

John A. Gravelle
PO Box 603
Juliaetta, ID 83535

10 February 2012

Ken Knoblock — Water Rights Supervisor
IDWR Northern Region
7600 North Mineral Drive, Suite 100
Coeur d'Alene, Idaho 83815-7763

RECEIVED
FEB 13 2012
IDWR/NO
RECEIVED
FEB 16 2012
Department of Water Resources

Dear Ken:

Enclosed are forms, documentation, and funds (check #1312) to update the current ownership and address records for most of existing water right 86-11916 and the water permit 86-11924 located near Kendrick, Idaho, in Basin #86, T38N R03W.

Land parcels that included water right 86-11916 have been recently acquired: the lower parcel from Martin Stettler on October 18, 2011, and the upper parcel from John McFarland on February 3, 2012. Included is the court recorded conveyance from Mr. McFarland to Mr. Stettler to properly document the chain of title back to Mr. McFarland. In addition, as part of the February 3, 2012 acquisition, Mr. McFarland transferred the ownership of water permit 86-11924 by completing the Assignment of Permit form. Like the water right, I will also be the primary contact for that permit.

I have marked the Notice of Change in Water Right Ownership form as a split transfer for water right 86-11916. The approximate locations contained in the IDWR GIS layer indicate one diversion point, PODID #621195, is located outside the parcels acquired (see map enclosed). On the tabular sheet, it appears this is the spring referenced with the location of SE NW SE of Sec.26. That spring likely is associated with the domestic point of use polygon POUID #692545, which is also outside the parcels acquired and in the NW SE of Sec.26. The remaining points of diversion springs listed (19 of the original 20) and their points of use have been included for this transfer. These have, and continue to be, used for stockwater. A secondary map obtained from the IDWR website showing 1/16 sections is also included for reference.

With regard to the water permit 86-11924, it is understood the proof due date for the permit is April 1, 2015. As new owners, we have yet to fully evaluate the progress Mr. McFarland had performed toward completion of this project. We anticipate further construction and development outlined in the permit will not be completed this year, but we will submit a proof of beneficial use and complete the required field examination before the deadline for any improvements made.

If you have any questions or require additional information to process these transfers, please contact me by email at jag@pineorchard.com or my mobile phone at (509) 995-2940. I look forward to working with IDWR and you in the future.

Sincerely,



John A. Gravelle