all of the information provided herein is complete, truthful, and accurate. The Applicant further understands and agrees that any insurance policy or certificate issued by the Insurer may, at the Insurer's discretion, be rescinded and voided (null and void from the beginning) in the event that the Applicant provides any incomplete, false, or misleading information of any kind on this document or on any other document relating to this insurance.

Applicant's/Insured's Name:	 ·····	
Applicant's/Insured's Signature:	 Date:	
Signature of Applicant's Broker or Agent:	 Date:	
Printed Name of Applicant's Broker or Agent:	 	
UDA-F-004-22MAR2012		

# **ATTACHMENT A-10**

Randall C. Budge (ISB# 1949) Thomas J. Budge (ISB# 7465) Racine Olson Nye Budge & Bailey, chartered 201 E. Center St. / P.O. Box 1391 Pocatello, Idaho 83204 (208) 232-6101 - phone (208) 232-6109 - fax rcb@racinelaw.net tjb@racinelaw.net

Attorneys for Idaho Ground Water Appropriators, Inc. (IGWA)

#### **BEFORE THE IDAHO DEPARTMENT OF WATER RESOURCES**

In the matter of the fourth mitigation plan filed by Idaho ground water appropriators for the distribution of water to water right nos. 36-02551 & 35-07694 in the name of Rangen, Inc. Docket No. CM-MP-2014-006

Notice of Insurance

Idaho Ground Water Appropriators, Inc. (IGWA) hereby provides notice of its insurance policy for the Magic Springs Project, evidenced by the Certificate of Insurance attached hereto as Exhibit A.

RESPECTFULLY SUBMITTED this 6th day of February, 2015.

RACINE OLSON NYE BUDGE & BAILEY, CHARTERED

By:\_\_

T.J. Budge Attorneys for IGWA

#### **CERTIFICATE OF MAILING**

I certify that on this 6th day of February, 2015, the foregoing document was served on the following persons in the manner indicated.

Signature of person mailing form

Director, Gary Spackman Idaho Department of Water Resources PO Box 83720 Boise, ID 83720-0098 Deborah.Gibson@idwr.idaho.gov	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-mail</li> </ul>
Garrick Baxter Idaho Department of Water Resources P.O. Box 83720 Boise, Idaho 83720-0098 garrick.baxter@idwr.idaho.gov	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-mail</li> </ul>
Robyn M. Brody Brody Law Office, PLLC PO Box 554 Rupert, ID 83350 robynbrody@hotmail.com	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-mail</li> </ul>
Fritz X. Haemmerle Haemmerle & Haemmerle, PLLC PO Box 1800 Hailey, ID 83333 fxh@haemlaw.com	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-mail</li> </ul>
J. Justin May May, Browning & May, PLLC 1419 West Washington Boise, ID 83702 jmay@maybrowning.com	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-mail</li> </ul>

Sarah Klahn Mitra Pemberton WHITE JANKOWSKI, LLP 511 16 <sup>th</sup> St., Suite 500 Denver, Colorado 80202 <u>sarahk@white-jankowski.com</u> <u>mitrap@white-jankowski.com</u>	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-Mail</li> </ul>
Dean Tranmer City of Pocatello PO Box 4169 Pocatello, ID 83201 <u>dtranmer@pocatello.us</u>	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-Mail</li> </ul>
C. Thomas Arkoosh Arkoosh Law Offices PO Box 2900 Boise, ID 83702 <u>tom.arkoosh@arkoosh.com</u>	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-Mail</li> </ul>
John K. Simpson Travis L. Thompson Paul L. Arrington Barker Rosholt & Simpson 195 River Vista Place, Suite 204 Twin Falls, ID 83301-3029 <u>tlt@idahowaters.com</u> <u>jks@idahowaters.com</u> <u>pla@idahowaters.com</u>	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-Mail</li> </ul>
W. Kent Fletcher Fletcher Law Office PO Box 248 Burley, ID 83318 wkf@pmt.org	<ul> <li>U.S. Mail/Postage Prepaid</li> <li>Facsimile</li> <li>Overnight Mail</li> <li>Hand Delivery</li> <li>E-Mail</li> </ul>

#### Exhibit A

### **Certificate of Insurance**

Notice of Insurance-4

CERTIFICATE OF INSURANCE									
PRODUCER AND THE NAMED INSURED Evolution Insurance Brokers, LLC. 8722 S. Harrison St.					THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE OF INSURANCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND, OR ALTER THE COVERAGE AFFORDED BY THE INSURANCE POLICIES BELOW.				
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AUTHORIZED REPRESENTATIVE								

### **ATTACHMENT A-11**

#### **BEFORE THE DEPARTMENT OF WATER RESOURCES**

#### OF THE STATE OF IDAHO

IN THE MATTER OF APPLICATION ) FOR TRANSFER NO. 79560 IN THE NAME ) OF NORTH SNAKE GROUND WATER DIST., ) MAGIC VALLEY GROUND WATER DIST., ) AND SOUTHWEST IRRIGATION DIST. )

FINAL ORDER APPROVING APPLICATION FOR TRANSFER

#### BACKGROUND

On January 29, 2014, the Director ("Director") of the Idaho Department of Water Resources ("Department") issued the *Final Order Regarding Rangen, Inc.'s Petition for Delivery Call; Curtailing Ground Water Rights Junior to July 13, 1962* ("Curtailment Order").<sup>1</sup> The Curtailment Order recognizes that holders of junior-priority ground water rights may avoid curtailment if they participate in a mitigation plan which provides "simulated steady state benefits of 9.1 cfs to Curren Tunnel [sometimes referred to as the "Martin-Curren Tunnel"] or direct flow of 9.1 cfs to Rangen." Ex. 1018 at 42.<sup>2</sup> The Curtailment Order explains that mitigation provided by direct flow to Rangen, Inc. ("Rangen") "may be phased-in over not more than a five-year period pursuant to Rule 40 of the CM Rules as follows: 3.4 cfs the first year, 5.2 cfs the second year, 6.0 cfs the third year, 6.6 cfs the fourth year, and 9.1 cfs the fifth year." Id.<sup>3</sup>

On August 27, 2014, the Idaho Ground Water Appropriators, Inc. ("IGWA") filed *IGWA s* Fourth Mitigation Plan and Request for Expedited Hearing ("Fourth Mitigation Plan") "to provide additional ways of satisfying the mitigation obligation imposed by the [Curtailment Order] and

Final Order Approving Application for Transfer, Page 1

<sup>&</sup>lt;sup>1</sup> The Curtailment Order was appealed in *Rangen, Inc. v. IDWR*, Twin Falls County Case No. CV-2014-1338. Judge Wildman issued his *Memorandum Decision and Order on Petitions for Judicial Review* ("Decision") on October 24, 2014, which affirmed the Director on a number of issues, but held the Director erred by applying a trim line to reduce the zone of curtailment. *Decision* at 28. The Decision has been appealed to the Idaho Supreme Court, Docket No. 42772-2015.

<sup>&</sup>lt;sup>2</sup> Exhibits in the 1000s referenced in this order are from the administrative record in CM-MP-2014-006. At the commencement of the hearing in this matter, the parties stipulated to admission of the entire record in CM-MP-2014-006. All other exhibits referenced herein were admitted at the hearing.

<sup>&</sup>lt;sup>3</sup> The term "CM Rules" refers to Idaho's *Rules for Conjunctive Management of Surface and Ground Water Resources*, IDAPA 37.03.11.

thereby prevent curtailment of junior-priority groundwater use."<sup>4</sup> Ex. 1000 at 2. The Fourth Mitigation Plan proposed the "Magic Springs Project." Ex. 1000 at 3. The Magic Springs Project is comprised of multiple components including approval of a transfer application to change the place of use of a portion of water right no. 36-7072 from the SeaPac fish hatchery at Magic Springs to the Rangen fish hatchery on Billingsley Creek. *Id.* at 3-4. The Director held a hearing for the Fourth Mitigation Plan on October 8, 2014, at the Department's State office in Boise, Idaho. The Director issued the *Order Approving IGWA's Fourth Mitigation Plan* ("Fourth Mitigation Plan Order") on October 29, 2014.<sup>5</sup>

On September 12, 2014, North Snake Ground Water District, Magic Valley Ground Water District, and Southwest Irrigation District filed with the Department, through counsel for IGWA, Application for Transfer No. 79560 ("Application"). Ex. 4000. Notice of the Application was published beginning October 2, 2014. Rangen filed a *Notice of Protest by Rangen, Inc. to Water Right Transfer Application No. 79560* ("Protest").<sup>6</sup> The Director held a hearing on December 18, 2014, at the Idaho Department of Environmental Quality office in Twin Falls, Idaho. The parties offered testimony, expert reports, and other documents into the administrative record.

On January 27, 2015, the Director issued a *Notice of Taking Official Notice of Staff Memorandum* ("Notice"). The Notice explained that, after the hearing, the Director asked Department staff to review and analyze technical information contained in expert reports submitted in this matter, expert testimony offered at the hearing, and data and information in possession of the Department. The Director also asked staff to prepare a memorandum regarding the Application. *Notice* at 1-2. In response to the request, Department staff prepared and submitted a memorandum, a copy of which was attached to the Notice.<sup>7</sup> The Director informed the parties that official notice would be taken of facts and material contained in the staff memorandum and granted the parties two weeks to contest and rebut the facts or material officially noticed. *Id.* at 2. On February 10,

<sup>&</sup>lt;sup>4</sup> To date, IGWA has submitted five mitigation plans to address mitigation obligations imposed by the Curtailment Order On May 16, 2014. the Director approved some mitigation credit for certain components of IGWA's first mitigation plan. See Amended Order Approving in Part and Rejecting in Part IGWA's Mitigation Plan; Order Lifting Stay Issued February 21, 2014; Amended Curtailment Order (CM-MP-2014-001). While the Director approved IGWA's second mitigation plan on June 20, 2014, in the Order Approving IGWA s Second Mitigation Plan; Order Lifting Stay Issued April 28, 2014; Second Amended Curtailment Order (CM-MP-2014-003), IGWA subsequently withdrew the plan. On December 18, 2014, IGWA filed IGWA's Fifth Mitigation Plan and Request for Hearing (CM-MP-2014-008). A status conference is scheduled for IGWA's third mitigation plan (CM-MP-2014-005) on March 17, 2015, at the Department's state office in Boise, Idaho.

<sup>&</sup>lt;sup>5</sup> The Fourth Mitigation Plan Order was not admitted as an exhibit at the transfer hearing. However, that order is part of the Department's administrative record and will be referenced herein.

<sup>&</sup>lt;sup>6</sup> The Protest was not admitted as an exhibit at the transfer hearing. However, the Protest is part of the Department's administrative record and will be referenced herein.

<sup>&</sup>lt;sup>7</sup> By mistake, the staff memorandum attached to the Notice did not contain Table 1 and Table 2. Counsel for the Department emailed Table 1 and Table 2 to the parties on February 9, 2015, explaining the tables were intended to be incorporated into the staff memorandum. The staff memorandum attached to this order as Attachment A contains Table 1 and Table 2.

Final Order Approving Application for Transfer, Page 2

2015, Rangen submitted Rangen, Inc.'s Expert Report in Response to Staff Memorandum ("Expert Response") and Rangen, Inc.'s Response to Staff Memorandum.

