



State of Idaho

DEPARTMENT OF WATER RESOURCES

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

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

March 24, 2015

27 — incorrect date

DAV

3-27-15

SMOKEY DOME LLC
C/O CHUCK HILL
PISTOL CREEK FINANCIAL
PO BOX 1607
BELLEVUE WA 98009

RE: Water Appropriation Permit No. 37-8875

Dear Mr. Hill:

The Department of Water Resources is reviewing the permit referenced above prior to issuing a water right license. By issuing a license, the Department confirms the extent of development that has been established in compliance with the terms of the permit. The examiner who verified your water use reported that certain elements of the permit have been developed differently than described on your permit. Changes that do not increase the authorized use of water under the permit can be requested and approved in accordance with Section 42-211, Idaho Code. Before a license can be issued, your permit must be amended to depict your water use as it was actually developed.

It is our understanding that your manager is Rod Gonsales, 338 S 600 W, Corral, ID 83322. We will send a copy of this letter to Mr. Gonsales for his records. On August 8, 2012, Department staff contacted met with Mr. Gonsales to perform a field examination to license permit 37-8875. During this examination, the field examiner found that water system was in place. Review of aerial photography from 2004 to 2013 that are available to the Department confirms that only 2 homes have been constructed.

The Department's policy memorandum, Administrative Processing Memo 18, states the following:

The stub-in practice was not applied in all subdivision development situations. For example, suppose the Department issued a permit for development of 100 homes in a subdivision and proof was submitted for 100 homes based on the stub-in practice. Many years later, the Department completes an exam and finds only 20 homes were built and using water. The remaining lots remained vacant and undeveloped except for the stubbed-in service line. The Department would only issue a license based on the actual diversion and use of water because sufficient time would have passed to complete development of the subdivision.

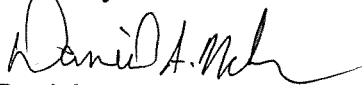
The final step in the water appropriation process is the issuance of a water Right License. By issuing a license, IDWR recognizes that you have met the requirements for establishing a water right. A water appropriation permit authorizes development of a water right within a specific time frame. It has been 20 years since permit 37-8875 was first filed and there are only two homes developed within the subdivision. We can only license the two homes that were constructed, so the permit must be reduced to reflect the development that has occurred.

The field examiner also discovered that the points of diversion or wells that were developed under this permit were actually drilled in the NESW quarter of Section 14, Township 1 North, Range 13 East instead of the SESE quarter of Section 14, Township 1 North, Range 13 East listed on the permit. In order to provide a license for the two homes, you will need to amend the existing permit to make these changes.

The enclosed Application for Amendment form depict the elements of the water right as they will appear on the license when it is issued. Please review the amendment form carefully. If you concur with the information presented, please sign the form and return it with the \$100.00 filing fee within 14 days.

If you have any questions in regard to this matter, please do not hesitate to contact me.

Sincerely,



Daniel A. Nelson

Staff Hydrologist

Idaho Department of Water Resources

Telephone # (208) 287-4856

Fax (208) 287-6700 (C/O Dan Nelson)

Email dan.nelson@idwr.idaho.gov

Enclosure – Application for Amendment and attached map.

Copy –

ROD GONSALES

338 S 600 W

CORRAL ID 86622