

State of Idaho
Department of Water Resources
Permit to Appropriate Water

NO. 63-31966

Priority: May 21, 2004

Maximum Diversion Rate: 5.00 CFS

This is to certify, that SUNCOR IDAHO LLC
485 E RIVERSIDE DR STE 300
EAGLE ID 83616

has applied for a permit to appropriate water from:

Source: GROUND WATER

and a permit is APPROVED for development of water as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>
MUNICIPAL	01/01 to 12/31	5.00 CFS

LOCATION OF POINTS OF DIVERSION:

GROUND WATER	L6 (NW¼SW¼)	Sec. 6, Twp 05N, Rge 02E, B.M., ADA County
GROUND WATER	L7 (SW¼SW¼)	Sec. 6, Twp 05N, Rge 02E, B.M., ADA County
GROUND WATER	NW¼SE¼	Sec. 7, Twp 05N, Rge 02E, B.M., ADA County
GROUND WATER	SE¼SE¼	Sec. 7, Twp 05N, Rge 02E, B.M., ADA County
GROUND WATER	SW¼NE¼	Sec. 18, Twp 05N, Rge 02E, B.M., ADA County
GROUND WATER	SE¼SE¼	Sec. 1, Twp 05N, Rge 01E, B.M., ADA County
GROUND WATER	SE¼SE¼	Sec. 1, Twp 05N, Rge 01E, B.M., ADA County

CONDITIONS OF APPROVAL

1. Proof of application of water to beneficial use shall be submitted on or before **March 01, 2010**.
2. Subject to all prior water rights.
3. Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which the permit holder had no control.
4. Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code and applicable Well Construction Rules of the Department.
5. Water bearing zone to be appropriated is from 50 to 500 feet.
6. Place of use is within the area served by the public water supply system of Suncor Idaho, LLC for use within Spring Valley Ranch. The place of use is generally located within Sections 1, 12, 13 and 24, Township 05N, Range 01E; Sections 5, 6, 7, 17, 18 and 20, Township 05N, Range 02E; Section 36, Township 06N, Range 01E; Sections 31 and 32, Township 06N, Range 02E.
7. The right holder shall not provide water diverted under this right for the irrigation of land having appurtenant surface water rights as a primary source of irrigation water except when the surface water rights are not available for use. This condition applies to all land with appurtenant surface water rights, including land converted from irrigated agricultural use to other land uses but still requiring water to irrigate lawns and landscaping.

State of Idaho
Department of Water Resources
Permit to Appropriate Water

NO. 63-31966

8. Prior to diversion of water under this right, the right holder shall provide a means of measurement acceptable to the Department from all authorized points of diversion which will allow determination of the total rate of diversion.
9. Prior to or in connection with the proof of beneficial use statement to be submitted for municipal water use under this right, the right holder shall provide the department with documentation showing that the water supply system is being regulated by the Idaho Department of Environmental Quality as a public water supply and that it has been issued a public water supply number.
10. The Director retains jurisdiction to require the right holder to provide purchased or leased natural flow or stored water to offset depletion of Lower Snake River flows if needed for salmon migration purposes. The amount of water required to be released into the Snake River or a tributary, if needed for this purpose, will be determined by the Director based upon the reduction in flow caused by the use of water pursuant to this permit.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code. Witness the signature of the Director, affixed at Boise, this 11th day of March, 2005.


for KARL J DREHER, Director

FEB 22 2005

Ident. No. 63-31966 12/99

Department of Water Resources

STATE OF IDAHO DEPARTMENT OF WATER RESOURCES

RECEIVED APPLICATION FOR PERMIT

WATER RESOURCES WESTERN REGION To appropriate the public waters of the State of Idaho

1. Name of Applicant SunCor Idaho, LLC Phone (208) 939-0343

Mailing address 485 East Riverside Drive, Suite 300, Eagle, ID 83616

2. Source of water supply ground water which is a tributary of _____

3. Location of point of diversion is Township 5N Range 1E Sec. 1, in the _____ 1/4, _____ SE 1/4, _____ SE 1/4, Govt. Lot _____, B.M., Ada L.6 L.7

County; additional points of diversion if any: SESE of Section 1, T5N R1E; NWSW and SWSW of Section 6, T5N R2E; NWSE and SESE of Section 7, T5N R2E; SWNE of Section 18, T5N R2E.