After carefully considering all of the evidence in the administrative record, the Director finds, concludes, and orders as follows:

#### FINDINGS OF FACT

1. Water right no. 36-7072 bears a priority date of September 5, 1969, and authorizes the diversion of 148.2 cfs of water from Thousand Springs for fish propagation purposes. Ex. 1001 at 21-22.<sup>8</sup> "[A]ll water diverted under water right no. 36-7072 flows from the SeaPac fish hatchery to the Snake River over a distance of less than one mile." Ex. 4002 at 5.

2. The Application proposes to change the place of use of 10 cfs of water right no. 36-7072 from the SeaPac fish hatchery at Magic Springs to the Rangen fish hatchery located in the SWNE and SENE of Section 31, T07S, R14E and the SWNW of Section 32, T07S, R14E and to reflect "Fish Propagation/Mitig" as a nature of use. Ex. 4000 at 2-5. The Application does not propose any change in the point of diversion for water right no. 36-7072.

3. IGWA proposes that, if the Application is approved, up to 10 cfs of water right no. 36-7072 "will be delivered from Magic Springs to the Rangen hatchery per engineering details submitted in the Fourth Mitigation Plan, CM-MP-2014-006." Ex. 4002 at 4. These engineering details were admitted as Exhibit 1009 in CM-MP-2014-006 and were described in detail, along with conditions of approval, in the Fourth Mitigation Plan Order. In short, "spring water discharged from the [Eastern Snake Plain Aquifer] at Magic Springs [will] be pumped via buried pipeline approximately 2.5 miles to Rangen's place of use near the head of Billingsley Creek." Ex. 4000 at 14

4. Water delivered to Rangen pursuant to the proposed transfer will be discharged into Billingsley Creek after leaving the Rangen fish hatchery. *Protest* at 2; Ex. 4002 at 5; Tr. at p. 11.

5. Expert witness reports and testimony presented at the hearing discuss potential impacts resulting from evaporation of water conveyed through Billingsley Creek pursuant to the proposed transfer, and from consumptive use by irrigators who divert from Billingsley Creek.

6. IGWA's expert reports estimate that, if 10 cfs of water from Magic Springs is conveyed to the Snake River via Billingsley Creek, approximately 0.039 cfs will be lost to evaporation prior to reaching the Snake River. Ex. 4002 at 11; Ex. 4003 at 15. Rangen's expert report criticizes the assumptions used by IGWA's expert in calculating evaporation from Billingsley Creek, but acknowledges "[t]he magnitude of additional evaporation is small and will be small, however it is calculated." Ex. 5019 at 7.

<sup>&</sup>lt;sup>8</sup> SeaPac also owns water right no. 36-8356 for fish propagation at Magic Springs which authorizes the diversion of 45 cfs from springs with a priority date of May 9, 1988. Rights 36-7072 and 36-8356 combined shail not exceed a total diversion rate of 148.2 cfs.

Final Order Approving Application for Transfer, Page 3

7. Neither IGWA nor Rangen attempted to quantify the percentage of the 10 cfs lost to consumptive use by water users once water leaves the Rangen facility. Frank Erwin, Watermaster for Water District 36A, testified regarding the complexity of water distribution in Water District 36A and explained that, given the complexity along with insufficient measuring devices and gauging stations and the possibility of diversions by downstream irrigators, it would "be a very difficult task to actually track that water." Tr. p. 21-35.

8. IGWA's expert acknowledged that "[w]ater delivered to the Rangen facility pursuant to the Application could, after leaving the Rangen facility, be consumptively used by other Billingsley Creek water users or evaporate from Billingsley Creek." Ex. 4002 at 5. IGWA's expert explained that, "[i]f this occurred at a time when minimum stream flows at the Murphy Gage are violated, it could contribute to enforcement of the Swan Falls Agreement, which may include curtailment of other water rights." Ex. 4002 at 5. However, IGWA's expert concluded that "the transfer does not present risk to the minimum flows called for in the Swan Falls agreement" because "ongoing IGWA mitigation activities substantially exceed the potential consumption of water added to Billingsley Creek from the Magic Springs transfer." Ex. 4003 at 14. IGWA's expert also concluded "it would be reasonable to include in the approval of the Application a condition that requires mitigation be provided sufficient to offset depletion of water right 36-7072 in the event of a violation of the Swan Falls minimums." *Id.* at 5.

9. IGWA's expert compiled results from ESPAM2.1 model runs performed by the Department in support of the order approving IGWA's first mitigation plan. Ex. 4003 at 13-17. Those model runs simulated aquifer enhancement activities (conversions, voluntary "dry-ups" through the Conservation Reserve Enhanced Program ("CREP"), voluntary curtailment, and recharge) performed by IGWA and Southwest Irrigation District between 2005 and 2013, with the assumption that 2013 conversions, CREP, and voluntary curtailment were continued in future years. Ex. 1020 at 8. IGWA's expert presented the total model-predicted benefit of the mitigation accruing to springs tributary to the Snake River between Kimberly and King Hill. Ex. 4003 at 17. IGWA's expert reported an average benefit of 48.6 cfs between April 2014 and March 2015 and an average benefit of 58.1 cfs between April 2018 and March 2019. *Id.* 

10. The Department also compiled results of the ESPAM2.1 model runs of IGWA and Southwest Irrigation District's aquifer enhancement activities. *See Attachment A* at 2. The Department's results are slightly different from those reported by IGWA's expert in Ex. 4003 at 17. *See Attachment A* at 2. The Department's analysis concludes the average model-predicted benefit to springs tributary to the Snake River between Kimberly and King Hill is 48.5 cfs between April 2014 and March 2015, and 67.5 cfs at steady state. *Id.* at 3. These values are projections based on continuation of 2013 aquifer enhancement activities by IGWA and Southwest Irrigation District. *Id.* 

11. On December 3, 2014, the Fifth Judicial District Court, in and for the County of Twin Falls, issued its *Memorandum Decision and Order on Petition for Judicial Review* ("Memorandum Decision") in CV-2014-2446. The court held the Department cannot recognize mitigation credit for future aquifer enhancement activities without sufficient contingency provisions to protect the senior water user in the event the assumed future aquifer enhancement activities do

Final Order Approving Application for Transfer, Page 4

not occur. *Memorandum Decision* at 6-10. Because of this decision, the memorandum prepared by staff also evaluated the aquifer enhancement activities of IGWA and Southwest Irrigation District without assuming a continuation of 2013 aquifer enhancement activities into 2014. <sup>9</sup> Specifically, the Department performed "an ESPAM2.1 simulation of 2005 through 2013 aquifer enhancement activities . . . to determine the minimum benefit provided by documented past activities" assuming no such activities occurred in 2014 and future years. *Attachment A* at 4. The simulation determined "[t]he model-predicted benefit to springs tributary to the Snake River between Kimberly and King Hill is 40.6 cfs between April 2014 and March 2015." *Id.* 

12. Neither IGWA's nor Rangen's experts attempted to quantify the portion of the model-predicted benefit from IGWA and Southwest Irrigation District's aquifer enhancement activities that would actually reach the Snake River. In contrast, the Department analyzed data and information in possession of the Department to evaluate whether at least 10 cfs of the model-predicted benefits from IGWA and Southwest Irrigation District's past aquifer enhancement activities would reach the Snake River.

13. Baseflow represented by general head boundaries in ESPAM2.1 is subsurface discharge to the Snake River and can be assumed to be unavailable to surface water users. *Attachment A* at 3. The Department's modeled simulation of documented past aquifer enhancement activities through 2013 predicts an increase in baseflow between April 2014 and March 2015 of 2.4 cfs. *Id.* at Table 2.

14. "Increases in spring discharge have the potential to be intercepted by surface water users before discharging to the Snake River. If the increase in spring discharge is diverted for a consumptive use, such as irrigation, only a portion of the increase in discharge will reach the Snake River." *Attachment A* at 3. Many of the fifty spring reaches represented in ESPAM2.1 include springs diverted for irrigation use. *Id.* Some spring cells without irrigation use are predicted by ESPAM2.1 to benefit significantly from IGWA and Southwest Irrigation District's past aquifer enhancement activities. For example, "[t]he Box Canyon reach consists of two model cells without spring diversions for irrigation use." *Id.* "The Devil's Washbowl and Devil's Corral spring cells also do not contain springs diverted for irrigation use." *Id.* 

15. "The average model-predicted benefit [of documented past aquifer enhancement activities] to the Box Canyon reach, the Devil's Washbowl and Devil's Corral spring cells, and the baseflow represented by general head boundaries is 11.1 cfs between April 2014 and March 2015." *Attachment A* at 4.<sup>10</sup> "Additional water is also expected to accrue to the Snake River from increases in spring discharge at spring cells with irrigation use, but cannot be quantified without a detailed analysis of irrigation demand and water availability at each spring source." *Id.* at 3. The portion of the average model-predicted benefit of documented past aquifer enhancement activities that can be

<sup>&</sup>lt;sup>5</sup> Documentation of 2014 IGWA and Southwest Irrigation District aquifer enhancement activities is not available as of the date of this order. *Attachment A* at 4.

<sup>&</sup>lt;sup>10</sup> The Department also performed a steady-state analysis assuming the continuation of 2013 aquifer enhancement activities. This results in a model-predicted increase of 18.3 cfs at steady state. Attachment A at 3. Final Order Approving Application for Transfer, Page 5

expected to reach the Snake River between April 2014 and March 2015 is between 11.1 cfs and 40.6 cfs. *Id.* at 4.

16. Even without including estimated benefits from 2014 and future activities, the benefits of IGWA and Southwest Irrigation District's past aquifer enhancement activities to the Snake River between Kimberly and King Hill are predicted to exceed the potential impact of the proposed transfer on flow in the Snake River between April 2014 and March 2015. *Id.* at 4-5.

#### CONCLUSIONS OF LAW

1. Idaho Code § 42-222 sets forth the criteria used to evaluate transfer applications:

The director of the department of water resources shall examine all the evidence and available information and shall approve the change in whole, or in part, or upon conditions, provided no other water rights are injured thereby, the change does not constitute an enlargement in use of the original right, the change is consistent with the conservation of water resources within the state of Idaho and is in the local public interest as defined in section 42-202B, Idaho Code, the change will not adversely affect the local economy of the watershed or local area within which the source of water for the proposed use originates, in the case where the place of use is outside of the watershed or local area where the source of water originates, and the new use is a beneficial use, which in the case of a municipal provider shall be satisfied if the water right is necessary to serve reasonably anticipated future needs as provided in this chapter.

2. The applicant bears the burden of proof for all of the factors listed in Section 42-222.

#### Injury to Other Water Rights

3. Rangen argues that "[o]ther water rights will be injured by the transfer." *Protest* at 2. Rangen's expert asserts that, "[i]f a decrease in Snake River flow results in a violation of the 3900 or 5600 cfs minimum flow at Murphy as outlined in the Swan Falls Trust Water agreement, then other irrigation water right holders in the Magic Springs/Murphy gauge reach could be negatively impacted." Ex. 5015 at 4.

