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Groundwater and Environmental Engineering

December 9, 2003

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WATER RESOURCES
WESTERN REGION

Steve Lester
Water Rights Supervisor
Western Region Office
Idaho Department of Water Resources
2735 Airport Way
Boise, ID 83705

Subject: Application for Permit and Application for Transfer – Lochsa Falls, LLC

Dear Steve:

On behalf of Lochsa Falls, LLC, I am pleased to submit the enclosed (1) Application for Permit and (2) Application for Transfer of Water Right.

The Application for Permit proposes diversion of up to 1.92 cfs of groundwater for domestic use at Lochsa Falls Subdivision. The domestic use proposed consists of supplemental irrigation of 700 residential lots. The estimated irrigated residential lot area is 96 acres, based on 700 lots with an average irrigated area of 6,000 square feet. The total subdivision area is approximately 250 acres. The primary source of irrigation will be Settlers Irrigation District. The Settlers water will be delivered through a pressurized irrigation system.

The Application for Transfer of Water Right proposes creating a 250-acre permissible place of use for all of water right 63-2656B (0.44 cfs for 75 acres) and a 30-acre (0.42 cfs) portion of water right 63-11199. In combination, the two water rights are proposed for irrigation of 105 acres at a maximum diversion rate of 0.86 cfs. The 105 acres will include approximately 43 acres of common areas, commercial properties, and road right-of-way landscape. The remainder of the 105 irrigated acres will be single family residential lots.

The Application for Permit and the two transferred water rights will share the same 250-acre permissible place of use. In combination, the water right applications propose diversion of up to 2.78 cfs from a supplemental irrigation well located in the SWSE Section 26, T4N, R1W. The total irrigated area within the permissible place of use is anticipated to total approximately 139 acres. Therefore, there will be some overlap of the existing licenses and the proposed permit.

The Leroy E. Brandt Family Limited Liability Partnership and Elroy Brandt (collectively, "Brandt") are the current owners of license 63-11199 and the associated lands. Lochsa Falls has an agreement to purchase a 66-acre portion of the lands and appurtenant water right. A water right transfer agreement between Lochsa Falls, LLC, and Brandt is enclosed that provides permission from Brandt for the proposed transfer of a portion of 63-11199 prior to closing of the land purchase.

Proof of ownership for the 250-acre permissible place of use is attached to the transfer application. The proof includes (1) a quit claim deed for 66 acres of land associated with the portion of 63-111199 proposed for transfer, and (2) a quitclaim deed to Lochsa Falls for the remaining 184 +/- acres within the permissible place of use.

Also enclosed is a Pumping Station Easement Agreement for the well site. The Agreement provides an easement to Lochsa Falls for constructing and operating the proposed well on land owned by Kelly and Brenda Fulfer.

We understand that the filing fee for these applications totals \$540, including \$250 for the application for transfer and \$290 for the application for permit. A check for \$540 is enclosed.

Lochsa Falls would like to irrigate using the proposed well during the 2004 irrigation season. As a result, they would like to construct the well as soon as possible. Since applications for permit are generally advertised and processed more quickly than transfers, we request that the two applications be processed separately. We assume that separate processing of the applications will be the fastest route for permit approval, and subsequent approval of a drilling permit.

Please contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry M. Scanlan". The signature is fluid and cursive, with the first name "Terry" and last name "Scanlan" clearly distinguishable.

Terry M. Scanlan, P.E.

Cc: Traci Irvin