



State of Idaho

DEPARTMENT OF WATER RESOURCES

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June 15, 2011

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

Crane Creek Country Club, Inc.
C/O SPF Water Engineering
Attn: Lori Graves
300 E Mallard DR, Suite 350
Boise, ID 83706

COPY

RE: Crane Creek Country Club Inc. Water Supply Bank Lease Applications

Dear Ms. Graves:

On May 27, 2011 our office received Water Supply Bank lease applications for water rights 63-3108, 63-32114, and 63-32115 from your office in the name of Crane Creek Country Club Inc. Review of these applications revealed several issues that will need to be addressed prior to moving forward with Water Supply Bank leasing process.

It appears from the review, that water right transfer 77271 was submitted on these water rights. In this water right transfer, there appears to be approximately 13 acres that would be included in the 27.4 acres described in the water bank leases. We are not allowed to accept water rights into the Water Supply Bank that cannot be rented. If the 13 acres were rented out of the Water Supply Bank, then your client would not be able to develop their water right transfer in the year development period generally allowed. Therefore, we have determined that it would be in the best interests of everyone involved to hold these Water Supply Bank leases until the water right transfer is complete, and only place the 14.4 acres that are not involved in the water right transfer into the Water Supply Bank. This way we would be able to prevent any issues that would prevent the water right transfer to be developed in a timely fashion.

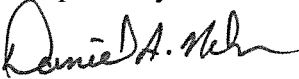
Another issue arose concerning the overlapping water right permit 63-12596. If it is determined in the licensing process that water right permit 63-12596 supplies water to the 14.4 acres being placed into the Bank, then this water right would need to be included in the Water Bank lease package to avoid expansion of the other water rights. We have determined that it would be best to expedite the licensing of water right 63-12596 to prevent any expansion of the water use of the portion of the water rights being placed in the Water Supply Bank. We will ask that you send a Water Supply Bank lease for 63-12596 if it is determined to be attached to the portion of the existing water rights being placed into the Water Supply Bank. There will be no fee for this additional application, since the maximum allowable fee for this property has already been met.

Therefore, we will hold the Water Supply Bank leases for Crane Creek Country Club Inc. until the administrative processes for water right transfer 77271 and water right permit 63-12596 are resolved. Upon resolution of these processes, the Water Supply Bank leases will be revisited and any approvals of these applications will be made retroactive to the date the applications were received to avoid any issues that may arise due to forfeiture. This should prevent any conflict with the other administrative processes currently under way.

Generally, we don't hold applications any longer than 14 days, but we have decided to make an exception in this case, because the water right transfer and the permit licensing have both been expedited and are well on their way to resolution. I would like to ask you to review your records and determine the exact amount of each of these water rights that will be placed into the Water Supply Bank after the water right transfer is complete, and amend the applications that have already been submitted. This will not need to be done until the water right transfer and the licensing processes have been completed.

If you have any questions or concerns please contact me at the above address.

Respectfully,

A handwritten signature in black ink, appearing to read "Daniel A. Nelson".

Daniel A. Nelson
Staff Hydrologist
Planning Bureau
Idaho Department of Water Resources
Telephone # (208) 287-4856

Cc Steve Lester