



State of Idaho

DEPARTMENT OF WATER RESOURCES

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January 18, 2001

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

Sherl L. Chapman
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. Chapman:

The Department has received your recent letter advising that Mark McDonough would like the above referenced water rights retained in the Water Supply Bank ("bank") for an additional year, through December 31, 2001.

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.

Please consider that the rights will be retained in the bank through December 31, 2001 unless the rights are released earlier by the Board upon a request from the owner of the rights.

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

Sincerely,

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

c: IDWR – Regional Office