4. While the only evidence regarding injury is speculative suggesting a potential for injury to water users that may be curtailed in the event of a violation of the Swan Falls minimums, as noted above, IGWA's expert concluded "it would be reasonable to include in the approval of the Application a condition that requires mitigation be provided sufficient to offset depletion of water right 36-7072 in the event of a violation of the Swan Falls minimums." Ex. 4003 at 5.

5. The Department's analysis demonstrates that benefits of IGWA and Southwest Irrigation District's past aquifer enhancement activities to the Snake River between Kimberly and King Hill are predicted to exceed 10 cfs between April 2014 and March 2015. Attachment A at 4-5.<sup>11</sup>

6. As a condition of approval, IGWA and Southwest Irrigation District will be required to continue into the future aquifer enhancement activities sufficient to offset 10 cfs of depletion of flow in the Snake River between Kimberly and King Hill. Prior to each irrigation season, IGWA must submit documentation of aquifer enhancement activities from the previous year to establish that sufficient mitigation will be provided in the upcoming season.

#### Enlargement in Use of the Original Right

7. Rangen argues the proposed transfer "constitutes" an enlargement in use of the original right, in violation of the criteria of Idaho Code § 42-222. *Protest* at 2. Rangen's expert asserts the proposed transfer results in an enlargement of water right no. 36-7072 because the application included mitigation in addition to fish propagation as a nature of use. Ex. 5015 at 5. Rangen's expert also notes that water right no. 36-7072 authorizes the non-consumptive use of fish propagation and asserts that, because downstream irrigators will divert any additional flow added to Billingsley Creek from Magic Springs, the transfer "will result in expansion of historical consumptive use from water right no. 36-7072." Ex. 5015 at 5. IGWA's expert asserts the proposed transfer will not result in an enlargement because "[e]nlargement is determined by the use made by the appropriator and not what becomes of discharged water after beneficial use is complete." Ex. 4003 at 5.

8. The Director concludes IGWA has sufficiently demonstrated that approval of the proposed transfer will not result in enlargement of water right no. 36-7072. Water right no. 36-7072 authorizes the diversion of water for fish propagation purposes. Ex. 1001 at 21-22. The application proposes to change the nature of use of water right no. 36-7072 to "Fish Propagation/Mitig." Ex. 4000 at 3. Because the reason for the proposed transfer is to mitigate material injury to Rangen, the nature of use will be described in the transfer documents as "Mitigation." This proposed change in nature of use does not alter that water right no. 36-7072 will be used for non-consumptive fish propagation purposes, but only reflects that water delivered to Rangen pursuant to the transfer will help satisfy mitigation obligations imposed by the Curtailment Order. The proposal to change the nature of use of water right no. 36-7072 from "Fish Propagation" to "Mitigation" does not constitute an "enlargement in use of the original right" as prohibited by Idaho Code § 42-222. Rangen's argument regarding expansion of historical consumptive use is mooted by the condition of approval requiring IGWA and Southwest Irrigation

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<sup>&</sup>lt;sup>11</sup> Rangen argues that, as part of this transfer proceeding, IGWA must mitigate for all the impacts of ground water pumping junior to July 13, 1962, on flow in the Snake River. *See Expert Response* at 6-8. The impact at issue in this transfer proceeding is the impact on flow in the Snake River resulting from the transfer of 10 cfs of water from Magic Springs to Rangen. not the impacts of all ground water pumping junior to July 13, 1962, on flow in the Snake River. Rangen also appears to assert the proposed transfer will have some negative impact on non-consumptive water rights at Box Canyon and Devil's Corral. *See id.* at 9. But the proposed transfer will have no depletive impact on flow available for those water rights. Instead, the Box Canyon reach and Devil's Corral spring cell benefit significantly from the aquifer enhancement activities of IGWA and Southwest Irrigation District.

District to provide ongoing mitigation through aquifer enhancement activities sufficient to offset 10 cfs of depletion of flow in the Snake River between Kimberly and King Hill.<sup>12</sup>

#### **Conservation of Water Resources**

9. Rangen asserts "[t]he transfer is not consistent with the conservation of water resources within the state, in violation of the criteria of I.C. § 42-222." *Protest* at 2. Rangen provided no evidence to support this blanket assertion.

10. IGWA's expert report and testimony assert the proposed transfer is consistent with the conservation of water resources within Idaho because water right no. 36-7072 is currently used for the beneficial use of fish propagation in the state and will continue to be used for fish propagation within Idaho and not wasted if the transfer is approved. Ex. 4002 at 6; Tr. p. 79-80. The Director agrees. The proposed transfer is consistent with the conservation of water resources within the state of Idaho.

#### Local Public Interest

11. Local public interest is defined as "the interests that the people in the area directly affected by a proposed water use have in the effects of such use on the public water resource." Idaho Code § 42-202B(3).

12. Rangen asserts "[t]he transfer is not in the local public interest as defined in section 42-202B, Idaho Code, in violation of the criteria of I.C. § 42-222." *Protest* at 2. Rangen also asserts "[t]he transfer will be detrimental to fish and wildlife, fish rearing and spawning habitat, fish passage, waterfowl habitat, and aesthetic beauty and therefore is not in the best interest of the general public of the state of Idaho." *Protest* at 2. Rangen offered no evidence to support these assertions.

13. IGWA's expert argued the proposed transfer is in the local public interest because "Rangen will benefit from a significant increase in water available for fish production . . . and . . . . [a]dditional flow in Billingsley Creek is expected to improve conditions for fish and wildlife." Ex. 4002 at 6. IGWA's expert also argued the proposed transfer is in the local public interest because "[improved] economic conditions at Rangen and increased flows in Billingsley Creek will benefit the people in the Hagerman area." *Id.* IGWA's expert testified that "the mitigation aspect of this to

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<sup>&</sup>lt;sup>12</sup> Rangen's expert also argues "[t]he proposed use of water right 37-7072 in the manner proposed in Transfer 79560 will result in additional consumptive use under this water right and is therefore in violation of the [Eastern Snake River Plain] moratorium." Ex. 5019 at 6. 29. However, the referenced moratorium clearly states that it does not apply to the transfer of existing water rights. Ex. 5007 at 5. Even if the moratorium did apply to the Application, the moratorium provides that the Director may approve relevant applications proposing consumptive use of water if "[t]he Director determines that the development and use of the water pursuant to an application will have no effect on prior surface and ground water rights because of . . . mitigation provided by the applicant to offset injury to other rights." *Id.* at 4-5. Because as a condition of approval IGWA and Southwest Irrigation District must provide ongoing mitigation sufficient to offset 10 cfs of depletion of Snake River flow between Kimberly and King Hill, the referenced moratorium would not be violated.

allow the groundwater pumpers to continue their beneficial uses of water is very much in the local public interest to keep the economy of the area more intact." Tr. p. 80.

14. The proposed transfer will help provide mitigation water to Rangen as required by the Curtailment Order and will contribute additional flow to Billingsley Creek. IGWA and Southwest Irrigation District will be required to provide mitigation sufficient to offset depletion of Snake River flows due to the Application. There is no evidence in the record to support Rangen's contention that the proposed transfer will be detrimental to fish and wildlife, fish rearing and spawning habitat, fish passage, waterfowl habitat, and aesthetic beauty. There is no evidence establishing that people in the area directly affected by the proposed transfer will suffer any negative impacts. The proposed transfer is in the local public interest.

#### Local Economy

15. Rangen does not argue that the proposed transfer "will adversely affect the local economy" in violation of Idaho Code § 42-222 or assert that fish propagation and mitigation are not beneficial uses.

16. IGWA's expert argues the proposed transfer will not adversely affect the local economy because instead "[t]he transfer will have significant benefits to the local economy. Additional water provided to Rangen allows the facility to improve its economic output. In addition, the proposed transfer provides mitigation needed to prevent the curtailment of ground water rights." Ex. 4002 at 7. The Director agrees. The proposed transfer will not adversely affect the local economy and fish propagation and mitigation are established beneficial uses of water in Idaho in accordance with the criteria set forth in Idaho Code § 42-222.

#### Summary

17. IGWA satisfied its burden of proof for the review of criteria set forth in Idaho Code § 42-222. The proposed transfer will not result in injury to other water rights or an enlargement in use of the original right, is consistent with the conservation of water resources within the state of Idaho, is in the local public interest as defined in Idaho Code § 42-202B, and will not adversely affect the local economy.

#### ORDER

IT IS HEREBY ORDERED that Application for Transfer No. 79560 in the name of North Snake Ground Water District, Magic Valley Ground Water District, and Southwest Irrigation District is APPROVED.

IT IS FURTHER ORDRED that, as a condition of approval, IGWA and Southwest Irrigation District will continue into the future, aquifer enhancement activities sufficient to offset 10 cfs of depletion of flow in the Snake River between Kimberly and King Hill. Prior to the start of each irrigation season, IGWA must provide documentation of aquifer enhancement activities from the previous year to establish that sufficient mitigation will be provided in the upcoming season. If sufficient mitigation is not provided, the transfer will be void.

Dated this  $19^{4}$  day of February 2015.

Sary Spackman

Gary Spackman Director

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#### **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this  $\cancel{494}$  day of February 2015, true and correct copies of the document described below was served on the parties by placing a copy of the same with the United States Postal Service, postage prepaid and properly addressed to the following:

Document Served: Final Order Approving Application for Transfer and Explanatory Information to Accompany a Final Order

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Deborah Gibson Admin. Assistant for the Director

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#### ATTACHMENT A

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#### State of Idaho Department of Water Resources 322 E Front Street, P.O. Box 83720, Boise, Idaho 83720-0098 Phone: (208) 287-4800 Fax: (208) 287-6700

Date:	January 27, 2015
To:	Gary Spackman, P.E., Director
From:	Jennifer Sukow, P.E., P.G., Hydrology Section
Subject:	Technical review of expert witness reports and testimony in the matter of
	application for transfer no. 79560 (proposed Magic Springs to Rangen pipeline)

This memorandum was prepared in response to your request for a technical review of expert witness reports and testimony from Sophia Sigstedt and Charles E. Brockway in the matter of application for transfer no. 79560 in the name of North Snake Groundwater District, Magic Valley Groundwater District, and Southwest Irrigation District. Ms. Sigstedt testified on behalf of the applicants. Dr. Brockway testified on behalf of protestant, Rangen, line. My review focused specifically on potential impacts to flow in the Snake River resulting from changing the place of use for fish propagation from the Magic Springs Hatchery discharges directly into the Snake River, while the Rangen Hatchery discharges directly into the Snake River, while the Rangen Hatchery discharges potential impacts resulting from evaporation of water conveyed through Billingsley Creek, and from consumptive use by irrigators who divert from Billingsley Creek.

Ms. Sigstedt estimated if 10 cfs of water from Magic Springs is conveyed to the Snake River via Billingsley Creek, approximately 0.039 cfs would be lost to evaporation prior to reaching the Snake River. Ms. Sigstedt also compiled results from ESPAM2.1 model runs performed by the Idaho Department of Water Resources (IDWR) in support of the order approving the groundwater user's first mitigation plan. The model runs simulated aquifer enhancement activities (conversions, CREP, voluntary curtailment, and recharge) performed by the Idaho Groundwater Water Appropriators, Inc. (IGWA) and Southwest Irrigation District (SWID) between 2005 and 2013, with the assumption that 2013 conversions, CREP, and voluntary curtailment were continued in future years. Sigstedt presented the total model-predicted benefit of the mitigation accruing to springs tributary to the Snake River between Kimberly and King Hill. Ms. Sigstedt reported an average benefit of 48.6 cfs between April 2014 and March 2015, and an average benefit of 58.1 cfs between April 2018 and March 2019, and noted that these values greatly exceed her estimate of evaporation in Billingsley Creek.

