



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

December 12, 2012

BLUEWATER DEVELOPMENT LLC
PO BOX 2350
COEUR D' ALENE ID 83816-2350

RE: NOTIFICATION OF WATER SUPPLY BANK LEASE EXPIRATION FOR WATER RIGHT NO(S). 95-2112 AND 95-2200.

Dear Lessor:

Idaho Department of Water Resources ("department") records show that all of the above referenced water right(s) are leased to the Water Supply Bank ("bank") through December 31, 2012. This letter is notice that the right(s) will be considered released from the bank unless you advise the department within thirty (30) days of the date of this letter that you want to extend the period of the lease. Notice should be submitted in writing or through the attached Lease Term Extension and Release Form.

If you would like the right(s) to remain leased to the bank, please specify the date to which you want the lease extended. All leases expire as of December 31, unless otherwise specified in the lease agreement.

A water right is not protected from forfeiture unless it is accepted into the Bank or unless an exception or defense to forfeiture applies as described under Idaho Code § 42-223. The five-year period of nonuse related to forfeiture of a water right shall begin to accrue upon release of the right from the bank or shall continue to accrue if a period of nonuse occurred prior to the lease date of the right to the bank. If a written request is not received with thirty days the right(s) will be released from the bank as of December 31, 2012.

If you have questions regarding this matter, feel free to contact me at (208) 287-4907.

Sincerely,

Monica Van Bussum
Sr. Water Resource Agent

c: Keith Franklin - IDWR Northern Regional Office
Christopher Meyer – Givens Pursley LLP