

June 24, 2008

Charles Linak
2848 Starlington
Boise Id, 83712

Dear Mr. Linak

The Department of Water Resources has received your application for permit. Preliminary review of the application indicates that it is incomplete and cannot be accepted for processing. We are returning your application to allow you to complete the necessary items. I have contacted our state office to issue you a refund of your application fee of \$100.00. The required information is described below.

- Item 4 you listed the proposed use as “Residential”. This should be changed to “Domestic”.
- Item 7 the time required to complete the proposed beneficial use was not answered.
- Item 9 (b) you listed the legal description but in addition a D for Domestic needed to be placed in the corresponding place of use, i.e. NW SE quarter quarter.
- A map of the proposed project is required clearly identifying the proposed point of diversion, place of use, section number, township and range.
- The application cannot be processed with out your signature.

In addition the well is located within the Banbury Hot Springs Ground Water Management Area (BGWMA). The purpose of BGWMA is to protect the low temperature geothermal resource and avoid injury to existing users. The associated order prohibits additional development of the geothermal resource. Applications to appropriate water from a well using a low temperature geothermal resource can not be approved in the Banbury area. However, I had the opportunity to discuss your situation with the State office and it **may** be possible to process an Application for permit if certain requirements are met...

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Idaho Code § 42-233 states that low temperature geothermal resources shall be utilized primarily for heat value and secondarily for the value as water. The Department of Water Resources may exempt a proposed use if the director finds that the proposed use satisfies the following criteria in Idaho Code § 42-233 (i) there is no feasible alternative use of the resource; (ii) there is no economically viable source of water having a bottom hole temperature of eighty-five (85) degrees or less in a well available; (iii) the exemption is in the public interest. For this to occur a Request for Exemption of Use of the Low Temperature Geothermal Resource form needs to be submitted, requesting the heating requirement to be waved to allow the resource to be used for the value as water. A copy of this form is enclosed.

The proposed place of use currently has a water right, 47-17376 appurtenant to the property with a domestic use listed. It appears that irrigation of lawn and garden is not allowed by the domestic use described by right 47-17376. The Department would consider processing an application that includes a mitigation plan that would propose relinquishing the current domestic use under right 47-17376 as mitigation towards the new appropriation. Mitigation is necessary to offset the effects of the new appropriation within the Banbury Ground Water Management Area.

Additionally the Department of Water Resources will probably require you to limit the use of the new well to in house culinary use only, and that there will be no irrigation use allowed for landscaping i.e. lawn, garden, trees etc from the well.

If the Application for Permit is not approved the well drilling permit shall be subject to an administrative enforcement action and/or abandonment of the well pursuant to Chapter 2, Title 42, Idaho Code and Rules of the Department.

Upon making the necessary changes on the Application for Permit, submitting a Request for Exemption of use of the Low Temperature Geothermal Resource, and some sort of written mitigation plan agreeing to the possible conditions mentioned above, the Department will again review your Application for Permit and consider processing the application.

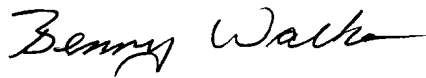
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You may also consider filing an Application for Transfer of Water Right, for the current right 47-17376 appurtenant to the property. You can transfer right 47-17376 to the new well you drilled, but you would be limited to the diversion rate of 0.016 cubic feet per second (approximately 7 gpm) and an annual volume of 3.96 acre feet. You may also add the new well as a second point of diversion to right 47-17376. However your diversion from both wells would be limited to a combined total diversion rate of 0.016 cubic feet per second (approximately 7 gpm) and a combined annual volume of 3.96 acre feet.

Please feel free to contact this office if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Benny Walker".

Benny Walker
Water Resource Agent
Enclosure