4. Water will be used for the following purposes:

Amount 5.0 cfs for municipal purposes from 1/1 to 12/31 (both dates inclusive)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)

5. Total quantity to be appropriated is (a) 5.0 and/or (b) _____

cubic feet per second

acre feet per annum

6. Proposed diverting works:

a. Describe type and size of devices used to divert water from the source Seven wells with electric pumps.

b. Height of storage dam _____ feet; active reservoir capacity _____ acre-feet; total reservoir capacity _____ acre-feet

c. Proposed well diameter is 6 to 16 inches; proposed depth of well is 500 feet

d. Is ground water with a temperature of greater than 85°F being sought? No

e. If well is already drilled, when? 3/03, 4/04; Drilling firm Hiddleston & Sons Inc., Riverside, Inc;

Well was drilled for (well owner) SunCor Development Co.; Drilling Permit No. D0029075, D0030890

7. Time required for completion of works and application of water to proposed beneficial use is 5 years (minimum 1 year)

8. Description of proposed uses (if irrigation only, go to item 9):

a. Hydropower; show total feet of head and proposed capacity in kW. _____

b. Stockwatering; list number and kind of livestock. _____

c. Municipal; show name of municipality. Spring Valley Ranch (an unincorporated planned community)

d. Domestic; show number of households. _____

e. Other; describe fully. _____

9. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of the use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

TWP	RGE	SEC	NE				NW				SW				SE				TOTALS
			NE	NW	SW	SE													
6N	1E	36													M		M	M	
6N	2E	31	M	M	M	M	M		M	M	M	M	M	M	M	M	M	M	
		32											M						
5N	1E	1	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	
		12	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	
		13	M	M	M	M	M	M	M	M	M	M			M	M	M	M	
		24	M	M															
5N	2E	5						M	M			M	M						
		6	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	
		7	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	
		17						M	M			M	M	M		M	M	M	
		18	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	
		20	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	

Total number of acres to be irrigated _____

10. Describe any other water rights used for the same purposes as described above. NA

11. a. Who owns the property at the point of diversion? Applicant

b. Who owns the land to be irrigated or place of use? Applicant

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing: NA

12. Remarks: See attached

13. **MAP OF PROPOSED PROJECT REQUIRED** - Attach an 8½"x11" map clearly identifying the proposed point of diversion, place of use, section #, township & range. (A photocopy of a USGS 7.5 minute topographic quadrangle map is preferred.)

BE IT KNOWN that the undersigned hereby makes this application for permit to appropriate the public waters of the State of Idaho as herein set forth.

Robert G. Taunton, General Manager
Signature of Applicant (and title, if applicable)

Received by AK Date 5/2/04 Time 4:12 Preliminary check by [Signature]
 Fee \$ 410.00 Received by AK # 41031748 Date 5/2/04
 Publication prepared by AK Date 8-11-04 Published in THE IDAHO STATESMAN
 Publication approved AK Date 9-7-04 ✓ MESSENGER INDEX

