



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098

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May 10, 2004

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

HILL WAY INC
C/O LOUIS HARDING
PO BOX 1338
SAN MATEO CA 94401

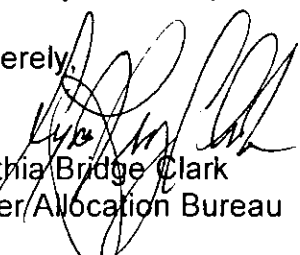
**RE: WATER SUPPLY BANK LEASE TERM. WATER RIGHT NO(S). 2-2259,
2-2261A, 57-7268**

Dear Lessor(s):

As requested in your letter, received by the Department of Water Resources ("department") on March 25, 2004, the department will retain the water right number(s) referenced above in Water Supply Bank. The right(s) will remain in the bank for an "indefinite" lease term unless the rights are released earlier by the Water Resource Board, or upon request by the lessor. To change the term of the lease or to release the right(s) from the bank, the lessor must submit a request in writing to the department.

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

Sincerely,



Cynthia Bridge Clark
Water Allocation Bureau

c: John Westra - IDWR Western Regional Office