



State of Idaho
DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082

PHONE: (208) 334-2190 FAX: (208) 334-2348 www.idwr.idaho.gov

C.L. "BUTCH" OTTER, Governor
GARY SPACKMAN, Interim Director

April 5, 2011

SANDS LLC
C/O STEVE LOOMIS
7154 W STATE ST #187
BOISE ID 83714

Re: Application for Extension of Time to Avoid Forfeiture, Water Right No. 65-3504

Dear Applicant:

The Idaho Department of Water Resources (IDWR) recently received the above referenced application. As you know, IDWR is concurrently processing an application to lease this right to the Water Supply Bank. If accepted into the bank, the right will be available for use under a separate rental approval from the bank. Additionally, the right will be protected against forfeiture if accepted into the bank, even if it is not rented from the bank for beneficial use on other property.

The extension application provides no real value if the right is accepted into the bank. It is conceivable that an approved extension to avoid forfeiture could preclude renting the right from the bank, undermining the water supply bank exercise in this case.

IDWR will hold your extension application without processing for six months while the water bank lease application is being considered. If the right is accepted into the bank during this period, your extension application will be returned and a refund of the extension application fee will be issued (\$100). Alternately, the extension application will be processed if the right is not accepted by the bank. This IDWR delay in possible processing of the extension application will not adversely affect the validity of the water right ("no penalty" during delay). Since multiple extensions are generally not approvable, this delay also provides an opportunity for a future extension if needed.

Please contact me at 334-2190 if you have any questions.

Sincerely,

Steve Lester
Water Rights Supervisor

c: Lori Graves, SPF Water Engineering