



Riley Creek Lumber Company

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DEPARTMENT OF
WATER RESOURCES

January 9, 2006

Mr. Shelley W. Keen, Water Rights Supervisor
Idaho Dept. of Water Resources
P.O. Box 83720
Boise, ID 83720-0098

Re: Water Appropriation Permit No. 98-7736
Kootenai River Lumber Co., LLC, dba Riley Creek – Bonners Ferry

Dear Mr. Keen:

In response to your letter of December 13, 2005, Riley Creek's Environmental Manager reviewed the historical records available at the facility and interviewed former Louisiana-Pacific (LP) employees who were responsible for water diversion during the time LP operated the mill. They were only aware of one pump for the diversion, but there are two systems which used the water; wet-decking (for watering logs), and bubblers (for dust suppression). Both systems were used during daylight hours in the summer months, May through September. The bubbler system was not used on rainy days, so the diversion rate was variable.

Estimated use for the wet-decking system was 153 days, or 2,142 hours. The bubbler system estimated use was 134 days, or 1,876 hours. During the time LP operated the sawmill, there was no diversion for fire suppression. Using LP's flow estimates, total annual river water diversion was approx. 55,000,000 gallons/year, or 0.5 cu. ft./second. Permitted diversion rate is 5.0 cu. ft./second.

LP closed the facility in May, 2003. Riley Creek purchased the property on December 31, 2004, and has not resumed manufacturing operations, but does plan to develop the site. Please advise us as to what actions Riley Creek should take in order to maintain the permit and to have a water right license at the currently permitted diversion rate. If you have any technical questions or concerns, please contact Glenda Empsall, 208-772-0505 ext. 438, cell phone: 208-661-2644.

Sincerely,

Julie Shiflett
CFO, VP Finance