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January 27, 2004

Hand-delivered

Centerville Water System, Inc.

c/o Oscar Baumhoff

P. O. Box 182

Idaho City, ID 83631

RECEIVED

FEB 06 2004

WATER RESOURCES
WESTERN REGION

RE: Transfer Application – Water Right No. 63-15227

Dear Oscar:

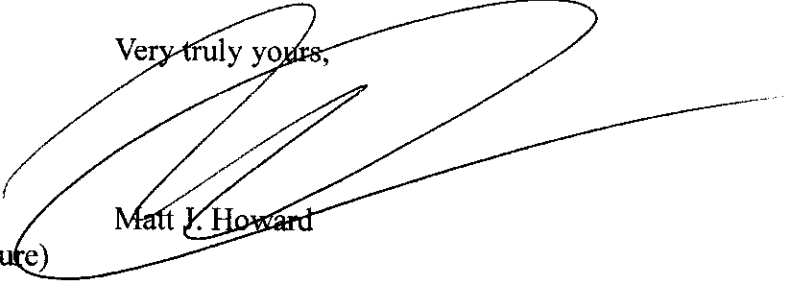
Enclosed is the original Application for Transfer of Water Right for water right no. 63-15227 in the name of Centerville Water System, Inc. After the Board of Directors for Centerville Water System, Inc., reviews and approves the enclosed application, the appropriate officer will need to sign the application where indicated and have his or her signature notarized. After it is signed, the appropriate officer will need to file the application with the Idaho Department of Water Resources (IDWR) at its Western Region Office which is located on Airport Way in Boise. The filing fee for the application is \$290.00, which will be due upon filing at IDWR.

As we discussed earlier, the transfer application seeks to create a “generally described place of use” for irrigation purposes, which will give Centerville Water System, Inc., the flexibility to move irrigated acres within its place of use without having to apply for a transfer from IDWR each time a movement in irrigated acreage is contemplated. This is a unique statutory privilege given only to water delivery entities (i.e. irrigation districts, canal companies, associations) such as Centerville Water System, Inc. As we discussed, for purposes of uniformity, the transfer application also seeks to have IDWR describe the fire-protection portion of the water right with the same generally described place of use to the extent IDWR deems it has the statutory authority to authorize such a change and provided IDWR does not charge an additional filing fee for the change. Based on my preliminary discussions with IDWR officials, it appears that IDWR also favors having a single place of use description for both purposes, i.e., irrigation and fire protection. However, no assurances could be provided until after the transfer process is complete.

After the application is filed, I will keep you advised of developments. Please feel free to contact me if you have any questions.

JANUARY 27, 2004

Very truly yours,



Matt J. Howard

Cc: Bob Talboy, Esq. (w/o enclosure)