✓ IDAHO WORLD

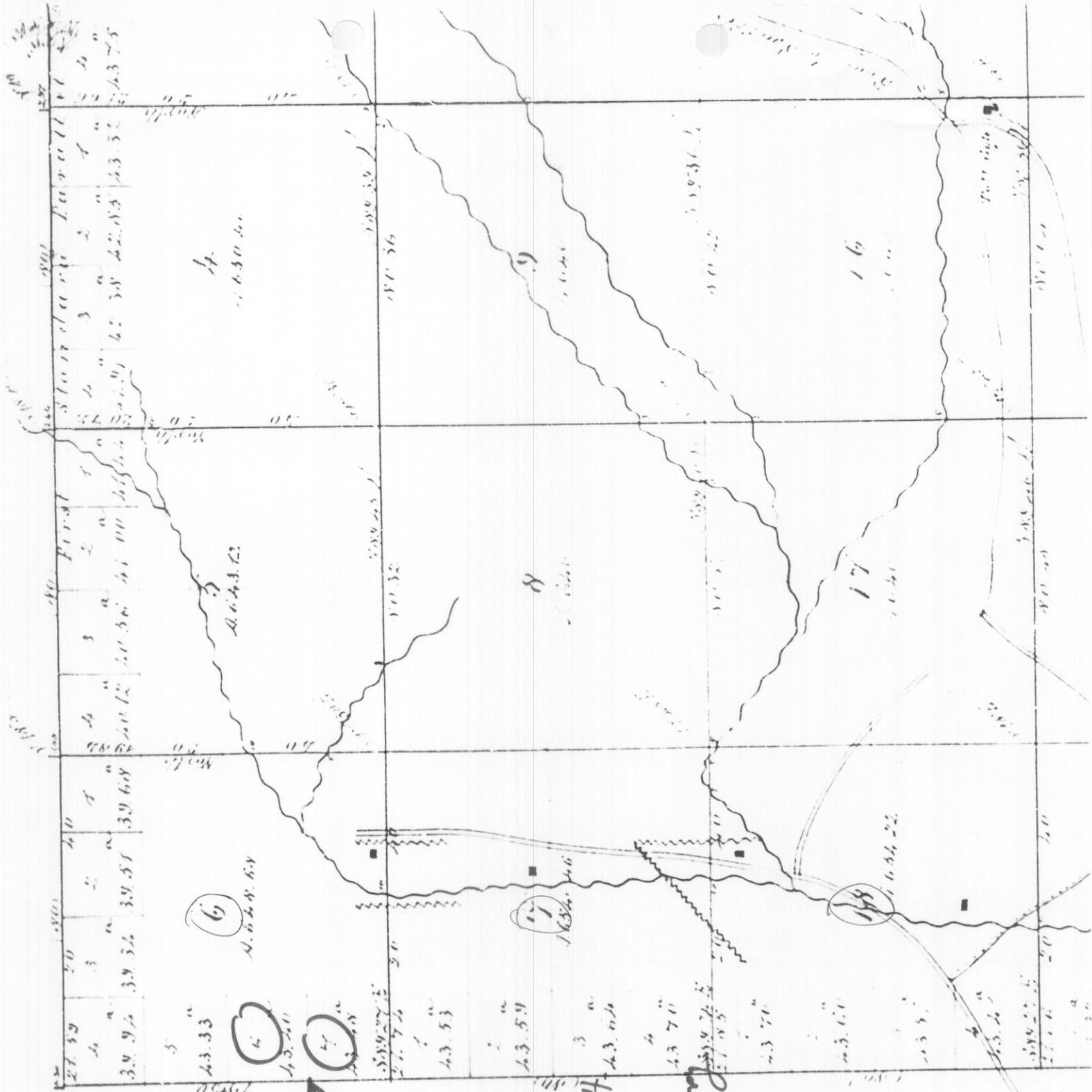
Remarks. SunCor Idaho, LLC proposes appropriation of 5.0 cfs for municipal purposes to serve the Spring Valley Ranch planned unit development. Municipal uses will include domestic and irrigation for approximately 700 homes, commercial uses at retail and office facilities, fire protection, and other uses.

Seven points of diversion are anticipated initially. Three wells will be located east of Highway 55 in Spring Valley. These wells are anticipated to be 6-inch or 8-inch diameter, completed at depths ranging from 100 to 500 feet. Four wells will be located west of Highway 55. These wells are anticipated to be 6-inch to 16-inch diameter.. Water-bearing zone to be appropriated is 50 to 500 feet.

