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JAMES R BENNETTS

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HOLLAND & HART LLP

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State of Idaho

DEPARTMENT OF WATER RESOURCES

1341 Fillmore Street, Suite 200, Twin Falls ID 83301-3380

Phone: (208) 736-3033 FAX: (208) 736-3037

SOUTHERN REGION

DIRK KEMPTHORNE
GovernorKARL J. DREHER
Director

August 12, 2004

Holland & Hart
ATTN: J. Frederick Mack
PO Box 2027
Boise, ID 83701-2527

RECEIVED

AUG 13 2004

HOLLAND & HART

RE: Application For Transfer 71446, High Mountain Ranches LLC

Dear Mr. Mack:

Hopefully the ownership questions on this property have been resolved. This still leaves the question of interchangeability of the water sources, however. The data supplied by the project engineer is not sufficient to convince us that the ground and surface-water sources have a direct and immediate hydraulic connection (at least 50% depletion of the original source due to depletion at the proposed well in one day). Part 5.c.(8) of our Transfer Processing Memo No. 24 (Rev. 7.1) specifies the level of connection that is required between the two sources in order to prevent injury to other water rights, and we cannot approve a transfer unless this requirement is satisfied.

If you wish to provide additional justification to satisfy these criteria, please do so by September 13. If you cannot satisfy this requirement, you can withdraw the application and request a refund of the filing fee. If you do nothing, we will take steps to void the application; in this case, the filing fee will not be refunded unless a refund is requested by the applicant. If you questions, feel free to contact Jeff Peppersack in our Boise office (327-7947).

Regards,

*Jim*James E. Stanton
Sr. Water Resource Agent

327-7940