



SPF Water Engineering, LLC
water resource consultants

November 13, 2006

RECEIVED

NOV 15 2006

Idaho Department of Water Resources
Western Regional Office
2735 Airport Way
Boise, ID 83705-5082

WATER RESOURCES
WESTERN REGION

Attention: Steve Lester

Subject: Eagle Springs Ranch, LLC and Barnes Ventures, Inc. Transfer and Permit Applications

Dear Steve,

Enclosed on behalf of our clients Eagle Springs Ranch, LLC and Barnes Ventures, Inc. are two applications. The first is an application for permit seeking diversions for aesthetic and irrigation uses. The second application seeks to transfer four existing water rights for irrigation uses.

The Application for Permit seeks diversion of 12 cfs for aesthetic use and diversion to storage and 562 acre-feet of aesthetic and irrigation storage associated with a series of ponds and water features to be constructed at the Southfork Landing development near Garden Valley. Irrigation uses include 326 acres within a 386-acre permissible place of use for residential lots and common areas. The irrigated area is overlapped with existing decreed rights that will continue to be used as the primary source for irrigation for 299 acres (see transfer application). Therefore, this permit is seeking irrigation for a maximum of 27 acres not covered by existing decreed rights. Permits 65-13559 and 65-13399 also provide irrigation water for this property. We expect these permits will become licensed for additional acreage that is not covered by decreed rights, and that after licensing they will be transferred within this same place of use so that this permit application may ultimately be seeking water for fewer than 27 irrigated acres. The application seeks water for a series of aesthetic ponds and associated water features. We anticipate that the ponds will intercept ground water and will fill naturally as material is excavated. Additional flow will be provided from tributary streams and South Fork Payette River. The ponds and water features will be constructed to intercept all of the flow in Coski Creek, Charters Creek, and the unnamed stream. We do not anticipate any modifications increasing the Alder Creek diversion capacity above that currently authorized. South Fork Payette River diversions will be increased to provide additional aesthetic flows. Diversions to ponds are expected to

recharge ground water and/or return to the South Fork Payette River at 9N 4E Section 27 NESW.

The permit seeks development on land owned by Eagle Springs Ranch, LLC and Barnes Ventures, Inc. Eagle Springs Ranch has an agreement with Barnes Ventures, Inc to develop this water right on Barnes Ventures property.

The water rights currently associated with the property and related to the enclosed applications include the following:

- 65-5633 is a decreed right owned by Eagle Springs Ranch LLC for 5.27 cfs from Alder, Charters, and Coski Creeks for irrigation of 216 acres.
- 65-5696 is a decreed right owned by Eagle Springs Ranch LLC for 0.04 cfs from Alder and Coski Creeks for irrigation of 3 acres.
- 65-13559 is a permit owned by Eagle Springs Ranch LLC authorizing diversion of 0.2 cfs from an unnamed stream for irrigation of 10 acres. This permit is not included in the transfer application, but we anticipate when this permit becomes licensed, a transfer on the right may be needed.
- 65-13399 is a permit owned by Eagle Springs Ranch LLC authorizing diversion of 3 cfs from South Fork Payette River for irrigation of 200 acres within a 512-acre area. This permit is not included in the transfer application, but we anticipate when this permit becomes licensed, a transfer on the right may be needed.
- 65-8850 is a decreed right owned by Barnes Ventures Inc for 2.57 cfs from Alder Creek for stockwater and irrigation of 103 acres. This right overlaps and is combined with 65-11324. A 1.95 cfs portion of this right is included in the transfer application; the remainder (0.56 cfs for irrigation of 23 acres and the 0.06 cfs stockwater portion) will be left untransferred.
- 65-11324 is a decreed right owned by Barnes Ventures Inc for 2.2 cfs from South Fork Payette River for stockwater and irrigation of 110 acres. This right overlaps and is combined with 65-8850. A 1.60 cfs portion of this right is included in the transfer application; the remainder (0.6 cfs for irrigation of 30 acres and the 0.05 cfs stockwater portion) will not be transferred.

The decreed rights (65-5633, 65-5696, 65-8850 and 65-11324) authorize total diversions of 7.82 cfs for irrigation of 329 acres. Barnes Ventures Inc is reserving ownership of

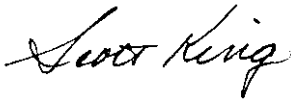
entity in the future as this property is developed. The transfer application proposes to modify the irrigated place of use to accommodate irrigation of residential lots and common areas within the Southfork Landing development. Flows will be diverted into ponds described by the permit application, then rediverted from ponds into a pressurized irrigation system. Barnes Ventures, Inc. proposes splitting 65-8850; a 0.56 cfs portion for irrigation of 23 acres, and the stockwater component are NOT included as part of this transfer. Likewise, they propose to split a 0.6 cfs portion for 30 acres of irrigation and the stockwater component of 65-11324, and this portion is NOT included in this transfer. These two split, untransferred rights are overlapping and will remain in Section 35, Government Lots 6 & 7 as shown in Figure 1.

A mortgage is in place on the Eagle Springs Ranch, LLC property. A copy of a letter prepared by Barney Ng, President of Bar-K Inc. Mortgage Bankers supporting the proposed transfer is enclosed; I believe the original was sent directly to you. It is my understanding that there are no liens, mortgages, etc. on the Barnes Venutres, Inc. property.