SunCor Idaho anticipates that it will form a water utility regulated by the Idaho Public Utilities Commission. The initial service area proposed for the utility will be the place of use described by this permit. SunCor Idaho anticipates filing with the Idaho Public Utilities Commission an application for Certificate of Convenience and Necessity to serve this area.

The lands within the place of use are currently owned or controlled by SunCor Development Company and are being developed for residential use by SunCor Idaho, LLC. SunCor Development Company is the parent company for SunCor Idaho LLC.

63-31966



T5N
R2E

lots
677

63-31966

NO other gov't
lots in P10
or P1a boundary

REQUEST TO PROCESS

COMPLETE REQUEST IF YOU WANT YOUR APPLICATION TO BE PROCESSED USING ONE OF THE
THREE ALTERNATIVES BELOW

Name of Applicant SunCor Idaho, LLC
Mailing Address 485 E. Riverside Drive.
Eagle, ID 83616
Application No. 63-31966
(if known)

 IN LOCAL PUBLIC INTEREST

Yes, I want my application processed and before it is advertised, I will amend my application to demonstrate that the proposed appropriation is in the local public interest including the need to preserve flows in the Snake River during the migration periods of anadromous fish.

 PROPOSE MITIGATION NOW

Yes, I want my application processed and before it is advertised, I will amend my application to include proposed mitigation to offset anticipated depletions in the Snake River during periods of anadromous fish migration.

 X WILL AGREE TO MITIGATION IN THE FUTURE IF NECESSARY

Yes, I want my application processed at this time, and I will accept a condition of approval that will require mitigation should the Director of the Idaho Department of Water Resources determine that mitigation is necessary to offset depletions from this appropriation to flows in the Snake River during periods of anadromous fish migration. I understand that mitigation is not required now but may be needed in the future. I also understand that the Director will not require mitigation until I have an opportunity to review the process by which the need for mitigation is established and the amount of water required is quantified.

Signature

Robert G. Taunton, General Manager

Date

5.19.04

Please return this form to:

Idaho Dept. of Water Resources
Western Regional Office
2735 Airport Way
Boise, ID 83705-5082



May 18, 2004

State of Idaho
Department of Water Resources
Western Regional Office
2735 Airport Way
Boise, Idaho 83705-5082

Re: Spring Valley Ranch

To Whom It May Concern:

