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JAN 12 2005

DEPARTMENT OF
WATER RESOURCES

January 7, 2005

Steven C. Wetzel
Dana L. Rayborn Wetzel
Pete B. Bredeson

VIA FACSIMILE: 208-327-7866

Jeff Peppersack
Water Right Permits Section
State of Idaho
Department of Water Resources
322 E Front Street
P.O. Box 83720
Boise ID 83720-0098

RE: Water Permit No.: 95-08856

Dear Mr. Peppersack:

Accompanying this letter is a copy of a water permit assigned to our client, Cougar Bay Ridge Water, LLC. As you will note, at paragraph 9 of the Conditions/Remarks, the permit allows for water to be supplied to "120 households." Our client is preparing to commence the beneficial use in the near future, which brings us to the "120 homes." (See enclosed permit and assignment.)

The original permittee was planning on supplying water to only two subdivisions. The new permittee has been inundated with pleas for domestic water. The Cougar Bay area is blessed with beautiful view, but cursed with bad wells. Most, if not all, of the wells are marginal producers, with both the quantity and quality being problematic. Many homeowners are literally begging for help. The new permittee has built a 400,000 gallon tank which, along with the great quantity and quality of the new well, allows the permittee to help these people.

Can you please advise concerning the Department's position on increasing the number of households to be served by the existing water permit. If the Department does have any concerns, could you please advise as to the best procedure to remove the "120 homes" restriction.

Please contact me at your earliest convenience.

Sincerely,

WETZEL & WETZEL P.L.L.C.

Steven C. Wetzel

SCW/dh

cc: Bob Haynes
Walt Haneke
Bill Radobenko

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DEPARTMENT OF
WATER RESOURCES

State of Idaho
Department of Water Resources

Permit To Appropriate Water

NO. 95-08856

RECEIVED

MAY 04 1994

DEPARTMENT OF
WATER RESOURCES
IDWR

Proposed Priority: March 4, 1994

Maximum Diversion Rate:

1.00 CFS

This is to certify, that MC CORMACK PROPERTIES OF IDAHO INC
401 FRONT ST STE 3
COEUR D ALENE ID 83814

has applied for a permit to appropriate water from: GROUNDWATER

and a permit is APPROVED for development of water as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>
IRRIGATION	03/15 to 11/15	1.00 CFS
DOMESTIC	01/01 to 12/31	1.00 CFS
FIRE PROTECTION	01/01 to 12/31	1.00 CFS
Totals		1.00 CFS

LOCATION OF POINT(S) OF DIVERSION:

SE
SE 1/4

Sec. 10, Township 50N, Range 04W
KOOTENAI County

PLACE OF USE: IRRIGATION

<u>TWN RGE SEC</u>	<u>ACRES</u>	<u>ACRES</u>	<u>ACRES</u>	<u>TOTAL</u>
50N 04W 21	NENE 13	NWNE 13	SENE 13	52
	NESE 13			

Total number of acres irrigated: 52

PLACE OF USE: DOMESTIC, same as IRRIGATION use

PLACE OF USE: FIRE PROTECTION, same as IRRIGATION use

CONDITIONS/REMARKS:

1. Proof of construction of works and application of water to beneficial use shall be submitted on or before May 1, 1999.
2. Subject to all prior water rights.
3. Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which permit holder had no control.
4. Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code.
5. A well drilled pursuant to this permit must be located at least 500 feet from any existing well. Well spacing closer than 500 feet must be approved by the Department of Water Resources.
6. Construction of the well must comply with Idaho well construction standards.
7. The issuance of this right in no way grants any right-of-way or easement across the land of another.

State of Idaho
Department of Water Resources

Permit To Appropriate Water

NO. 95-08856

CONDITIONS/REMARKS:

8. The rate of diversion of water for irrigation under this right and all other water rights on the same land shall not exceed 0.02 cubic feet per second for each acre of land.
9. Domestic use is for 120 homes.
10. The domestic use authorized under this permit shall not exceed 13,000 gallons per day per unit in accordance with Section 42-111, Idaho Code.
11. This permit authorizes irrigation of up to 1/2 acre within each platted subdivision lot upon which a domestic dwelling has been constructed.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code.
Witness the signature of the Director, affixed at Boise, this

25th day of April, 1994.

