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DEPARTMENT OF
WATER RESOURCES

June 7, 2011

Monica Van Bussum
c/o Idaho Department of Water Resources
322 East Front Street
PO Box 83720
Boise, ID 83720-0098

RE: Knife River Corporation – Northwest, Water Bank Application

Dear Monica Van Bussum:

Attached is an application to rent water from the Idaho Water Supply Bank for commercial purposes, along with several other documents. I thought it best if I were to explain the accompanying documents to avoid confusion.

Knife River Corporation – Northwest, is proposing to operate, on a temporary (2 year) basis, a concrete mixing plant on lands owned by KMS, LLC. The following documents with a brief explanation of the documents are included with this water bank application:

1. Diversion Calculations – Justification of quantity requested on application.
2. Secretary of State Business Entity – Knife River Corporation – Northwest is a registered business in the State of Idaho.
3. Certificate of Officers – Officers of Corporation in Idaho.
4. Fremont County Parcel Ownership Plats – Shows KMS, LLC as the owner of the place of use described on the Water Bank Application.
5. Secretary of State Business Entity – KMS, LLC is a registered business in the State of Idaho
6. Lease agreement between Knife River Corporation – Northwest and KMS, LLC. – Provides documentation that Knife River Corporation – Northwest can file on the Place of Use and Point of Diversion owned by KMS, LLC.

Hopefully this information clarifies any questions that you may have. Please feel free to contact me if you have any additional questions or need additional documentation.

Your cooperation in processing this application in a timely manner will be greatly appreciated.

Thank you,

A handwritten signature in cursive script, reading "Keith C. Wilson".

Keith C. Wilson

Senior Water Rights Analyst