



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082

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C.L. "BUTCH" OTTER, Governor
DAVID R. TUTHILL, JR., Director

June 4, 2008

GROUSE POINT WATER CO LLC
C/O LORI GRAVES
SPF WATER ENGINEERING LLC
600 E RIVER PARK LN STE 105
BOISE ID 83706

Re: Application for Amendment of Permit 63-12203 and Well Abandonment,
Grouse Point Water Company

Dear Lori:

Your client filed an Application for Amendment of Permit No. 63-12203 in April 2008 to add an additional well to the permit. The proposed additional well was required to be abandoned by May 27, 2008 as a condition of approval of the replacement well drilling permit issued by the Idaho Department of Water Resources (IDWR). The amendment application also seeks to remove the abandonment condition from IDWR records. This letter identifies water right and well construction issues related to this request.

Water Right Issues

Proof of beneficial use for Permit 63-12203 was filed on July 15, 1998. That action ended the development period under this permit. IDWR cannot authorize more development under 63-12203. The alternative is to file a transfer application to change the water right after it is licensed.

According to IDWR records, apparently the original field exam forwarded by this office to the IDWR State Office in late 1998 was misplaced. A couple options are provided to get the permit licensed so a transfer could be filed.

Option 1 – Assuming the original field exam cannot be located, IDWR could conduct a re-examination. A license could be issued for development completed by July 15, 1998. Completion of a new field exam and license approval would be contingent on our staffing resources during 2009.

Option 2 – Your client could submit a new field exam report completed by a certified private examiner documenting development completed under the permit by July 15, 1998. The new report should include a cover letter seeking approval of the replacement exam based on unusual circumstances (precedent, Big Sky Partnership, 63-8067 etc. by Little Camas Reservoir).
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Well Construction Issues

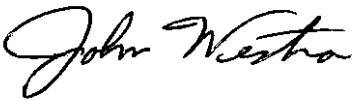
Failure to comply with the abandonment requirements of the drilling permit could be cause for IDWR to issue a Notice of Violation to the well owner. IDWR ability to issue drilling permits for replacement wells has historically been contingent upon a commitment to proper abandonment of the well being replaced. These conditions allowing approval of replacement well drilling permits were not intended to create a "loop-hole" to obtain a drilling permit for which other separate and prior approvals are necessary.

Because of the issues, the amendment application is being returned since it is not approvable. A refund of the \$50 amendment fee will be issued under separate cover.

Along with your response to the above water right related issues, please provide specific information as to why IDWR should not initiate an enforcement action and issue an Order requiring abandonment of the well that was replaced.

Please let me know if you need more information. Thank you for your attention to these matters.

Sincerely,

A handwritten signature in black ink that reads "John Westra". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John Westra
Western Region Manager

Enclosure: Application for Amendment of Permit #63-12203
 Drilling Permit #901682-848679