R. Keith Higginson
for R. Keith Higginson, Director

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DEPARTMENT OF
WATER RESOURCES

For Office Use Only
\$25 filing fee _____
Receipt # _____
Date _____

11/99

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

ASSIGNMENT OF PERMIT

To change the ownership of a permit

Michael McCormack,
President of McCormack
I, Properties Inc., hereby assign to Cougar Bay Ridge Water LLC
of 210 Sherman Ave., Suite 117, Coeur d'Alene ID
(Full Address) (Phone) 208-772-0136

All my right, title, and interest in and to Permit No. 95-08856 to
appropriate the public waters of the State of Idaho.

OR (for partial assignments)

The following described portion of my right, title, and interest in and to for
Permit No. _____ to appropriate the public waters of the State of Idaho.
(Describe portion of the application for permit assigned, listing the number of acres in each 40 acre
subdivision, point of diversion location, and amount of the water in cubic feet per second.)

Made this 9th day of June, 2007.

Michael McCormack
Permit Holder(s) Michael McCormack

State of Idaho

County of _____

On this _____ day of _____, 20____, personally appeared before me the signer(s) of the above
instrument, who duly acknowledged to me that he (she) (they) executed the same.

Notary Public residing at _____

SEAL

My commission expires: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of

Santa Barbara

} ss.

On

6/9/04

Date

before me,

Amy K. Jones, Notary Public

Name and Title of Officer (e.g., "Jane Doe, Notary Public")

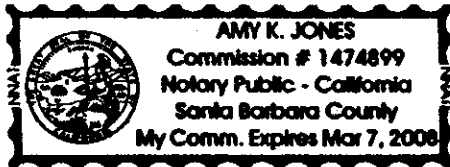
personally appeared

Michael McCormack

Name(s) of Signer(s)

☒ personally known to me☐ proved to me on the basis of satisfactory evidence

to be the person~~s~~ whose name~~s~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~s~~ on the instrument the person~~s~~, or the entity upon behalf of which the person~~s~~ acted, executed the instrument.



WITNESS my hand and official seal.

Amy K. Jones
Signature of Notary Public**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached DocumentTitle or Type of Document: Assignment of PermitDocument Date: June 9, 2004 Number of Pages: 1Signer(s) Other Than Named Above: N/A**Capacity~~(ies)~~ Claimed by Signer**Signer's Name: Michael McCormack☐ Individual☒ Corporate Officer — Title~~s~~: President☐ Partner — ☐ Limited ☐ General☐ Attorney-in-Fact☐ Trustee☐ Guardian or Conservator☐ Other: _____Signer Is Representing: McCormack Properties Inc.RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

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DEPARTMENT OF
WATER RESOURCES

BEFORE THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF IDAHO

IN THE MATTER OF PERMIT NO. 95-8856)
IN THE NAME OF MC CORMACK)
PROPERTIES OF IDAHO INC)
_____)

ORDER OF
REINSTATEMENT
AND EXTENDING PROOF
OF BENEFICIAL USE

WHEREAS, the Department issued the above-captioned permit with the condition that proof of construction of works and application of water to beneficial use be submitted on or before May 1, 2002, as extended by the Department, and,

WHEREAS, a proof due notice was not mailed to the permit holder at the address of record sixty (60) days prior to the proof due date, as required pursuant to Idaho Code, Section 42-204; and,

WHEREAS, on May 9, 2002, the Department lapsed the permit in error; and,

WHEREAS, Section 42-218a of the Idaho Code provides for reinstatement of a lapsed permit without an advance in priority date upon a showing of error or mistake of the Department; and,

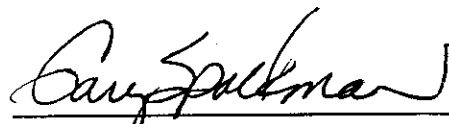
WHEREAS, on June 15, 2004, the permit holder filed a Request for Extension of Time with the Department based on a delay caused by litigation; and,

WHEREAS, the permit holder provided a reasonable showing of the cause for the delay and is proceeding diligently and in good faith; and,

WHEREAS, Section 42-204 of the Idaho Code provides for an extension of time to submit proof of beneficial use due to a delay caused by litigation.

