

November 18, 2003

Mr. Jeff Peppersack
Idaho Department of Water Resources
1301 N. Orchard St
Boise, Idaho 83706

RE: Willow Hills Dairy Transfer -- Mitigation Plan

Dear Mr. Peppersack

Applicants Chad and Susan Bailey of Willow Hills Dairy in Rupert, Idaho filed an Application for Transfer on September 6, 2002 at the Department of Water Resources. The intent of the transfer is to provide water to an existing dairy that is currently idle. The heifer lot is currently in operation. Once the water rights are secure, the dairy portion will be restarted.

The source of water is ground water in the East Snake Plain Aquifer (ESPA). The well supplying the dairy facility is located at the dairy in the NW Section 18, T10S, R24E in Minidoka County.

At the request of the Idaho Department of Water Resources (IDWR), this mitigation plan is being submitted to satisfy concerns about causing increased impacts to the ground water of the East Snake Plain Aquifer (ESPA).

Mitigation Proposal

The applicant is proposing to retire 15 acres of irrigation land located in NE NE Section 2 of T10S, R26E (portion of water right nos. 43-4037 and 43-7126) (FROM Well) to transfer that portion of the water right to the dairy (TO Well). Water rights 43-4037 and 43-7126 have been in the Idaho State Water Bank since July 1995 and have never been leased.

Spreadsheet Model Analysis

To evaluate the impacts of this transfer to the different reaches of the Snake River, the Eastern Snake Plain Aquifer Ground Water Transfer Spreadsheet version 1.1 (model) was used.

The POD of the FROM well is in model cell S06,30. The POD for the TO well is in model cell S5,25.

The pumping volume at the TO well is 15.9 ac-feet per year (afa) (5.3 ac-ft/trimester).

To accomplish a no net increase of impacts in the King Hill reach, the model predicts that the applicant will have to retire 15 acres of water right nos. 43-4037 and 43-7126. Crop reports provided by the Farm Service Agency (FSA) show that the crop rotation in

1994 had a consumptive rate of 2.97 ac-ft/ac (Allen Brockway, 1983, see Attachment 1). Using this consumptive rate, 15 acres of land have an annual consumptive volume of 44.6 afa. The model simulation uses the fact that the water rights (43-4037 and 43-7126) have not been leased in the 8 years while they were in the water bank.

Figure 1 shows the Net Transfer Effect as calculated by the model. Figures 2 through 5 show the hydrologic response of the individual reaches of the Snake River.

As shown in Figures 1 through 5, all four Snake River reaches will have a no net increase of impacts resulting from this transfer. The King Hill reach is predicted to receive no long-term impact and positive short-term effects. The other three reaches are predicted to experience positive responses.

Figure 6 is a location map showing relative locations of the FROM well and TO well. Figure 7 shows the model boundary of the ESPA and the cell pattern superimposed with the Township-Range lines.

STIPULATIONS

The applicant believes that this mitigation plan more than compensates water users within the ESPA.

In addition, this mitigation plan provides positive effects to other reaches in the Snake River and ESPA that are not quantified in this plan. At this time, IDWR does not have a system by which these benefits can be credited to the applicant. Though this mitigation plan does not claim any reach credits, the applicant reserves the right to apply for such credits based on this transfer when such a mechanism is recognized in the future.

It is the applicant's intent that this mitigation plan will not be re-examined without mutual agreement and approval of IDWR. This mitigation plan relies on the retirement of irrigation lands to compensate for diversions at a new location. Any other form of mitigation will require approval by IDWR.

Also, I attached a closing statement as ownership information that includes a legal description of the mitigation lands.

If you have any questions, please call Steven Hannula at ERO Resources Corporation, 373-7983.

Regards,

Steven R. Hannula