State of Idaho
DEPARTMENT OF WATER RESOURCES
1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor
KARL J. DREHER
Director

April 15, 2003

Steven R. Hannula
ERO Resources Corp.
1106 N. Cole Rd, Suite C
Boise, ID 83704-8661

RE: RIGHTS IN THE WATER SUPPLY BANK - 02-02240, 02-02431, 63-00361, 63-08389 AND 63-09807

Dear Mr. Hannula:

The Department has received your letter dated April 10, 2003, advising that Mark McDonough would like the above referenced water rights retained in the Water Supply Bank ("bank") through December 31, 2003. Although the rights were leased to the bank from January 1, 2003 through April 11, 2003, please consider that the rights are again leased to the bank through December 31, 2003.

As you are aware, the following conditions apply to rights that have been leased to the bank:

1. There is no payment to the owner of a right if the right is not rented from the bank.
2. While a right is in the bank, the owner of the right may not use the right even if the right is not rented.
3. A right accepted into the bank stays in the bank until the Board releases it or until the lease term expires.
4. While a water right is in the bank, forfeiture provisions are stayed.
5. Acceptance of a right into the bank does not, in itself, confirm the validity of the right or any elements of the water right.

If you have questions, please feel free to contact me.

Sincerely,

L. Glen Saxton

L. GLEN SAXTON, P.E.
Chief, Water Allocation Bureau

c: IDWR - W. Regional Office
Files