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DEPARTMENT OF
WATER RESOURCES

FREEMAN B. DUNCAN

ATTORNEY AT LAW

P.O. Box 1629

Post Falls, ID, 83877

(208) 773-8720

October 26, 2007

Mr. Aaron Marshall
Idaho Department of Water Resources
322 E. Front Street
P.O. Box 83720
Boise, ID 83720-0098

Re: Idaho Department of Environmental Quality/Water Bank Application

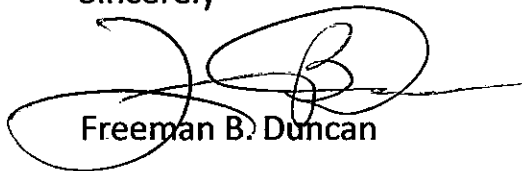
Dear Aaron:

It is my understanding that you are in receipt of the Change of Ownership form and the Water Bank Application form executed by the Idaho Department of Environmental Quality (DEQ). As we have discussed on the phone, I have been representing DEQ for over six years as a special deputy attorney general retained to assist with real property transfers associated with the Super Fund site in Shoshone County, Idaho. Under federal law, the State as represented by DEQ is to receive title to 1,600 acres of real property within what is called the Super Fund box (23 square miles). The properties previously were owned by Bunker Hill Limited, which was found to be one of the principal responsible parties (PRP's) for the contamination. Some of the properties that have already been transferred to the State and are vested in DEQ, included associated water rights. It is those rights that my client desires to put into the water bank with the intent to lease them to a company called Galena Ridge LLC that is currently developing a golf course project on 560 acres of property received by the State. As I advised you on the phone, Mr. Jeff Fereday of Givens Pursley represents Galena Ridge. I have requested that Mr. Fereday contact you.

I am semi-retired as an attorney and residing in Arizona for the winter. However, I have agreed to remain involved in this matter and my special deputy attorney general status has been extended. I am able to call my Post Falls phone number and listen to messages. I also have a cell phone (208-659-0244) that I keep on from 8:00 a.m. to 5:00 p.m., Monday through Friday. My Arizona phone number is 623-249-7236. I can also receive faxes on that phone number. My e-mail address is freemandeduncan@yahoo.com (one n in Diane). Hopefully my absence from Idaho won't cause you an inconvenience.

I look forward to working with you on this matter.

Sincerely

A handwritten signature in black ink, appearing to be 'F. B. Duncan', with a large, stylized initial 'F' and 'B'.

Cc: client

Jeff Fereday