



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street, P.O. Box 83720, Boise, ID 83720-0098

Phone: (208) 287-4800 Fax: (208) 287-6700 Web Site: www.idwr.idaho.gov

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

February 28, 2005

SAND SPRINGS RANCH & CO
C/O TOM AND LEONE AMBROSE
PO BOX 399
FAIRFIELD ID 83327

RE: Water Right Permit No. 37-07638

Dear Permit Holder(s):

The Department of Water Resources is reviewing the permit referenced above prior to issuing a water right license. By issuing a license, the Department confirms the extent of development that has been established in compliance with the terms of the permit. The examiner who verified your water use reported that your point of diversion was developed differently than described on your permit. Changes that do not increase the authorized use of water under the permit can be requested and approved in accordance with Section 42-211, Idaho Code. Before a license can be issued, your permit must be amended to depict your water use as it was actually developed.

The enclosed Application for Amendment form depicts the elements of the water right as they will appear on the license when it is issued. Please review the amendment form carefully. If you concur with the information presented, please sign the form and return it with the \$50.00 filing fee within 14 days.

Please be sure to review the conditions of approval proposed for your water right. When the application for this right was submitted to IDWR by William E. Sweet in 1977, he indicated that he owned 700 shares of Twin Lakes Reservoir and Irrigation Company, and he state on the application, "Twin Lakes water is normally available during the months of June, July, and first half of August." The IDWR field examiner who visited your property in 1989 to verify your use of water in connection with the permit said that water represented by Twin Lakes Reservoir and Irrigation Company shares was used on the same place of use. The IDWR field examiner who conducted a second evaluation in 1995 reported that until that year you had commingled Twin Lakes water and ground water in your ditches.

When issuing a water right license, it is IDWR's responsibility to describe the beneficial use of water established during the authorized development period for the permit. Changes that occur after the end of the development period cannot be shown on the license. Your authorized development period ended on July 15, 1982, when William E. Sweet submitted his proof of beneficial use statement. The evidence available to IDWR demonstrates that the original permit holder intended to use ground water as a supplemental source and that he did, in fact, use ground water to supplement his surface water supply during the development period for the permit. For that reason, the conditions of approval proposed for your license are intended to preserve the supplemental nature of the ground water use established under the permit.

February 28, 2005

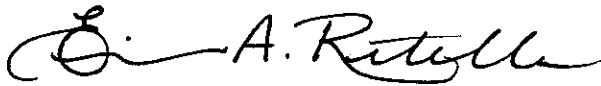
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The 1995 field examiner reported at that time you were in the process of converting from flood irrigation to sprinkler irrigation and that you were considering using ground water diverted under this right as your primary water source for the permitted place of use. IDWR can approve a transfer to change a supplemental irrigation right to a primary irrigation right, but only if the transfer applicant can demonstrate that there would be no enlargement of the water right being changed or other related water rights because the supplemental right has been used on a regular basis and the extent of beneficial use under all associated rights prior to the transfer will be proportionately reduced.

Idaho State Bank (U.S. Bank) is the permit holder of record. This correspondence was originally directed to them on January 27, 2005. The copy of that letter sent to Ambrose Farms, Inc. on the same date, was returned as undeliverable. Please complete and return the enclosed address change form. It will be necessary to have the Permit assigned to the water user.

If you have any questions, please call me at (208) 287-4949.

Sincerely,

A handwritten signature in black ink, appearing to read "Erin A. Retelle". The signature is fluid and cursive, with the first name "Erin" written in a stylized script.

Erin Retelle
Water Resource Agent

Enclosures:2