



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

June 28, 2006

JAMES E. RISCH
Governor

KARL J. DREHER
Director

DOUG GLASPEY
US GEOTHERMAL INC
1509 TYRELL LN STE B
BOISE ID 83706

Re: Application for Transfer No. 72440 – Expansion Right 43-10069

Dear Mr. Glaspey:

The Department of Water Resources is finalizing your transfer application review and needs to address one item before an approval can be issued.

One of the rights involved in the transfer was decreed in the Snake River Basin Adjudication as an expansion right pursuant to Section 42-1416B, *Idaho Code*. The decreed right provided additional acres without rate or diversion volume to be used in conjunction with rights 43-2381 and 43-2534B. An expansion right in a critical ground water area may be subject to curtailment as described under Section 42-1416B, *Idaho Code*. As an irrigation right, curtailment of right 43-10069 would require a reduction in acres, but the rate and volume associated with the other rights would not be reduced. If the nature of use is changed to something other than irrigation use, the acreage value would be eliminated and potential curtailment would need to be addressed in some other way. Otherwise, enlargement and injury could occur due to the change.

I have provided some alternatives to address the issue in a memo enclosed with this letter. The Department will hold further processing of this application for 30 days to allow you time to review the issue and provide a response. After that time, if we do not receive a response, the Department will issue an approval with diversion volume limits assigned to each right as proposed under the first alternative in the memo.

If you have questions, please feel free to call me to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Peppersack', is written over a horizontal line.

Jeff Peppersack, Manager
Water Right Permits Section

JP:klt

Enclosure