

March 21, 2012

Steve Lester
Water Rights Supervisor
Department of Water Resources
Western Region
2735 Airport Way
Boise, ID 83705-5082

Re: Water permit number: 63-32602

Dear Sir:

In reply to your letter of November 29, 2011, I herewith submit the following explanation. The crossed hatched area in your map T4N, RLW, Section 18 (water permit) is approximately 3 acres that belongs to Orion Holdings LLC.

This area was designated as "open area" on the development plan-it is separated from the development by the canyon canal and has no access.

The developer (who is not Orion) and I had agreed to allow me to use this area for horse pasture until such time a permanent transfer can be affected. That time cannot come until phase #5 of their development plan can be advanced.

I have not yet contacted the "new" owner to see when and if such ownership transfer can be achieved.

If you have further questions, please feel free to contact me. I have listed my contact information below.

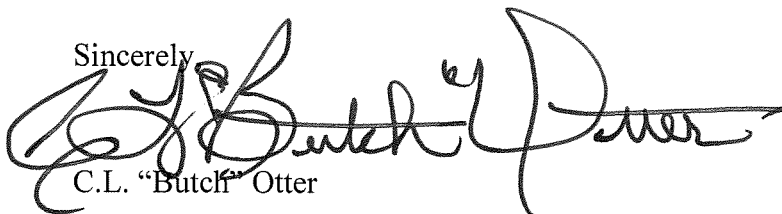
Office: (208) 334-2100

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Home Address: 1009 Star Road, Star, ID 83669

Sincerely,



C.L. "Butch" Otter

RECEIVED

MAR 23 2012

WATER RESOURCES
WESTERN REGION