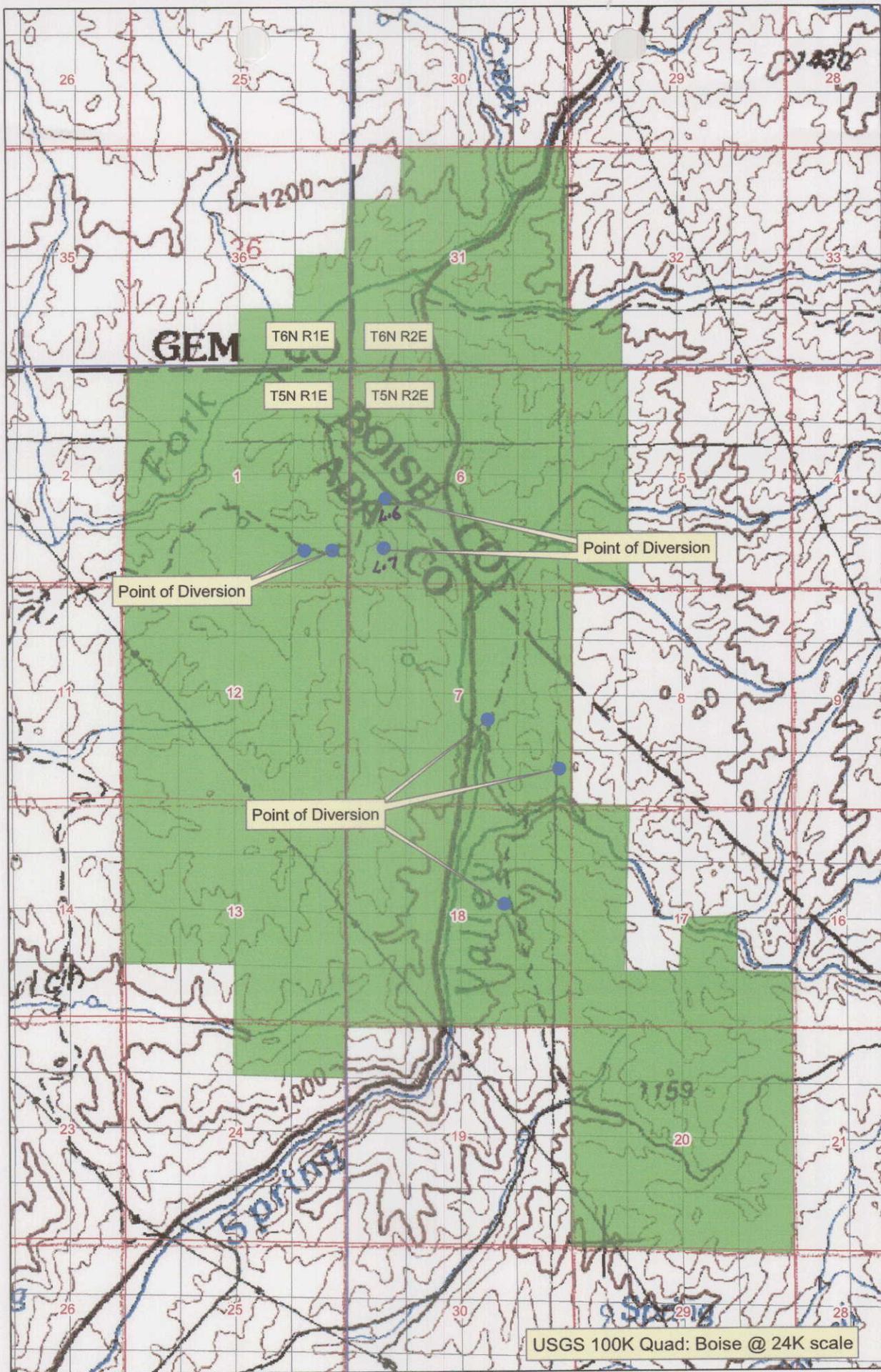
On July 24, 2003 title to the Spring Valley Ranch property was transferred to First American Title Insurance Company, as Trustee, under a dual beneficiary Subdivision Trust Agreement. Under this Trust Agreement the owners of the ranch property, Spring Valley Livestock Company, and the purchaser, SunCor Idaho, LLC, are referred to as the First Beneficiary and Second Beneficiary respectively. The Trust Agreement permits SunCor Idaho, LLC to develop water resources and prepare and submit the water permit application.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Taunton", written in a cursive style.

Robert G. Taunton
General Manager

63-31966



63-31966



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street, P.O. Box 83720, Boise, ID 83720-0098

Phone: (208) 287-4800 Fax: (208) 287-6700 Web Site: www.idwr.idaho.gov.

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

March 14, 2005

SUNCOR IDAHO LLC
485 E RIVERSIDE DR STE 300
EAGLE ID 83616

RE: Permit No. 63-31966

Permit Approval Notice

Dear Permit Holder:

The Department of Water Resources has issued the enclosed permit authorizing you to establish a new water right. Please be sure to thoroughly review the conditions of approval and remarks listed on your permit.

The permit is a PRELIMINARY ORDER issued by the Department pursuant to Section 67-5243, Idaho Code. It can and will become a final order without further action by the Department unless a party petitions for reconsideration or files an exception and/or brief within fourteen (14) days of the service date as described in the enclosed information sheet.

As a permit owner you must commence the excavation or construction of the diverting works within one year of the date the permit was issued, and you must proceed diligently until the project is completed. The date shown under condition no. 1 is the date when the project must be completed.