IT IS, THEREFORE, HEREBY ORDERED that Permit No. 95-8856 is REINSTATED with no advance in priority. IT IS FURTHER ORDERED that the request for extension of time is APPROVED and the time within which to submit proof of beneficial use is extended to September 20, 2007.

Dated this 22nd day of June, 2004.


GARY SPACKMAN, Chief
Water Allocation Bureau

IDAHO DEPARTMENT OF WATER RESOURCES

Water Permit Report 95-8856

WATER RIGHT NUMBER: 95-8856

<u>Owner Type</u>	<u>Name and Address</u>
Previous Owner	MC CORMACK PROPERTIES OF IDAHO INC 200 E CARRILLO ST SUITE 200 SANTA BARBARA, CA 93101 (805)452-0932
Current Owner	COUGAR BAY RIDGE WATER LLC 210 SHERMAN AVE SUITE 117 COEUR D ALENE, ID 83816 (208) 772-0136
Attorney	WETZEL & WETZEL ATTORNEYS AT LAW PLLC 1322 W KATHLEEN AVE STE 2 COEUR D ALENE, ID 83815-8339 (208) 667-3400

Priority Date: 03/04/1994

Basis:

Status: Active

<u>Source</u>	<u>Tributary</u>
GROUND WATER	

<u>Beneficial Use</u>	<u>From To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	3/15 to 11/15	1.000 CFS	
DOMESTIC	1/01 to 12/31	1.000 CFS	
FIRE PROTECTION	1/01 to 12/31	1.000 CFS	
	<u>Total Diversion:</u>	1.000 CFS	

Location of Point(s) of Diversion

GROUND WATER	SE1/4SW1/4NE1/4	Sec. 10, Twp 50N, Rge 04W, B.M.
KOOTENAI County		

Place of Use

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
50N	04W	21	13.0	13.0		13.0					13.0				13.0				52.0

Total Acres: 52

DOMESTIC same as IRRIGATIONFIRE PROTECTION same as IRRIGATIONConditions of Approval:

- 004 The issuance of this right does not grant any right-of-way or easement across the land of another.
- 03A The rate of diversion of water for irrigation under this right and all other water rights on the same land shall not exceed 0.02 cubic feet per second for each acre of land.

IDAHO DEPARTMENT OF WATER RESOURCES

Water Permit Report 95-8856

3. 046 Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code.
4. 26A Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which permit holder had no control.
5. 46A A well drilled pursuant to this permit must be located at least 500 feet from any existing well. Well spacing closer than 500 feet must be approved by the Department of Water Resources.
6. 46B The right holder shall comply with Idaho well construction standards when constructing a well pursuant to this right.

Remarks:

1. General Domestic use is for 120 homes.
The domestic use authorized under this permit shall not exceed 13,000 gallons per day per unit in accordance with Section 42-111, Idaho Code.
This permit authorizes irrigation of up to 1/2 acre within each platted subdivision lot upon which a domestic dwelling has been constructed.

IDAHO DEPARTMENT OF WATER RESOURCES

Water Permit Report 95-8856

Dates and Other Information:

Permit Proof Due Date: 9/20/2007
 Permit Proof Made Date:
 Permit Approved Date: 4/25/1994
 Permit Moratorium Expiration Date:
 Enlargement Use Priority Date:
 Enlargement Statute Priority Date:
 Field Exam Date:
 Date Sent to State Office:
 Date Received at State Office:
 State or Federal:
 Owner Name Connector:
 Water District Number:
 Generic Max Rate Per Acre:
 Generic Max Volume Per Acre:
 Swan Falls Trust or Nontrust:
 Swan Falls Dismissed:
 DLE Act Number:
 Carey Act Number:
 Mitigation Plan: False

Combined Use Limits: