

**SPF**Water Engineering, LLC
water resource consultants**RECEIVED****MAR 08 2006****DEPARTMENT OF
WATER RESOURCES**

March 6, 2006

Jerry Greenland
Watermaster, Water District 65D
503 Withers Ln
PO Box 532
Donnelly, Idaho 83615-0532

Subject: IDWR Permit 65-22912

Dear Jerry,

Thank you for your call today. This letter is to confirm that I correctly understand our conversation.

We discussed the Jug Mountain Ranch LLC Permit to Appropriate Water, No. 65-22912 (copy enclosed). The intent of this permit is to authorize aesthetic, wildlife, and recreation storage at Jussila Bow Reservoir on Wilhelm Creek so that the reservoir may be kept full for these uses. You explained that current operation has been to leave the reservoir full so that outflow from the reservoir is approximately equal to reservoir inflow. However, during times of high evaporation and seepage, outflows are less than inflows and are no longer adequate to supply the one downstream water user (I believe you said this was Mr. Duncan), and then the reservoir outlet is cracked open to deliver approximately the same amount as reservoir inflow so that the downstream user's right is satisfied. This method of operation has been successful during the last season and at this time you do not see a need for installation of measuring devices above and below the reservoir. If there comes a time when devices are needed for measuring and delivering water, then appropriate devices will need to be installed.

If I have misunderstood our conversation, or if you have any additions or corrections, please let me know.

Sincerely,

Scott N. King, P.E.
Senior Project Engineer

cc: Gary Spackman, IDWR
Brian McMahan, Jug Mountain

File: 159.0020

State of Idaho
Department of Water Resources
Permit to Appropriate Water

NO. 65-22912

Priority: August 25, 2004

Maximum Diversion Volume: 100.0 AF

This is to certify, that JUG MOUNTAIN RANCH LLC
C/O MILLEMANN PITTENGER
MC MAHAN & PEMBERTON
PO BOX 1066
MC CALL ID 83638

has applied for a permit to appropriate water from:

Source: WILHELM CREEK

Tributary: BOULDER CREEK

and a permit is APPROVED for development of water as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>ANNUAL VOLUME</u>
AESTHETIC STORAGE	01/01 to 12/31	100.0 AF
WILDLIFE STORAGE	01/01 to 12/31	100.0 AF
RECREATION STORAGE	01/01 to 12/31	100.0 AF

LOCATION OF POINT OF DIVERSION:

WILHELM CREEK NE¼SW¼ Sec. 12, Twp 17N, Rge 03E, B.M., VALLEY County

PLACE OF USE: AESTHETIC STORAGE, WILDLIFE STORAGE & RECREATION STORAGE

Twp Rge Sec	NE				NW				SW				SE				
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
17N 03E 12							X	X	X	X							

CONDITIONS OF APPROVAL

1. Proof of application of water to beneficial use shall be submitted on or before **February 01, 2010**.
2. Subject to all prior water rights.
3. The consumption of water under this right is currently attributable to the use of the same water under Right 65-2941.
4. The Director retains jurisdiction to require the right holder to provide purchased or leased natural flow or stored water to offset depletion of Lower Snake River flows if needed for salmon migration purposes. The amount of water required to be released into the Snake River or a tributary, if needed for this purpose, will be determined by the Director based upon the reduction in flow caused by the use of water pursuant to this permit.
5. Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which the permit holder had no control.
6. Use of water under this right will be regulated by a watermaster with responsibility for the distribution of water among appropriators within a water district. At the time of this approval, this water right is within State Water District No. 65D.

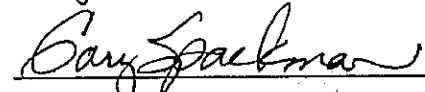
State of Idaho
Department of Water Resources

Permit to Appropriate Water

NO. 65-22912

7. Prior to diversion of water under this right, the right holder shall provide a means acceptable to the department to measure the amount of water entering the reservoir and the amount of water released from the reservoir.
8. The storage of water under this right is contingent upon the certification of the dam and authorization of storage per the dam safety provisions of the Idaho Code.
9. Rights 65-2941 and 65-22912 when combined shall not exceed a total annual diversion volume of 100.0 af.
10. Recreation storage use is for fishing, golfing & swimming.
11. When water is not available to fill this right, the right holder shall cease diversion, shall rent water from the Payette River Rental Pool, or shall otherwise mitigate the depletion of water caused by this water use.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code. Witness the signature of the Director, affixed at Boise, this 8th day of February, 2005.


FOR KARL J DREHER, Director