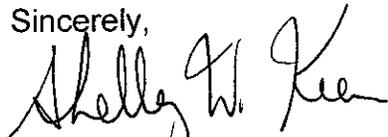
The Department will send you a 'Proof Due Notice' approximately 60 days prior to the above referenced date requesting you to file either a Proof of Beneficial Use form or a Request for Extension of Time form.

The right to drill a well is not a part of this permit to appropriate water. Beginning in July of 1987, a statute was enacted which requires a drilling permit for new well construction and deepening of existing wells. If the well(s) proposed for use under this water right permit were drilled or deepened after July 1, 1987, a separate drilling permit must be obtained from this Department. Please contact the Ground Water Protection Section located here at this office or our regional office nearest you.

Also, please note that water right owners are required to report any change of water right ownership and/or mailing address to the Department within 120 days of the change. Failure to report these changes could result in a \$100 late filing fee. Contact any office of the Department or visit the Department's homepage on the Internet to obtain the proper forms and instructions.

If you have any questions, please contact me at 208-287-4947.

Sincerely,

A handwritten signature in black ink that reads "Shelley W. Keen". The signature is written in a cursive style with a large, sweeping "K" at the end.

Shelley W. Keen

Water Rights Supervisor

SWK:klf

Enclosure(s)

cc: SPF WATER ENGINEERING LLC

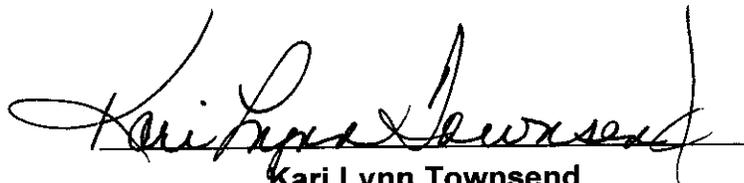
CERTIFICATE OF SERVICE

I hereby certify that on March 14, 2005 I mailed a true and correct copy, postage prepaid, of the foregoing PRELIMINARY ORDER(Approved Permit) to the person(s) listed below:

RE: WATER RIGHT NO. 63-31966

**SPF WATER ENGINEERING LLC
C/O TERRY SCANLAN
600 E RIVER PARK LN STE 105
BOISE ID 83706**

**SUNCOR IDAHO LLC
485 E RIVERSIDE DR STE 300
EAGLE ID 83616**


**Kari Lynn Townsend
Secretary**

**EXPLANATORY INFORMATION
TO ACCOMPANY A
PRELIMINARY ORDER**

The accompanying order or approved document is a "Preliminary Order" issued by the department pursuant to section 67-5243, Idaho Code. It can and will become a final order without further action of the Department of Water Resources (department) unless a party petitions for reconsideration, files an exception and brief, or requests a hearing as further described below:

PETITION FOR RECONSIDERATION

Any party may file a petition for reconsideration of a preliminary order with the department within fourteen (14) days of the service date of this order. The department will act on a petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See Section 67-5243(3) Idaho Code.

EXCEPTIONS AND BRIEFS

Within fourteen (14) days after (a) the service date of a preliminary order, (b) the service date of a denial of a petition for reconsideration from this preliminary order, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration from this preliminary order, any party may in writing support or take exceptions to any part of a preliminary order and may file briefs in support of the party's position on any issue in the proceeding with the Director. Otherwise, this preliminary order will become a final order of the agency.

REQUEST FOR HEARING

Unless a right to a hearing before the department or the Idaho Water Resource Board (Board) is otherwise provided by statute, any person aggrieved by any final decision, determination, order or action of the Director of the department and who has not previously been afforded an opportunity for a hearing on the matter may request a hearing pursuant to section 42-1701A(3), Idaho Code. A written petition contesting the action of the Director and requesting a hearing shall be filed within fifteen (15) days after receipt of the denial or conditional approval.

