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DEPARTMENT OF
WATER RESOURCES

March 5, 2009

Michele Edl
Associate Engineer
Water Rights Section
Idaho Department of Water Resources
322 East Front Street
Boise, Idaho 83720-0098

Re: Application for Transfer of Water Right No. 63-10029.

Dear Ms. Edl:

As described in your letter dated February 9, 2009, water right 63-10029 was issued for a commercial mint distillery. Wastewater from the distillery was discharged to an irrigation system then land applied to adjacent irrigated cropland, which is also owned by Sterling Landscape Co. The use of water for this purposed continued until Sterling Landscape Co. acquired this water right together with the land to which it is appurtenant in February 2001. Since that time, the water right has been placed in the Water Supply Bank and portions of the water right have been leased from the Bank every year since 2004.

With respect to the historic consumption associated with this water right, it is likely that the entire decreed volume, 177.4 acre feet, was consumed in the distilling process and the application of effluent from that process thereafter. The transfer application proposes the diversion from two existing wells into an existing pond during the non-irrigation season. That portion of the water right to be used during the non-irrigation season (0.45 cfs; 92.78 afa) will be used for non-consumptive aesthetic and wildlife purposes. Consequently, the amount of water consumed under the proposed use will be less than the consumption associated with original licensed purpose. That portion of the water right that will remain available during the original licensed season of use (0.22 cfs; 84.62 afa) will continue to be available for lease from the Water Supply Bank.

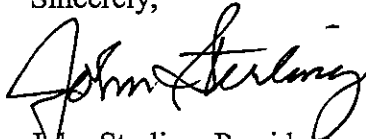
The two wells that will be used to divert the water are part of an existing irrigation ditch distribution system. The diversion and use of water for irrigation purposes from these wells is covered under other water rights.

The existing pond that will receive water during the non-irrigation season has been used to capture irrigation return flows during the irrigation season to allow sediment to settle-

out before water is discharged to existing drains. This pond is approximately 385 feet long and 100 feet wide.

With this additional information, please continue processing this transfer application. We are available to assist you with any additional questions you may have about our proposed water use.

Sincerely,

A handwritten signature in black ink, appearing to read "John Sterling". The signature is fluid and cursive, with the first name "John" being more prominent than the last name "Sterling".

John Sterling, President
Sterling Landscape Co.