Dr. Brockway criticizes the assumptions used by Ms. Sigstedt in calculating evaporation from Billingsley Creek, but acknowledges the magnitude of additional evaporation in Billingsley Creek will be small however it is calculated. Dr. Brockway argues that if an additional 10 cfs is discharged from the Rangen Hatchery into Billingsley Creek, the water will be diverted by downstream users in Water District 36A for both consumptive and non-consumptive uses, further reducing the portion of the 10 cfs which will reach the Snake River.

It does not appear that either expert witness attempted to quantify the percentage of the 10 cfs that would be lost to consumptive use by downstream water users. Because of the complexity of water distribution in Water District 36A, it is difficult to determine what percentage of the 10 cfs will reach the Snake River during the irrigation season if diversion and consumptive use by downstream water users are not prevented. Some water will discharge to the Snake River as either surface or subsurface flow, and the impact to the Snake River will be less than 10 cfs. A very conservative approach would be to assume a maximum impact of 10 cfs. A less conservative approach would be to assume a reasonable value for efficiency of the delivery and urrigation systems to estimate an impact

I compiled the results of the ESPAM21 model runs of the IGWA and SWID aquifer enhancement activities in Table 1. My results are similar, but slightly different from Ms. Sigstedt's Table 3 from her December 12, 2014 report. The differences appear to be in her compilation of the results for general head boundaries and Class C springs. Ms. Sigstedt's Table 3 reports a constant value of 3.49 cfs for the general head boundaries for all five years. This value should vary with time. My analysis indicates this value varies from 2.91 cfs in Year 1 to 3.43 cfs in Year 5. It appears Ms. Sigstedt calculated the model-predicted average value for the time period between April 2019 and March 2020 and applied this value to the previous five years in her Table 3. I was not able to determine how Ms. Sigstedt arrived at the values reported in Table 3 for the benefit to Class C springs. Given that the values are higher in Year 3 than in Years 4 and 5, it appears she may have used model results from the 2005-2013 timeframe rather than results from the 2014-2019 timeframe, possibly in combination with summing an incorrect group of spring cells. Dr. Brockway criticized Ms. Sigstedt for including the impacts of SWID aquifer enhancement activities in her analysis. Because SWID is one of the transfer applicants, the inclusion of their mitigation activities seems appropriate. My analysis includes the SWID mitigation activities and indicates the average model-predicted benefit to springs tributary to the Snake River between Kimberly and King Hill is 48.5 cfs between April 2014 and March 2015, and 67.5 cfs at steady state (Table 1). These values are projections based on continuation of 2013 aquifer enhancement activities by IGWA and SWID, and are expected to change after each annual post-audit of IGWA and SWID mitigation activities.

Baseflow represented by general head boundaries is subsurface discharge to the Snake River and can be assumed to be unavailable to surface water users. Baseflow comprises only 2.9 cfs of the model-predicted increase in discharge between April 2014 and March 2015, and only 3.9 cfs at steady state (Table 1). Increases in spring discharge have the potential to be intercepted by surface water users before discharging to the Snake River. If the increase in spring discharge is diverted for a consumptive use, such as irrigation, only a portion of the increase in discharge will reach the Snake River. Based on IDWR water right shapefiles, many of the 50 spring reaches represented in ESPAM2.1 include springs diverted for irrigation use (Figure 1), but there are several spring cells that do not contain springs diverted for irrigation use.

A lew of the spring cells without irrigation use are predicted by ESPAM2.1 to benefit significantly from the IGWA and SWID aquifer enhancement activities. The Eox Canyon reach consists of two model cells without spring diversions for irrigation use. The Devil's Washbowl and Devil's Corral spring cells also do not contain springs diverted for irrigation use. The sum of model-predicted benefits to the Box Canyon reach, the Devil's Washbowl and Devil's Corral spring cells, and the baseflow represented by general head boundaries is 13.5 between April 2014 and March 2015, and 18.3 cfs at steady state (Table 1), and exceeds the maximum potential impact of 10 cfs resulting from the proposed transfer. Additional water is also expected to accrue to the Snake River from increases in discharge at spring cells with irrigation use, but cannot be quantified without a detailed analysis of irrigation demand and water availability at each spring source. If continued at locations and volumes similar to 2013 activities, the benefits of the IGWA and SWID aquifer enhancement activities to the Snake River between Kimberly and King Hill are predicted to exceed the potential impact of the proposed transfer on flow in the Snake River.

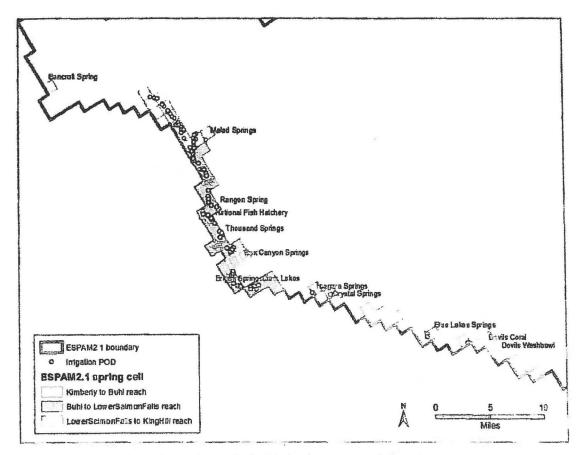


Figure 1. ESPAM2.1 spring cells and irrigation points of diversion.

Because documentation of 2014 IGWA and SWID aquifer enhancement activities was not available as of the date of this memorandum, an ESPAM2.1 simulation of 2005 through 2013 aquifer enhancement activities was performed to determine the minimum benefit provided by documented past activities. The model simulation assumes no aquifer enhancement activities occurred in 2014 and future years<sup>1</sup>. The average model-predicted benefit to springs tributary to the Snake River between Kimberly and King Hill is 40.6 cfs between April 2014 and March 2015 (Table 2). The average modelpredicted benefit to the Box Canyon reach, the Devil's Washbowl and Devil's Corral spring cells, and the baseflow represented by general head boundaries is 11.1 cfs between April 2014 and March 2015 (Table 2). Even without including estimated benefits from 2014 activities that have not yet been fully documented, the benefits of past IGWA and

<sup>&</sup>lt;sup>1</sup> Model files for the simulation of 2005-2013 aquifer enhancement activities with no future activities are contained on the CD accompanying this memorandum.

SWID aquifer enhancement activities to the Snake River between Kimberly and King Hill are predicted to exceed the potential impact of the proposed transfer on flow in the Snake River in the short term. Because the benefits of past aquifer enhancement activities decrease with time, long term mitigation of the potential impact of the proposed transfer will be dependent on future aquifer enhancement activities.

1

ESPAM2.1 reach	Year 1 (4/2014- 3/2015)	Year 2 (4/2015- 3/2016)	Year 3 (4/2016- 3/2017)	Year 4 (4/2017- 3/2018)	Year 5 (4/2018- 3/2019)	Steady state
ASH_REX	0.1	0.1	0.2	0.2	0.3	1.3
IEISE_SHEL	1.0	1.2	1.5	1.7	19	3.9
HELNRBLKF	4.8	5.6	5.4	7.1	7.6	11.7
IRBLKFMIN	16.6	19.6	22.1	24.3	26.1	39.3
				1.0		
0070030	0.0	0.0	0.0	0.0	0.0	0.1
0059029	0.0	0.0	0.0	0.0	0.0	0.1
068029	0.0	0.0	0.0	0,0	0.0	0.
DEVILW	1.3	1.4	1.4	1.5	1.5	1.
DEVILC	1.7	1.8	1.8	1.9 0.1	1.9	2.
D065027 D064026	0.1	0.1	0.1 0.1	0.1	0.1	<u>0</u> , 0.
SLUELK	3.7	4.0	4.1	4.3	4,4	4.
0062023	0.0	0.0	0.0	0.0	0.0	0.
0061023	0.0	0.0	0.0	0.0	0.0	0.
0059022	0.0	0.0	0.0	0.0	0.0	0.
0059021	0.0	0.0	0.0	0.0	0.0	Q.
ELISON	0.0	0.0	0.0	0.0	0.0	0.
0058020	0.0	0.0	0.0	0.0	0.0	C.
D057020	0.0	0.0	0.0	0.0	0.0	0.
CRYSTAL	5.2	\$.7	6.0	5.2	6.4	7.
VIAGARA	3.6	3.8	4.0	4.2	4.3	5
0051014	0.0	0.0	0.0	0.0	0.0	0.
0050014	0.0	0.0	0.0	0.0	0.0	0.
CLEARLK	4.6	5.0	5.2	5,4	5.6	6.
BRIGG5	0.1	0.1	0.1	0.1	0.2	0
BANBURY	0.4	0.4	0.4	0.4	0.4	0
D047011	0.0	0.0	0.0	0.0	0.0 9.3	0.
BOX 5AND	2.0	2.2	2.3	2.4	2.5	2
D045011	0.0	0.0	0.0	0.0	0.0	0
D045012	0.0	0.0	0.0	0.0	0.0	e
THOUSAND	5.4	5.8	6.1	6.3	6.5	7
NTLFSHH	1.2	1.3	1.4		1.5	and a second sec
TUCKER	0.1	0.1	0.1	0.1	0.1	0
RANGEN	1.9	2.1	2.2	2.3	2.3	2
THREESP	1.4	1.5	1.6	1.6	1.7	2
D040013	0.0	0.0	0.0	0.0	0.0	0
D040014	0.1	0.1	0,1	0.1	0.1	and the second s
8IGSP	0.7	0.8	0.9			aprilate the state of the state
D038014	0.1	0.1	0.1	0.1	0.1	
D037014	0.0	0.0	0.0	the second se		and the second s
BIRCH	0.0	0.0	0.0			
D036014	0.0	0.0	0.0			the second secon
MALAD	3.9	4.2	4.5		4.8	the second s
D035014 D034014	0.0		f			
D034014 D033013	0.0		0.0			
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D031014	0.0		0.0	0.0	0.0	
D03D013	0.0	0.0	0.0	0.0	0.0	0
BANCROFT	C.0	0.0	0.0	0.0	0.1	9
Kimberly to Buhl springs	1.5.8					
Buhl to Lower Salmon Falls springs	25.6	and the second day in some of the state of the second day in the second day in the second day in the second day	Statement and a statement of the stateme	and the second s		the part of the second state of the second
Lower Salmon Falls to King Hill springs	4.2	Same			- Arrest	The same and the same and the same of the
Kimberly to Buhl baseflow	1.9	and the second s				
Buhl to Lower Salmon Falls baseflow	0.7					
Lower Salmon Falls to King Hill baseflow	0.3	0.3	0.1	3 0.4	4] <u>G</u> .	4
Total baseflow	2.9	3.1	. 3.	2 3.1	3.	4
Total Kimberly to King Hill	48.5					
Sum of Box Canyon, Devil's Washbowl,	1	1	1	1	1	1
Devil's Corral, and baseflow	13.5	14.4	15.	1 15.	7 16.	2 1

