



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

September 15, 2009

PEP LLC
1356 S 3000 W
ABERDEEN ID 83210

RE: APPLICATIONS TO LEASE PART OF WATER RIGHT NOS. 35-7246B, 35-7246C,
AND 35-8864 TO THE WATER SUPPLY BANK

Dear Lessor:

The Department of Water Resources ("Department") has completed its review of your applications to lease a portion of water rights 35-7246B, 35-7246C, and 35-8864 to the Water Supply Bank ("Bank"). Portions of the offered water rights are accepted into the Bank in accordance with the attached Water Supply Bank Lease Acceptance. If you do not agree with the conditions of the Lease Acceptance and would like to withdraw your water rights from the Bank, you must contact the Department within thirty (30) days of receipt of this notification.

The rights will remain in the Bank for an "indefinite" lease term unless the rights are released earlier by the Board or upon request by the lessor. To change the term of the lease or to release the rights from the Bank, the lessor must submit a request in writing to the Department prior to the release date.

Please review the conditions of acceptance listed on the Lease Acceptance and contact me if you have any questions at (208) 287-4943.

Sincerely,

Aaron Marshall
Sr. Water Resource Agent

Enclosure(s)

c: Lyle Swank – IDWR Eastern Regional Office
Ernie Carlsen – State Water District No. 120
Tim Luke – IDWR Water Distribution Section
Jason Helms – Thompson Engineering
T.J. Budge – Racine Olson Nye Budge & Bailey