

June 6, 2005

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WATER RESOURCES
WESTERN REGION

Lori Graves
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Boise, Idaho 83705-5082

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William F. Ringert, of Counsel
Samuel Kaufman (1921-1986)

Re: Second Amended Application for Transfer of Water Right Nos. 63-12, 63-13 and 63-15 filed by The Terteling Company, Inc.

Dear Lori:

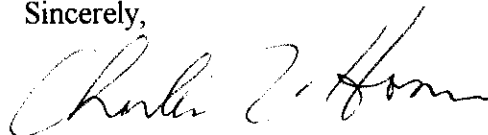
Your recent e-mail message informed my clients and I that the above-referenced transfer application could not be approved with the "Motorcycle Hot Well" as a point of diversion. The reason for your determination is that the "Motorcycle Hot Well" is completed into a different aquifer than the other wells proposed as points of diversion per the above-referenced transfer.

My clients agree with you that, based upon your clarification of the nature of the separate aquifers, the "Motorcycle Hot Well" located in T4n R2E, Section 22 NWNE should be removed from the transfer. It is my understanding that with this change, the application will be advertised the first two weeks of July.

Based upon your clarification, my clients intend to file an application to inject and recover geothermal water from Motorcycle Hot Well. We will contact you prior to filing such an application for discussion of the same.

Please contact me with any further questions or concerns regarding the above-referenced transfer application.

Sincerely,



Charles L. Honsinger

cc: Tom Terteling
Ed Squires