ORAL ARGUMENT

If the Director grants a petition to review the preliminary order, the Director shall allow all parties an opportunity to file briefs in support of or taking exceptions to the preliminary order and may schedule oral argument in the matter before issuing a final order. If oral arguments are to be heard, the Director will within a reasonable time period notify each party of the place, date and hour for the argument of the case. Unless the Director orders otherwise, all oral arguments will be heard in Boise, Idaho.

CERTIFICATE OF SERVICE

All exceptions, briefs, requests for oral argument and any other matters filed with the Director in connection with the preliminary order shall be served on all other parties to the proceedings in accordance with IDAPA Rules 37.01.01302 and 37.01.01303 (Rules of Procedure 302 and 303).

FINAL ORDER

The Director will issue a final order within fifty-six (56) days of receipt of the written briefs, oral argument or response to briefs, whichever is later, unless waived by the parties or for good cause shown. The Director may remand the matter for further evidentiary hearings if further factual development of the record is necessary before issuing a final order. The department will serve a copy of the final order on all parties of record.

Section 67-5246(5), Idaho Code, provides as follows:

Unless a different date is stated in a final order, the order is effective fourteen (14) days after its issuance if a party has not filed a petition for reconsideration. If a party has filed a petition for reconsideration with the agency head, the final order becomes effective when:

- (a) the petition for reconsideration is disposed of; or
- (b) the petition is deemed denied because the agency head did not dispose of the petition within twenty-one (21) days.

APPEAL OF FINAL ORDER TO DISTRICT COURT

Pursuant to sections 67-5270 and 67-5272, Idaho Code, if this preliminary order becomes final, any party aggrieved by the final order or orders previously issued in this case may appeal the final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides, or
- iv. The real property or personal property that was the subject of the agency action is located.

The appeal must be filed within twenty-eight (28) days of this preliminary order becoming final. See section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

Comment Report

63-31966

1. scurtis 7/29/2004 Legal Notice Remarks

Comment: Proposed use is for an unincorporated planned community in portions of Ada, Boise and Gem counties aka Spring Valley Ranch located between Shadow Valley Golf Course and Horseshoe Bend Hill along both sides of Hwy 55. Municipal use is for this service area of about 9 square miles. Water bearing zone to be appropriated from 2 existing and 5 proposed wells is from 50 to 500 feet. Applicant agrees to mitigate consumptive use in the future as needed.

2. slester 7/29/2004 Comment/Analysis

Comment: Two existing wells per tags D29075 and D30890 at \$200 paid per well drilling permit. Five other wells are proposed. All P/D are in Ada County but P/U is in Ada, Boise & Gem counties. Use application map to define municipal service area. Application can be processed but a decision cannot be issued until applicant shows it is a municipal provider (intent is not enough).

3. slester 2/17/2005 Comment/Analysis

Comment: Municipal provider issue in 7/29/04 Comment was overstated. Current information confirms dept. decision can be made using appropriate condition of approval to document municipal provider status at a later date. Also, acceptable to upgrade 2 exempted wells noted in prior comment. Applicant conducted drilling and testing under an MOU approved by IDWR administration. Activities were completed to IDWR satisfaction.

4. kwalker 3/3/2005 Permit Review

Comment: Application does not fall within any problem areas except B63 processing delay area - municipal rights exempt. Found several place of use overlaps on existing SRBA claims based on statutory claims which are for irrigation, domestic and stockwater purposes. Applicant is qualified to do business in the State of Idaho and has been in contact with IDEQ so no need to require additional information. Applicant submitted large diversion information. Recommend approval as described by region.