Table 1. Predicted impact of 2005-2013 aquifer enhancement activities, with 2013 activities assumed to continue into future years

Table 2. Predicted impact of 2005-2013 aguifer enhancement activities, with no future activities
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ESPAM2.1 reach	Year 1 (4/2014- 3/2015)	Year 2 (4/2015- 3/2016)	Year 3 (4/2016- 3/2017)	Year 4 (4/2017- 3/2018)	Year 5 (4/2018- 3/2019)
ASH_REX	0.1	0.1	0.2	0.2	0.2
HEISE_SHEL	1.0	1.2	1.3	1.3	1.2
SHELNRBLKF	4.7	5.1	4.9	4.5	4.0
NRBLKFMIN	16.3	17.3	16.6	15.1	13.3
D070030	0.0	0.0	0.0	0.0	0.0
0069029	0.0	0.0	0.0	0.0	0.0
0068029	0.0	0.0	0.0	0.0	0.0
DEVILW	1.0	0.7	0.5	0.4	0.3
DEVILC	1.4	1.0	0.7	0.5	0.4
0065027	0.1	0.1	0.1	0.0	0.0
0064026	0.1	0.1	0.0	0.0	0.0
BLUELK	3.2	2.3	1.8	1.3	1.0
0062023	0.0	0.0	0.0	0.0	0.0
0061023	0.0	0.0	0.0	0.0	0.0
D059022	0.0	0.0	0.0	0.0	0.0
ELISON	0.0	0.0	0.0	0.0	0.0
0058020	0.0	0.0	0.0	0.0	0.0
0057020	0.0	0.0	0.0	0.0	0.0
CRYSTAL	4.5	3.5	2.8	2.2	1.7
VIAGARA	3.0	2.4	1.9	1,5	1.2
0051014	0.0	0.0	0.0	0.0	0.0
0050014	0.0	0.0	0.0	0.0	0.0
CLEARLK	3.8	3.1	2.4	1.9	1.9
BRIGGS	0.1	0.1	0.1	0.1	0.0
BANBURY	0.3	0.2	0.2	0.1	0.1
0047011	0.0	0.0	0.0	0.0	0.0
BOX	6.3	5.0	4.0	3.1	2.5
SAND	1.7	1.3	1.1	0.8	0.7
D045011	0.0	0.0	0.0	0.0	0.0
D045012 THOU5AND	4.4	3.5	2.8	2.2	1.7
NTLFSHH	1.0	0.8	0.6	0.51	0.4
TUCKER	0.1	0.1	0.1	0.0	0.0
RANGEN	1.6	1.2	1.0	0.8	0.8
THREESP	1.1	0.9	0.7	D.6	0.4
D040013	0.0	0.0	0.0	0.0	0.0
D040014	0.1	0.1	0.0	0.0	G.(
BIGSP	0.6	0.5	0.4	0.3	0.2
D038014	0.1	0.1	0.1	0.0	Q.(
D037014	C.0	0.0	0.0	0.0	0.0
BIRCH	0.0	0.0	0.0	0.0	<u> </u>
0036014	0.0	0.0	0.0	0.0	0.1
MALAD	0.0	2.6	2.1	0.0	1.
D035014 D034014	0.0	0.0	and the state of t	0.0	0.0
D033013	0.0	0.1		0.0	0.0
0033014	0.0	0.0	The second	0.0	0.
0032013	0.0	0.0		Ó.Ŭ	. 0.
0032014	0.0	0.0		0.0	. 0.
D031013	0.0	D.Q		0.0	0.
D031014	0.0	C.0	0.0	0.0	٥.
D030013	0.0	and the second se	the second data with the second data in the second data with the second	D.0	0.
BANCROFT	0.0	0.0	0.0	0.0	Q.
Kimberly to Buhl springs	13.3	10.3	7.9	6.1	4.
Buhl to Lower Salmon Falls springs	21.4			10.7	٤.
Lower Salmon Falls to King Hili springs	3.5	2.9	2.3	1.8	1.
Kimberly to Buhl baseflow	1.6			the second s	
Buhl to Lower Salmon Falls baseflow	0.6	Statement of the local design of the local data and the	for the second s	0.5	D.
Lower Salmon Fails to King Hill baseflow	0.3	0.2	0.2	6.1	0.
Total baseflow	2.4	1.8	1.4	1.1	0.
Total Kimberly to King Hill	40.6	32.1			
Sum of Box Canyon, Devil's Washbowl,	1			1	1
Devil's Corral, and baseflow	11.1	8.6	6.6	5.1	4

#### EXPLANATORY INFORMATION TO ACCOMPANY A FINAL ORDER

(Required by Rule of Procedure 740.02)

The accompanying order is a "Final Order" issued by the department pursuant to section 67-5246 or 67-5247, Idaho Code.

Section 67-5246 provides as follows:

(1) If the presiding officer is the agency head, the presiding officer shall issue a final order.

(2) If the presiding officer issued a recommended order, the agency head shall issue a final order following review of that recommended order.

(3) If the presiding officer issued a preliminary order, that order becomes a final order unless it is reviewed as required in section 67-5245, Idaho Code. If the preliminary order is reviewed, the agency head shall issue a final order.

(4) Unless otherwise provided by statute or rule, any party may file a petition for reconsideration of any order issued by the agency head within fourteen (14) days of the service date of that order. The agency head shall issue a written order disposing of the petition. The petition is deemed denied if the agency head does not dispose of it within twenty-one (21) days after the filing of the petition.

(5) Unless a different date is stated in a final order, the order is effective fourteen (14) days after its service date if a party has not filed a petition for reconsideration. If a party has filed a petition for reconsideration with the agency head, the final order becomes effective when:

- (a) The petition for reconsideration is disposed of; or
- (b) The petition is deemed denied because the agency head did not dispose of the petition within twenty-one (21) days.

(6) A party may not be required to comply with a final order unless the party has been served with or has actual knowledge of the order. If the order is mailed to the last known address of a party, the service is deemed to be sufficient.

(7) A non-party shall not be required to comply with a final order unless the agency has made the order available for public inspection or the nonparty has actual knowledge of the order.

(8) The provisions of this section do not preclude an agency from taking immediate

Page 1 Revised July 1, 2010 action to protect the public interest in accordance with the provisions of section 67-5247, Idaho Code.

#### PETITION FOR RECONSIDERATION

Any party may file a petition for reconsideration of a final order within fourteen (14) days of the service date of this order as shown on the certificate of service. Note: the petition **must be <u>received</u> by the Department within this fourteen (14) day period.** The department will act on a petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See section 67-5246(4) Idaho Code.

#### APPEAL OF FINAL ORDER TO DISTRICT COURT

Pursuant to sections 67-5270 and 67-5272, Idaho Code, any party aggrieved by a final order or orders previously issued in a matter before the department may appeal the final order and all previously issued orders in the matter to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides, or
- iv. The real property or personal property that was the subject of the agency action is located.

The appeal must be filed within twenty-eight (28) days: a) of the service date of the final order, b) the service date of an order denying petition for reconsideration, or c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. See section 67-5273, Idaho Code. The filing of an appeal to district court does not in itself stay the effectiveness or enforcement of the order under appeal.

Page 2 Revised July 1, 2010

## **ATTACHMENT A-12**

#### Subject:

FW: Measurements for Magic Springs Pipeline

From: Baxter, Garrick
Sent: Tuesday, March 17, 2015 9:28 PM
To: Robyn Brody
Cc: Tessa Sparrow; Justin May; Randy Budge; <u>fxh@haemlaw.com</u>; Blades, Emmi; TJ Budge
Subject: RE: Measurements for Magic Springs Pipeline

Robyn,

Tim Luke provided me the following chart with updated measurement information:

Date	Time	Instantaneous Flow Rate (gpm)	Instantaneous Flow Rate (cfs)	Totalized Volume (gallons)	Entity Reporting Measurement	Comments
2/6/2015	16:58	3511.3	7.82	12,545,173	SPF/IGWA	Start of flow being delivered to
2/9/2015	11:25	3515	7.83	26,464,663	WD130/IDWR	WD130/IDWR calibration mea
2/19/2015	14:00	3518.8	7.84	77,581,028	SPF/IGWA	
2/27/2015	13:05	3530	7.86	117,103,182	WD130/IDWR	
3/4/2015	10:20	3507.5	7.81	141,807,034	SPF/IGWA	
3/11/2015	/2015 11:43 3507.2 7.81 177		177,275,120	SPF/IGWA	SPF meas 7.78 cfs on 16" pipe discharge at Bridge diversion	

Tim also provided the following email regarding flow measurements:

From: Peter Cooper [mailto:PCooper@spfwater.com] Sent: Thursday, March 12, 2015 12:38 PM To: Luke, Tim Cc: Yenter, Cindy; <u>charles.e.brockway@brockwayeng.com</u>; Bob Hardgrove Subject: Rangen Flow Measurement

Tim-

Bob and I were down at Magic Springs yesterday. At our IDWR meeting last week, Chuck requested that we measure lengths of the 16" pipe that discharges to Rangen's bridge diversion box. We took some measurements yesterday and I've attached a pdf showing what we found out. Like we discussed at the meeting, this portion was field fit and so it is difficult to tell the exact length of the pipe coming up at a 45 degree angle because most of it is underground, but it is roughly 5' in length, with approximately 2' sticking out of the ground. I was focused on the angled pipe in the field, and did not think about getting a length on the horizontal pipe until this morning. Looking at our survey data, the horizontal portion is approximately 12' long from the elbow to the beginning of the discharge opening.

While we were there, we took a flow measurement on the 16" pipe with our GE Panametrics ultrasonic flow meter. We found that we were able to take a decent measurement on the horizontal pipe. We stayed on the upstream portion of the straight pipe (approx. 2.5' downstream of the elbow) to help ensure the pipe was full and did not try measuring further downstream. Here is a screenshot of the flow meter screen showing a flow rate of 3,492 gpm. The flow rate at the Magic Springs flow meter was 3,515 gpm an hour or so before taking the

reading at Rangen. As Chuck stated in our call, the piping configuration is not ideal for obtaining a 100% accurate measurement, i.e. the upstream bend, pipe potentially not 100% full, etc. Even with these potential inaccuracies, this should help validate the water that is being pumped from Magic Springs is making it to Rangen. Note to Cindy: They promise to get the flow meter parameters changed this Friday.



Please let me know if you have any further questions.

#### Thanks-

#### Peter Cooper, P.E. | Project Engineer

SPF Water Engineering, LLC 300 E Mallard Drive, Suite 350 | Boise, ID 83706 p. 208 383,4140 | f. 208 383 4156 | c. 208 921 7799 e. pcooper@spfwater.com | w. www.spfwater.com

Let me know if you have questions. Thanks, Garrick

From: Baxter, Garrick Sent: Wednesday, March 04, 2015 9:00 AM

#### **To:** 'TJ Budge'; Robyn Brody **Cc:** Tessa Sparrow; Justin May; Randy Budge; <u>fxh@haemlaw.com</u> **Subject:** RE: Measurements for Magic Springs Pipeline

Robyn,

I forwarded your request to Cindy. Here is what she said:

I have checked the flow twice. Both times it was 7.8 cfs.