Deeds for the Eagle Springs Ranch property will be forwarded to you soon. A copy of the Notice of Change in Water Right Ownership and supporting deeds for Barnes Ventures, Inc. is included; the original was sent to the state office.

A check for \$1,260 is included to cover permit and transfer application fees. This amount is based on \$690 for the permit application (12 cfs), and \$570 for the transfer application (8.86 cfs). Please contact me with any questions or requests for additional information.

Sincerely,



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

cc: Lloyd Mahaffey / Eagle Springs Ranch, LLC
Angela Schaer Kaufmann, attorney for Barnes Ventures, Inc.

File: 391.0020

stockwater and portions of irrigation from rights 65-8850 (23 acres) and 65-11324 (30 acres), so that the transferred quantities include a total of 7.26 cfs for irrigation of 299 acres. As permits 65-13559 and 65-13399 are licensed, we anticipate transfers on the licenses to include these rights in the irrigated place of use.

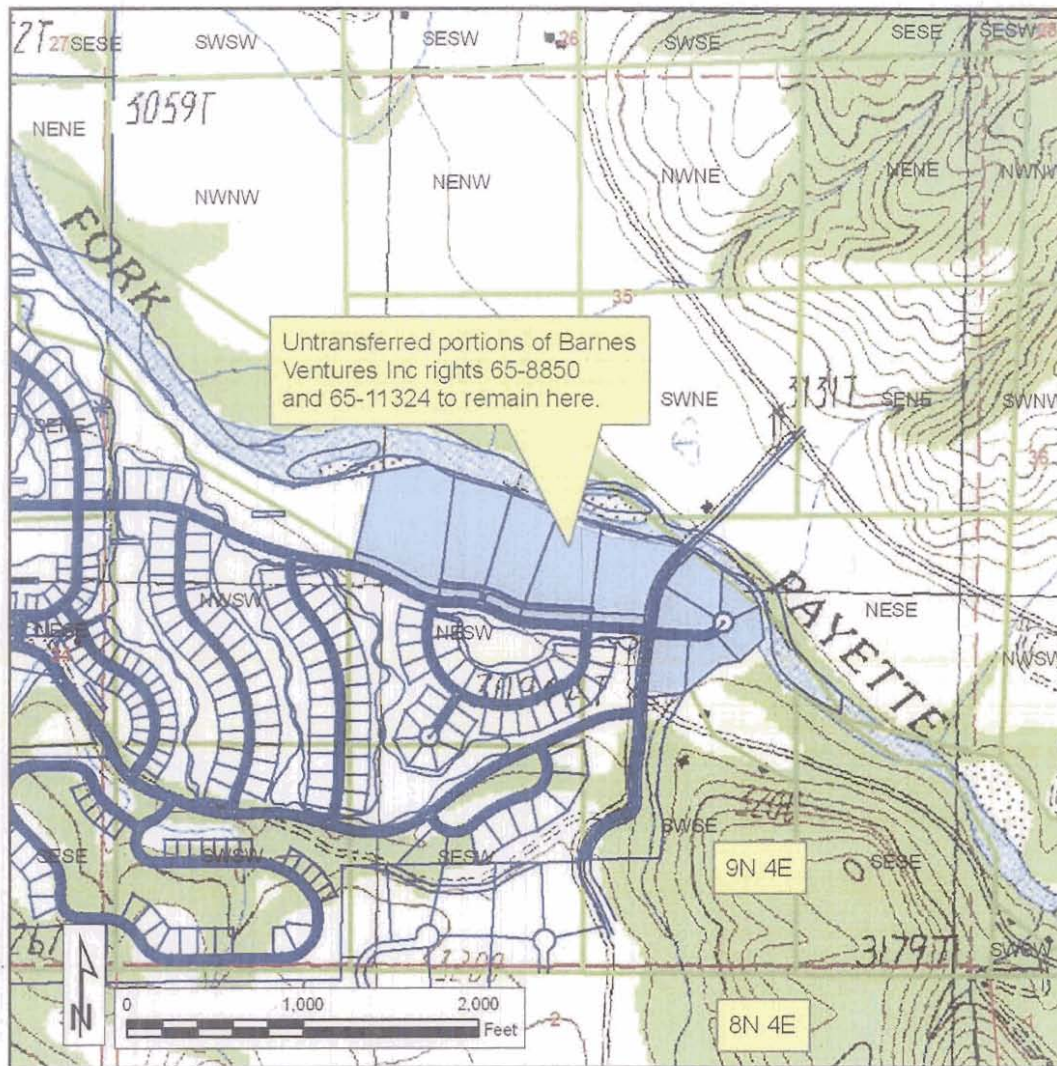


Figure 1: Untransferred portion of Barnes Ventures, Inc. rights 65-8850 and 65-11324 shown in light blue.

The second application seeks a transfer changing the place of use for water rights owned by Eagle Springs Ranch, LLC and Barnes Ventures, Inc. The application is filed jointly, but respective water rights ownership is to remain as is for now. We anticipate that ownership of these water rights and the permit application described above will ultimately be conveyed to a homeowner's association or other appropriate