

AUG 25 2004

DEPARTMENT OF WATER RESOURCES

August 25, 2004

****Delivered by Hand****

Jeff Peppersack
Idaho Department of Water Resources
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Re: Application to Lease a Water Right to the Water Supply Bank; Application to
Rent Water from the Water Supply Bank

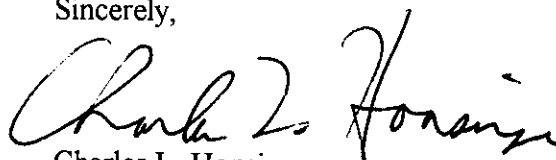
Dear Jeff:

Per our discussion of earlier today, enclosed please find the above referenced applications that I submit on behalf of my client, The Terteling Company, Inc. As you are aware, my client diverts geothermal water to heat its greenhouse complex. My client has determined that the well supplying its geothermal water should be cased to ensure the health and integrity of the geothermal resource, and has begun this process. Unfortunately, this means that the well cannot be used for greenhouse heating purposes during a time when such heating is becoming necessary due to recent and anticipated low temperatures.

My client has filed a transfer application to provide alternate points of diversion for the geothermal water necessary to heat the greenhouse. Unfortunately, that application is still pending and has yet to be published. Therefore, pursuant to your suggestion, we are submitting the above referenced applications which, if approved, will permit my clients to divert geothermal water from an alternate point of diversion.

It is my understanding that my client will be required to provide payment to the Water Bank, and will be required to sign an agreement prior to diverting water under the Application to Rent Water. Please provide the appropriate documents and payment amounts as soon as possible so that we can expedite this process.

Sincerely,


Charles L. Honsinger

enclosures

cc: Tom Terteling
Ed Squires