Is this sufficient or would you like me to ask Cindy if there is written documentation related to her visit? Garrick

From: TJ Budge [mailto:tjb@racinelaw.net]
Sent: Tuesday, March 03, 2015 5:10 PM
To: Robyn Brody
Cc: Baxter, Garrick; Tessa Sparrow; Justin May; Randy Budge; fxh@haemlaw.com
Subject: Re: Measurements for Magic Springs Pipeline

Robyn,

It's set at 7.81 cfs per Judge Wildman order granting stay. Garrick can confirm.

TJ

On Mar 3, 2015 4:41 PM, Robyn Brody <<u>robynbrody@hotmail.com</u>> wrote: Dear Garrick,

Can you please provide us with the water measurements for the water going in to the Magic Springs pipeline as soon as possible?

Thank you.

Robyn

Robyn M. Brody Brody Law Office, PLLC PO Box 554 614 Fremont Rupert, ID 83350 Telephone: (208) 434-2778 Facsimile: (208) 434-2780

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# **APPENDIX D**

in f County	District Court - SRBA Fifth Judicial District Re: Administrative Appear of Twin Falle - State of	is Idaho
	DEC - 3 2014	
Ву		Clerk

#### IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

)

#### RANGEN, INC.

Petitioner,

vs.

THE IDAHO DEPARTMENT OF WATER RESOURCES and GARY SPACKMAN in his capacity as Director of the Idaho Department of Water Resources,

Respondents,

and

IDAHO GROUND WATER APPROPRIATORS, INC., A&B IRRIGATION DISTRICT, BURLEY IRRIGATION DISTRICT, MILNER IRRIGATION DISTRICT, AMERICAN FALLS RESERVOIR DISTRICT #2, MINIDOKA IRRIGATION DISTRICT, NORTH SIDE CANAL COMPANY and TWIN FALLS CANAL COMPANY

Intervenors.

Case No. CV 2014-2446

MEMORANDUM DECISION AND ORDER ON PETITION FOR JUDICIAL REVIEW

MEMORANDUM DECISION AND ORDER ON PETITION FOR JUDICIAL REVIEW S:\ORDERS\Administrative Appeals\Twin Falls County 2014-2446\Memorandum Decision and Order.docx STATEMENT OF THE CASE

I.

#### A. Nature of the Case.

This case originated when Rangen, Inc. ("Rangen") filed a *Petition* in the abovecaptioned matter seeking judicial review of a final order of the Director of the Idaho Department of Water Resources ("IDWR" or "Department"). The order under review is the Director's *Amended Order Approving in Part and Rejecting in Part IGWA's Mitigation Plan; Order Lifting Stay Issued February 21, 2014;Amended Curtailment Order* ("*Amended Final Order*") issued on May 16, 2014, in IDWR Docket Nos. CM-MP-2014-001 and CM-DC-2011-004. The *Amended Final Order* approves in part a mitigation plan submitted by the Idaho Ground Water Appropriators, Inc. ("IGWA") in response to a delivery call made by Rangen. Rangen asserts that the *Amended Final Order* is contrary to law in several respects and requests that this Court set it aside and remand for further proceedings.

#### B. Course of Proceedings and Statement of Facts.

The underlying administrative proceeding in this matter concerns a delivery call. The call commenced in 2011, when Rangen filed a petition with the Department requesting curtailment of certain hydraulically connected junior ground water rights. On January 29, 2014, the Director issued his *Curtailment Order* in response to the call.<sup>1</sup> Ex.2042. The Director concluded that Rangen's senior water right numbers 36-2551 and 36-7694 are being materially injured by junior users. He ordered that certain junior ground water rights bearing priority dates junior to July 13, 1962, be curtailed as a result on or before March 14, 2014. Ex.2042, p.42. However, the Director instructed that the affected junior users could avoid curtailment if they proposed and had approved a mitigation plan that provided "simulated steady state benefits of 9.1 cfs to Curren Tunnel or direct flow of 9.1 cfs to Rangen." *Id.* He further directed that if mitigation is provided by direct flow to Rangen, the mitigation plan "may be phased-in over not more than a five-year period pursuant to Rule 40 of the CM Rules as follows: 3.4 cfs the first

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<sup>&</sup>lt;sup>1</sup> The Director issued his *Final Order Regarding Rangen, Inc.'s Petition for Delivery Call; Curtailing Ground Water Rights Junior to July 13, 1962 ("Curtailment Order")* on January 29, 2014, in IDWR Docket No. 2011-004. It is included in the agency record as Exhibit 2042. The Director's *Curtailment Order* is not at issue in this proceeding. However, it was subject to judicial review by this Court in Twin Falls County Case No. CV-2014-1338. This Court entered its *Memorandum Decision and Order* and *Judgment* in that case on October 24, 2014.

year, 5.2 cfs the second year, 6.0 cfs the third year, 6.6 cfs the fourth year, and 9.1 cfs the fifth year."  $^{2}$  Id.

IGWA filed a proposed mitigation plan with the Director on February 11, 2014. R., pp.1-13. The plan set forth various proposals for junior users to meet their mitigation obligations to Rangen. Id. Following hearing, the Director issued his Order Approving in Part and Rejecting in Part IGWA's Mitigation Plan; Order Lifting Stay Issued February 21, 2014; Amended Curtailment Order ("Final Order"), wherein he approved IGWA's mitigation plan in part. R., pp.464-489. In so approving, the Director granted IGWA a total mitigation credit of 3.0 cfs. R., p.484. The Director then noted that "the total mitigation credit is 0.4 cfs less than the annual mitigation requirement of 3.4 cfs for the annual period from April 1, 2014 through March 31, 2015." Id. To address the mitigation deficiency, the Final Order included a revised curtailment order providing that certain junior ground water rights bearing priority dates junior to July 1, 1983, would be curtailed on or before May 5, 2014. Id. Following the filing of motions for reconsideration, the Director issued his Final Order on Reconsideration as well as his Amended Final Order. The Amended Final Order superseded the Director's Final Order, but did not materially change the substantive findings of fact or conclusions of law at issue here.

On June 13, 2014, Rangen filed the instant *Petition for Judicial Review*, asserting that the Director's *Amended Final Order* is contrary to law in several respects and should be set aside and remanded for further proceedings. The case was reassigned by the clerk of the court to this Court on June 16, 2014.<sup>3</sup> On August 6, 2014, the Court entered an *Order* permitting IGWA, A&B Irrigation District, Burley Irrigation District, Milner Irrigation District, American Falls Reservoir District #2, Minidoka Irrigation District, North Side Canal Company and Twin Falls Canal Company to appear as intervenors in this proceeding. Rangen and the Department subsequently briefed the issues contained in the *Petition*. The Intervenors did not submit any briefing with respect to the *Petition*. A hearing on the *Petition* was held before this Court on November 13, 2014. The parties did not request the opportunity to submit additional briefing

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<sup>&</sup>lt;sup>2</sup> The term "CM Rules" refers to Idaho's Rules for Conjunctive Management of Surface and Ground Water Resources, IDAPA 37.03.11.

<sup>&</sup>lt;sup>3</sup> The case was reassigned to this Court pursuant to the Idaho Supreme Court Administrative Order Dated December 9, 2009, entitled: In the Matter of the Appointment of the SRBA District Court to Hear All Petitions for Judicial Review From the Department of Water Resources Involving Administration of Water Rights.

and the Court does not require any in this matter. Therefore, this matter is deemed fully submitted for decision on the next business day or December 14, 2010.

#### II.

#### **STANDARD OF REVIEW**

Judicial review of a final decision of the director of IDWR is governed by the Idaho Administrative Procedure Act, Chapter 52, Title 67, Idaho Code § 42-1701A(4). Under IDAPA, the Court reviews an appeal from an agency decision based upon the record created before the agency. Idaho Code § 67-5277; *Dovel v. Dobson*, 122 Idaho 59, 61, 831 P.2d 527, 529 (1992). The Court shall not substitute its judgment for that of the agency as to the weight of the evidence on questions of fact. Idaho Code § 67-5279(1); *Castaneda v. Brighton Corp.*, 130 Idaho 923, 926, 950 P.2d 1262, 1265 (1998). The Court shall affirm the agency decision unless the court finds that the agency's findings, inferences, conclusions, or decisions are:

- (a) in violation of constitutional or statutory provisions;
- (b) in excess of the statutory authority of the agency;
- (c) made upon unlawful procedure;
- (d) not supported by substantial evidence on the record as a whole; or,
- (e) arbitrary, capricious, or an abuse of discretion.

Idaho Code § 67-5279(3); *Castaneda*, 130 Idaho at 926, 950 P.2d at 1265. The petitioner must show that the agency erred in a manner specified in Idaho Code § 67-5279(3), and that a substantial right of the party has been prejudiced. Idaho Code § 67-5279(4). Even if the evidence in the record is conflicting, the Court shall not overturn an agency's decision that is based on substantial competent evidence in the record.<sup>4</sup> *Barron v. IDWR*, 135 Idaho 414, 417, 18 P.3d 219, 222 (2001). The Petitioner also bears the burden of documenting and proving that there was <u>not</u> substantial evidence in the record to support the agency's decision. *Payette River Property Owners Assn. v. Board of Comm'rs.*, 132 Idaho 552, 976 P.2d 477 (1999).

<sup>&</sup>lt;sup>4</sup> Substantial does not mean that the evidence was uncontradicted. All that is required is that the evidence be of such sufficient quantity and probative value that reasonable minds *could* conclude that the finding – whether it be by a jury, trial judge, special master, or hearing officer – was proper. It is not necessary that the evidence be of such quantity or quality that reasonable minds *must* conclude, only that they *could* conclude. Therefore, a hearing officer's findings of fact are properly rejected only if the evidence is so weak that reasonable minds could not come to the same conclusions the hearing officer reached. See eg. Mann v. Safeway Stores, Inc. 95 Idaho 732, 518 P.2d 1194 (1974); see also Evans v. Hara's Inc., 125 Idaho 473, 478, 849 P.2d 934, 939 (1993).

#### III.

#### ANALYSIS

The Director's *Curtailment Order* allows for phased-in mitigation. Ex.2042, p.42. It contemplates a first year mitigation obligation of 3.4 cfs from junior users for the annual period commencing April 1, 2014, and ending March 31, 2015 ("2014 Period"). *Id.* Thereafter, it contemplates incremental increases in the mitigation obligation of junior users for each of the following four years. *Id.* To determine the mitigation obligation for each year of the five year phase-in, the Director ran ESPAM 2.1 to establish the benefits that would accrue to Rangen if curtailment was implemented under the *Curtailment Order*. Ex.2043, p.5. The exercise revealed that if curtailment was implemented, the predicted benefit to the Martin-Curren Tunnel during each of the first four years would be 3.4 cfs, 5.2 cfs, 6.0 cfs and 6.6 cfs respectively. *Id.* Those numbers thus represent the respective mitigation obligations of junior users during the first four years of phased-in mitigation. *Id.* With respect to the fifth year, ESPAM 2.1 predicted a curtailment benefit to the Martin-Curren Tunnel of 7.1 cfs. Ex.2043, pp.5-6. However, the Director held that the full obligation of 9.1 cfs would nonetheless be required the fifth year because "the Director can only phase in curtailment over five years per Conjunctive Management Rule 20.04." Ex.2043, p.6.

The mitigation plan proposed by IGWA in this case set forth nine proposals for junior users to meet their mitigation obligations to Rangen. In his *Amended Final Order*, the Director approved IGWA's plan in part. He approved IGWA's first proposal to engage in aquifer enhancement activities, including: (a) conversions from ground water irrigation to surface water irrigation, (b) voluntary "dry-ups" of acreage irrigated with ground water through the Conservation Reserve Enhanced Program or other cessation of irrigation with ground water, and (c) ground water recharge. R., p.616. These activities augment the ground water supply in the ESPA, which in turn increases ESPA discharge to springs in the Hagerman area. He also approved IGWA's second proposal to provide direct delivery of surface water from the Martin-Curren Tunnel to Rangen as a result of an exchange agreement between one of its members, the North Snake Ground Water District ("NSGWD"), and Howard Morris ("Morris Water Exchange Agreement"). *Id.* Morris holds water rights senior to Rangen's that authorize the diversion of water from the Martin-Curren Tunnel. With respect to the remaining seven proposals, the

MEMORANDUM DECISION AND ORDER ON PETITION FOR JUDICIAL REVIEW S:\ORDERS\Administrative Appeals\Twin Falls County 2014-2446\Memorandum Decision and Order.docx - 5 -

Director rejected those on the grounds that IGWA failed to carry its evidentiary burden. R., pp. 600 & 617.

In full, the Director granted IGWA a total of 3.0 cfs of transient mitigation credit for the 2014 Period in his *Amended Final Order*. R., p.614. Of that total, 1.2 cfs is attributable to aquifer enhancement activities. *Id*. The remaining 1.8 cfs is attributable to the Morris Water Exchange Agreement. *Id*. On judicial review, Rangen raises issues concerning the legality of the Director's approval of both mitigation proposals.

### A. The Amended Final Order's approval of IGWA's mitigation proposal based on future aquifer enhancement activities is reversed and remanded for further proceedings as necessary.

Rangen seeks judicial review of the Director's approval of IGWA's mitigation proposal to engage in aquifer enhancement activities. Rangen does not take issue with the Director's approval of mitigation credit attributable to past aquifer enhancement activities (i.e., 2005-2013). However, it argues that under the facts and circumstances present here, the Director's approval of mitigation credit for future aquifer enhancement activities is contrary to law and an abuse of discretion. Rangen contends that the Director's approval places an unlawful risk on it as the senior appropriator that the future enhancement activities will not occur. It asserts "there are no provisions in the Director's *Amended Final Order* to ensure that these future activities will occur," and "there are similarly no contingency provisions if the future activities do not or cannot occur." Rangen *Opening Br.*, p.9. This Court agrees.

When material injury to a senior water right is found to exist, the CM Rules permit the Director to allow out-of-priority water use to occur pursuant to an approved mitigation plan. IDAPA 37.03.11.040.01. In this case, the Director's *Amended Final Order* permits out-of-priority water use in part because of anticipated future aquifer enhancement activities that the Director assumes will occur:

Using the data entered into evidence at the hearing, the Department input data into the model for each year of private party aquifer enhancement activities from 2005 through 2014. The 2005 through 2013 data were compiled from previously documented activities. IDWR Ex. 3001; IGWA Ex. 1025. For 2014, conversions, CREP, and voluntary curtailment projects were assumed to be identical to 2013, and private party managed recharge was assumed to be zero. The Department determined the average annual benefit from aquifer enhancement activities predicted to accrue to the Curren Tunnel between April 2014 and March

MEMORANDUM DECISION AND ORDER ON PETITION FOR JUDICIAL REVIEW S:\ORDERS\Administrative Appeals\Twin Falls County 2014-2446\Memorandum Decision and Order.docx 2015 is 871 acre feet, which is equivalent to an average rate of 1.2 cfs for 365 days.

R., p.604 (emphasis added). While the Director has discretion to approve a mitigation plan based on future mitigation activities, such a mitigation plan "must include contingency provisions to assure protection of the senior-priority right in the event the mitigation water source becomes unavailable." IDAPA 37.03.11.043.03.c.

This Court finds that the Director's *Amended Final Order* lacks a contingency provision adequate to protect Rangen's senior rights in the event the assumed future aquifer enhancement activities do not occur. The future activities contemplated by the plan consist primarily of conversions by junior users from ground water use to surface water use. Ex. 1025. The record establishes that most of the juniors that have converted to a surface water source also maintain their ground water connections as a safety net. Tr., pp.153-154. If for any reason those junior converters are unable to meet their water needs from their surface source, they assert the right to switch back to using ground water at any time.

That such is the case is evidenced by the testimony of Richard Lynn Carlquist ("Carlquist"). Carlquist is the chairman of the NSGWD. Tr., p.74. The NSGWD is an IGWA member. Tr., p.77. Carlquist also sits as a member of IGWA's executive committee. Tr., p.78. At the hearing before the Director, Carlquist testified that the conversions by junior users are voluntary. Further, that if junior converters do not receive all the water they need from their surface water source, they can and should revert back to using ground water:

- Q. [Haemmerle] Now, I want to understand how the conversions might work. You characterized almost all conversions as soft; correct?
- A. [Carlquist] Yes.
- Q. [Haemmerle] And you described it in such a way that if the people who do those conversions, they have the ability to turn on their pumps if they're not obtaining surface water; correct?
- A. [Carlquist] That's correct.
- Q. [Haemmerle] Would you say that's a routine practice?
- A. [Carlquist] It hasn't happened much, but we have told them that they need to maintain that as an option because we cannot guarantee that we can lease water every year, year in and year out.

- Q. [Haemmerle] Okay. Have you leased water in the last several years?
- A. [Carlquist] Yes.
- Q. [Haemmerle] Have you been able to deliver that leased water through the entire irrigation season routinely?
- [Carlquist] For the most most of the years we have been able to do that, yes.
- Q. [Haemmerle] Okay. Are there years where you're unable to do that?
- A. [Carlquist] There have been where we haven't been able to get as much as has been requested by the converters.
- Q. [Haemmerle] And you in fact expressly tell them that if they're not getting their surface water they need to be able to turn their pumps back on; correct?
- A. [Carlquist] Yes, that's what we've told them. If we can't get the water, that's why they need to maintain that connection.
- Q. [Haemmerle] All right. And so most everyone maintains a connection to their groundwater pumps; correct?
- A. [Carlquist] Yes.
- Q. [Haemmerle] And you agree that they -- you, sitting here today, you agree that they should be able to turn their pumps back on when they need water?
- A. [Carlquist] Yes.

Tr., pp.152-154.

Following the above-quoted exchange, counsel for Rangen further inquired of Carlquist concerning IGWA's understanding of its proposed mitigation plan:

- Q. [Haemmerle] All right. Now, you understand that IGWA is seeking what's called a steady-state credit for these conversions. Do you know what that means?
- A. [Carlquist] Basically, yes, I do. We're asking for credit for the amount of converted water that we have been able to put to use.

- Q. [Haemmerle] And the steady state concept that I'm talking to you about envisions that water remains off for a long period of time where over a period of time water will appear at the Martin-Curren Tunnel. Do you understand that?
- A. [Carlquist] Yes. How the model tells them it will happen.
- Q. [Haemmerle] Okay. And that contemplates that water remains unused for a period of time, more than one year. Do you understand that?
- A. [Carlquist] Yes.
- Q. [Haemmerle] Okay. So it seems to me, Mr. Carlquist, that in order to get credit for the conversions it seems fair that those people who convert cease using their groundwater pumping. Do you agree or disagree?
- A. [Carlquist] I disagree.
- Q. [Haemmerle] Okay. So if in need, people on groundwater pumping can simply resume?
- A. [Carlquist] Yes.

#### Tr., pp.154-155.

While the Director is assuming that mitigation conversions will continue and be maintained into the future, the testimony of Carlquist establishes that such an assumption is shaky at best. The conversions are voluntary, not compelled. Absent from the Director's *Amended Final Order* is any directive requiring that junior convertors refrain from reverting to ground water use during the implementation of the mitigation plan. As a result, neither the Director nor Rangen has any mechanism to compel compliance with the Director's assumption that mitigation conversions will occur into the future. To the contrary, junior users admit that the conversions will be maintained only so long as IGWA acquires enough surface water to meet their demands. Tr., pp.152-155. IGWA has not always been able to do so. The record establishes that there have indeed been years when IGWA has been unable to secure enough surface water to meet the demands of the convertors. Tr., p.153. When such a scenario arises, IGWA has instructed junior convertors to revert to ground water use to satisfy their water needs. Tr., pp.152-155.

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Although the Director has assumed that mitigation conversions will continue into the future, the record establishes there is certainly no guarantee that such will actually be the case. Therefore, the CM Rules require that the mitigation plan include a contingency provision to assure the protection of the Rangen's rights in the event that source of mitigation water (i.e., water accrued to Rangen from ground to surface conversions) becomes unavailable. The Department argues that the *Amended Final Order* contains such a mitigation provision. It provides:

If the proposed mitigation falls short of the annual mitigation requirement, the deficiency can be calculated at the beginning of the irrigation season. Diversion of water by junior water right holders will be curtailed to address the deficiency.

R., p.602.

The Idaho Supreme Court has previously held that the Director abused his discretion in approving a mitigation plan that does not provide an adequate contingency provision. In the Matter of Distribution of Water to Various Water Rights Held By or For the Benefit of A&B Irr. Dist., 155 Idaho 640, 654, 315 P.3d 828, 842 (2013). Such is the case here. If junior convertors choose to revert back to ground water use during a given year, the above provision establishes that the Director will take no action with respect to that reversion, and the resulting mitigation deficiency, during that year. It provides only that the Director will address the deficiency at the beginning of the following irrigation season. And, that the Director will then curtail junior water right holders at that time to cure the deficiency. The Court holds such actions do not ensure the protection of Rangen's senior water rights as required by the CM Rules, and as such prejudice and diminish Rangen's substantial rights. They do not address the mitigation deficiency in the year in which it occurs; that is, the year Rangen's senior water rights will suffer injury. Curtailing ground water rights the following irrigation season is too late. The injury to Rangen's rights, and corresponding out-of-priority water use, will have already occurred. Since the Director's Amended Final Order does not contain a contingency provision adequate to assure protection of Rangen's senior-priority water rights, it must be set aside and remanded for further proceedings as necessary.

#### B. The Amended Final Order's approval of IGWA's mitigation proposal concerning the Morris Water Exchange Agreement is reversed and remanded in part for further proceedings as necessary.

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Rangen next seeks judicial review of the Director's approval of IGWA's second mitigation proposal concerning the Morris Water Exchange Agreement. It argues that the Director's approval of the Agreement as a source of mitigation is contrary to law in several respects and must be reversed and remanded. Rangen sets forth three primary arguments in support of its position. Each will be addressed in turn.

#### i. The Amended Final Order does not violate the prior appropriation doctrine in approving the Morris Water Exchange Agreement as providing a source of mitigation water to Rangen.

Rangen first argues that the Director's approval of the Morris Water Exchange Agreement runs contrary of the doctrine of prior appropriation and its basic principle of priority administration. Rangen initiated the instant delivery call on the grounds that it is not receiving all the water it is entitled to under water right numbers 36-2551 and 36-7694. Those rights authorize Rangen to divert water from the Martin-Curren Tunnel under a July13, 1962, and April 12, 1977, priority respectively. Morris holds decreed water rights to divert water from the Martin-Curren Tunnel that are senior to those rights. Ex.1049. In February 2014, Morris entered into the Morris Water Exchange Agreement with the NSGWD. Ex.2032. Under the Agreement, Morris authorizes NSGWD to use his Martin-Curren Tunnel water rights "as needed to provide mitigation water to Rangen ...." *Id.* In exchange, NSGWD agreed to deliver Morris an equivalent quantity of water via an alternative surface water source referred to as the Sandy Pipeline. *Id.* In his *Amended Final Order*, the Director approved the Morris Water Exchange Agreement as providing a source of mitigation water to Rangen, and granted IGWA 1.8 cfs of mitigation credit for the 2014 Period for the direct delivery of that water to Rangen. R., p.617.

Rangen argues that the Director's approval of the Morris Water Exchange Agreement as mitigation is contrary to the prior appropriation doctrine. It contends that since Morris is not exercising his senior water rights out of the Martin-Curren Tunnel, the prior appropriation doctrine requires that the unused water go to the next user in priority on that source. This Court disagrees. Rangen's argument appears to confuse the concept of one's right as a water right holder to contract with others for the sale or use of water under that right with concepts of forfeiture, abandonment and nonuse. When one forfeits or abandons a water right, the priority of the original appropriator may be lost and junior users on the source may move up the ladder of

priority. Jenkins v. State, Dept. of Water Resources, 103 Idaho 384, 388, 647 P.2d 1256, 1260 (1982). However, such is not the case here. In his Amended Final Order, the Director did not find that Morris' senior rights had been forfeited or abandoned due to nonuse. To the contrary, the Director found that Morris' senior rights are in fact being used in priority, albeit not by Morris. Pursuant to the plain language of the Morris Water Exchange Agreement, those rights are being used in priority by NSGWD to provide direct delivery of mitigation water to Rangen. Such agreements are commonplace in Idaho, and are often utilized by junior users in delivery calls to provide a source of mitigation water in lieu of curtailment. Therefore, the Court finds Rangen's arguments on this issue are unavailing, and the Amended Final Order is affirmed in this respect.

#### ii. The Director's use of flow data associated with an average year to determine the mitigation credits of junior users is reversed and remanded for further proceedings as necessary.

In determining the amount of mitigation credit to grant IGWA as a result of the Morris Water Exchange Agreement, the Director had to first predict how much water will emanate from the Martin-Curren Tunnel throughout the implementation of the mitigation plan. To do this, the Director relied upon historical flow data associated with average Martin-Curren Tunnel discharge for the years 2002 through 2013. R., pp.605-606. He noted that "[f]rom 2002 through 2013, the average irrigation season flow has varied between 2.3 cfs and 5.7 cfs." R., p.605. He then determined that "[t]he average of the average irrigation season values for each year from 2002 through 2013 is 3.7 cfs." *Id.* The Director thus awarded mitigation credit to IGWA resulting from the Morris Water Exchange Agreement on the assumption that 3.7 cfs will emanate from the Martin-Curren Tunnel each year the mitigation plan is implemented. Rangen argues that the Director's use of flow data associated with an average year fails to protect its senior rights.

The Idaho Supreme Court has held that the Director may utilize a predictive baseline methodology when responding to a delivery call. In the Matter of Distribution of Water to Various Water Rights Held By or For the Benefit of A&B Irr. Dist., 155 Idaho at 650, 315 P.3d at 838 (2013) (holding "[t]he Director may, consistent with Idaho law, employ a baseline methodology for management of water resources and as a starting point in administration

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proceedings"). Therefore, the Director's use of a predictive baseline methodology in this context is not inconsistent with Idaho law. However, the Court finds the Director's application of a baseline that utilizes flow data associated with an average year to be problematic.

This Court recently addressed a similar issue in its Memorandum Decision and Order ("Memo Decision") issued in Gooding County Case No. CV-2010-382 on September 26, 2014. That case, like this one, involved a delivery call. In responding to the call, the Director employed a baseline for purposes of his initial reasonable in-season demand determination. Memo Decision, p.33. In so employing, the Director did not use data associated with an average year. Id. To the contrary, to determine the water demand of the senior users in that case, the Director intentionally used historic data associated years of above average temperatures and evapotranspiration and below average precipitation. Id. To determine water supply, the Director intentionally underestimated supply. Id. at 35. When responding to the allegations that he should have used demand and supply data associated with an average year, the Director responded that "equality in sharing the risk will not adequately protect the senior priority surface water right holder from injury." Id. at 33. Further, that "the incurrence of actual demand shortfalls by a senior surface water right holder resulting from ... predictions based on average data unreasonably shifts the risk of shortage to the senior surface water right holder." Id. When juniors users argued on judicial review that the Director was required to use demand and supply data associated with an average year, this Court disagreed. Id. at pp.33-35. The Court ultimately upheld the Director's rationale that the use of data associated with an average year would not adequately protect the seniors' rights in that case. Memo Decision, pp.33-35.

Such is also the case here. The Director's use of flow data associated with an average year to award mitigation credit to IGWA does not adequately protect Rangen's senior rights. The mitigation credit is awarded on the assumption that 3.7 cfs will emanate from the Martin-Curren Tunnel during each year the mitigation plan is implemented. That assumption is determined based on historic data associated with an average year. Using data associated with an average year by its very definition will result in an over-prediction of Martin-Curren Tunnel flows half of the time. When that occurs, Rangen's senior rights will not be protected, resulting in prejudice and the diminishment of Rangen's substantial rights. This Court agrees with the Director's prior proclamation in Gooding County Case No. CV-2010-382 that "equality in sharing the risk will not adequately protect the senior priority surface water right holder from

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injury," and that "predictions based on average data unreasonably shifts the risk of shortage to the senior surface water right holder." Therefore, the Director's *Amended Final Order* must be set aside in this respect and remanded for further proceedings as necessary.

#### iii. The Director's use of an annual time period to evaluate the mitigation benefits of the Morris Water Exchange Agreement is reversed and remanded for further proceedings as necessary.

The mitigation obligations set forth by the Director in his *Curtailment Order* are yearround, 365 days a year, mitigation obligations. The obligations are year-round because water right numbers 36-2551 and 36-7694 authorize Rangen to divert water from the Martin-Curren Tunnel year-round. However, the Morris water rights for which the Director granted IGWA mitigation credit do not authorize year-round use. They only authorize Morris, and thus NSGWD via the Agreement, to divert water from the Martin-Curren Tunnel during the irrigation season.<sup>5</sup> Indeed, the Director found that "[t]he contribution of water to Rangen by leaving water in the Curren Tunnel that normally would have been diverted by Morris only benefits Rangen during the irrigation season." *Id.* Notwithstanding, the Director granted IGWA 365 days' worth of mitigation credit in the amount of 1.8 cfs for delivery of water under the Morris rights. On judicial review, Rangen challenges the Director's decision in this respect.

Despite the fact that Morris' senior water rights provide no water to Rangen during the non-irrigation season, the Director's *Amended Final Order* grants IGWA a year-round mitigation credit for delivery of water under those rights. The Director reasoned that "[a]veraging IGWA's mitigation activities over a period of one year will establish consistent time periods for combining delivery of the Morris water for mitigation and the average annual benefit provided by aquifer enhancement activities, and for direct comparison to the annual mitigation requirement." R., p.602. It is reasonable to run ESPAM 2.1 to determine the benefits of aquifer enhancements activities on an annual time period. Conversions from ground water irrigation to surface water irrigation, voluntary "dry-ups," and ground water recharge all augment the ground water supply in the ESPA. The benefits of those activities accrue to Rangen on an annual time period, and so it reasonable to grant IGWA year-round mitigation credit for those activities.

<sup>&</sup>lt;sup>5</sup> The irrigation season is defined under water right numbers 36-134D, 36-134E and 36-135D as "02-15 to 11-30."

The direct delivery of wet water as mitigation is another story. It is a fiction to conclude that water delivered to Rangen under the Morris Water Exchange Agreement provides mitigation to Rangen on a year-round basis. Since that water is only available to Morris during the irrigation season, it is only available to NSGWD for delivery to Rangen during the irrigation season. In reality, it provides no mitigation water to Rangen during the non-irrigation season. Put differently, during the non-irrigation season, Rangen's rights are senior in priority to receive the water that would otherwise be available to satisfy the Morris Water Exchange Agreement rights during the irrigation season. Therefore, the "foregone diversion" of Morris water during the irrigation season provides no mitigation water to Rangen during the non-irrigation season. Furthermore, Rangen's rights rely on direct flow from the Martin-Curren Tunnel. This is not a situation involving a storage component where the volume of mitigation water delivered during the irrigation season can be mathematically and physically apportioned for use by Rangen over a 365-day period. Absent such a situation, water credited for mitigation during the non-irrigation season is available on paper only. Therefore, the Court holds that the Director abused his discretion in granting IGWA year-round mitigation credit resulting from the Morris Water Exchange Agreement. The Director's decision in this respect prejudices and diminishes Rangen's senior rights and must be reversed and remanded for further proceedings as necessary.

#### C. Rangen is not entitled to an award of attorney's fees on judicial review.

In its *Petition for Judicial Review*, Rangen seeks an award of attorney fees under Idaho Code § 12-117. While Rangen seeks an award in its *Petition*, it has not supported that request with any argument or authority in its briefing. On that ground, Rangen is not entitled to an award of attorney fees on judicial review, and its request must be denied. *See e.g., Bailey v. Bailey* 153 Idaho 526, 532, 284 P.3d 970, 976 (2012) (providing "the party seeking fees must support the claim with argument as well as authority"). Additionally, the Idaho Supreme Court has instructed that attorney fees under Idaho Code § 12-117 will not be awarded against a party that presents a "legitimate question for this Court to address." *Kepler-Fleenor v. Fremont County*, 152 Idaho 207, 213, 268 P.3d 1159, 1165 (2012). In this case, the issues presented to this Court are largely issues of first impression under the CM Rules. The Court holds that the Department has presented legitimate questions for this Court to address, and Rangen's request for attorney fees is alternatively denied on those grounds.

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#### IV. **CONCLUSION AND ORDER OF REMAND**

For the reasons set forth above, the Director's Amended Final Order is affirmed in part and set aside in part. The Amended Final Order is remanded for further proceedings as necessary consistent with this decision.

IT IS SO ORDERED.

Dated December 3, 2014 ERIC J. WILDMAN District Judge

#### CERTIFICATE OF MAILING

I certify that a true and correct copy of the MEMORANDUM DECISION AND ORDER ON PETITION FOR JUDICIAL REVIEW was mailed on December 04, 2014, with sufficient first-class postage to the following:

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