

MEMORANDUM

DATE: June 20, 2011

TO: Water Right File 63-32259

FROM: Shelley W. Keen *SWK*

RE: Phone call from Ed Squires

This morning Ed Squires of Hydro Logic, Inc., called to discuss the possible reinstatement of Permit 63-32259. According to Ed, Idaho Independent Bank foreclosed on Hendershot Construction, Inc., but not before the proposed water system was constructed. We discussed two main issues. First, was there development of the proposed water use? Ed said he would confirm it, but he was pretty sure the diversion and delivery system, including stub-outs to each lot, were completed. Second, could the bank show an ownership interest in the permit? Ed said it could provide a deed but might have difficulty obtaining an assignment of permit. Based on Ed's responses, there are two likely options.

1. If, when allowing for the stub-outs, development has actually occurred in connection with the permit, the bank can seek reinstatement by submitting a statement of completion, a beneficial use field report, and an ownership change notice. The ownership change notice can be processed as part of the licensing process.
2. If development has not occurred, the bank will have to obtain an assignment of permit before seeking an extension, which must be received within the 60-day window after the lapse notice. IDWR is not likely to accept an ownership change notice instead of an assignment for a permit that has not been developed.