



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190

FAX (208) 334-2348

April 10, 2006

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

Steven Hannula
ERO Resources Corp
3314 Grace Street
Boise ID 83703

RE: Application for Transfer and Drill Permit – Broken Arrow Farms Inc.

Dear Mr. Hannula:

Your request letter of February 21, 2006 regarding the transfer and drilling permit applications for Broken Arrow Farms Inc. have been forwarded to me. The transfer seeks an additional (new) point of diversion for existing irrigation, commercial, and stockwater rights.

As you aware, our administration has made completing the SRBA a first priority in 2006. Our office staff resources are presently re-assigned to the SRBA task and our office is not processing applications/transfers. The transfer application will be held over the next several months until the SRBA assignment has been completed.

Your letter also requested the transfer public notice fall under the language of Idaho Code (IC) 42-222. Although this statute allows discretion to the Director concerning transfer public notices, it has been policy to reserve this only for correction of errors and minor clarifications. The normal public notice process will be followed for the Broken Arrow Farms transfer application.

Although there has been discussion regarding expediting the construction of the new well, our rules address directly the approval of drilling permits related to pending water right permits, transfers, and amendments. Rule 45-01-d of the Department's Well Constructions Standards Rules states: *drilling permits will not be issued for construction of a well which requires another separate approval from the Department, such as a water right permit, transfer, or amendment until the separate approval have given by the Department.* Our office will continue to hold the drilling application until such time the transfer application has been approved.

Your cooperation is appreciated. Should you have any questions, please contact me at the Western Regional Office, phone 334-2190.

Sincerely,

John Westra
Western Regional Manager