Idaho Secretary of State Viewing Business Entity

[[New Search](#)] [[Back to Summary](#)]
 [[Get a certificate of existence for SUNCOR IDAHO, LLC](#)]

SUNCOR IDAHO, LLC

485 E RIVERSIDE DR STE 300
 EAGLE, ID 83616

Type of Business: LIMITED LIABILITY COMPANY

Status: EXISTING, ANREPT SENT 03 May 2004

State of Origin: IDAHO

Date of Origination/Authorization: 22 Jul 2003

Current Registered Agent: BRIAN L BALLARD
 877 MAIN ST STE 1000
 BOISE, ID 83702

File Number: W25199

Date of Last Annual Report: 04 Jun 2004

Amendments:

Amendment filed 22 Jul 2003 ARTICLES OF ORGANIZATION

[View Document Online](#)
[Download \(TIFF format\)](#)

Amendment filed 22 Jan 2004 NAME CHANGED TO SUNCOR
 IDAHO, LLC

[View Document
 Online](#)
[Download \(TIFF
 format\)](#)

Annual Reports:

Report for year 2004 ANNUAL REPORT

[View Document Online](#)
[Download \(TIFF format\)](#)

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[State of Idaho Home Page](#)

Comments, questions or suggestions can be emailed to: sosinfo@idsos.state.id.us

MEMORANDUM

TO: File

FROM: Steve Lester 

DATE: February 15, 2005

RE: SunCor Idaho LLC Application 63-31966 Conditions of Approval

The proposal is summarized by the applicant's remarks, the legal notice, database comments and the attached summary for this planned community north of Eagle along Hwy 55. Both protests were withdrawn. A request to intervene was denied on 1/6/2005. The application can be approved.

As noted in the attached notes, the applicant provided sufficient information in response to IDWR's 8/6/2004 letter. See the consultant's reply received on 10/5/2004. The file information indicates the application proposes a regular municipal right, not one based on RAFN. Based on the latest IDWR thinking, SunCor does not have to show that it already is a municipal provider before this application can be approved - an appropriate condition of approval can cover this.

A companion application proposes additional water referenced in the consultant's 10/5/2004 information. Application 63-32061 will be processed soon.

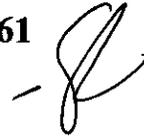
It seems odd that an entity might be approved to divert up to 10 cfs (sum of both SunCor filings) for an "instant town" in Basin 63 but that an individual could not obtain a new water permit to irrigate one acre in the same area without mitigating that minor use. However, Application 63-31966 is probably not the appropriate forum to rehash Basin 63 scenarios.

Proposed Condition of Approval for 63-31966

1. Apply standard conditions (well construction etc.) for municipal use.
2. Allow 5 years to file proof.
3. Use existing surface water rights first to the extent possible.
4. Water bearing zone of 50-500 feet.
5. P/U is the applicant's service area aka Spring Valley Ranch, an unincorporated planned community.

6. Proposed condition about IPUC – see Jeff Peppersack’s 2/14/2005 email.
7. Possible future mitigation.
8. Measuring devices for all P/D.
9. Remains subject to annual measurement/reporting in the future.

SUNCOR APPLICATIONS 63-31966 & 63-32061



Regular not RAFN applications.

5 cfs each.

Assumes ½ afa/home, water conservation.

Treated waste water to Spring Valley Creek or to subsurface drainfield disposal.

Use existing surface water.

Seeking IPUC cert, ok per SO proposed condition: document IPUC certification by time proof filed.

63-31966

- 5/2004
- up to 7 wells in P/U, 50-500 ft. water bearing zone
- requested additional info 8/2004 (as if large diversion)
- Scanlan reply 10/2004
 1. OK - project plans, cost, finances, contacts with counties & IDEQ, assume IPUC in process
 2. water supply - pump 100 afa Sandy Hill aquifer, supplement with 150 afa Spring Valley aquifer, covers D/500, Phase 1 = D/600-700, seek more water

63-32061

- 1/2005
- up to 6 wells west of P/U, Big Gulch Creek area, water bearing zone 200-1000 ft., prior info hints tributary to Payette River
- maybe aquifer recharge in P/U, divert out with 63-31966
- assume plans, cost, finances, contacts with counties, IDEQ & IPUC ok from 63-31966

2/15/05

- Processing

1. advertise Ada, Boise & Gem Counties as in 63-31966

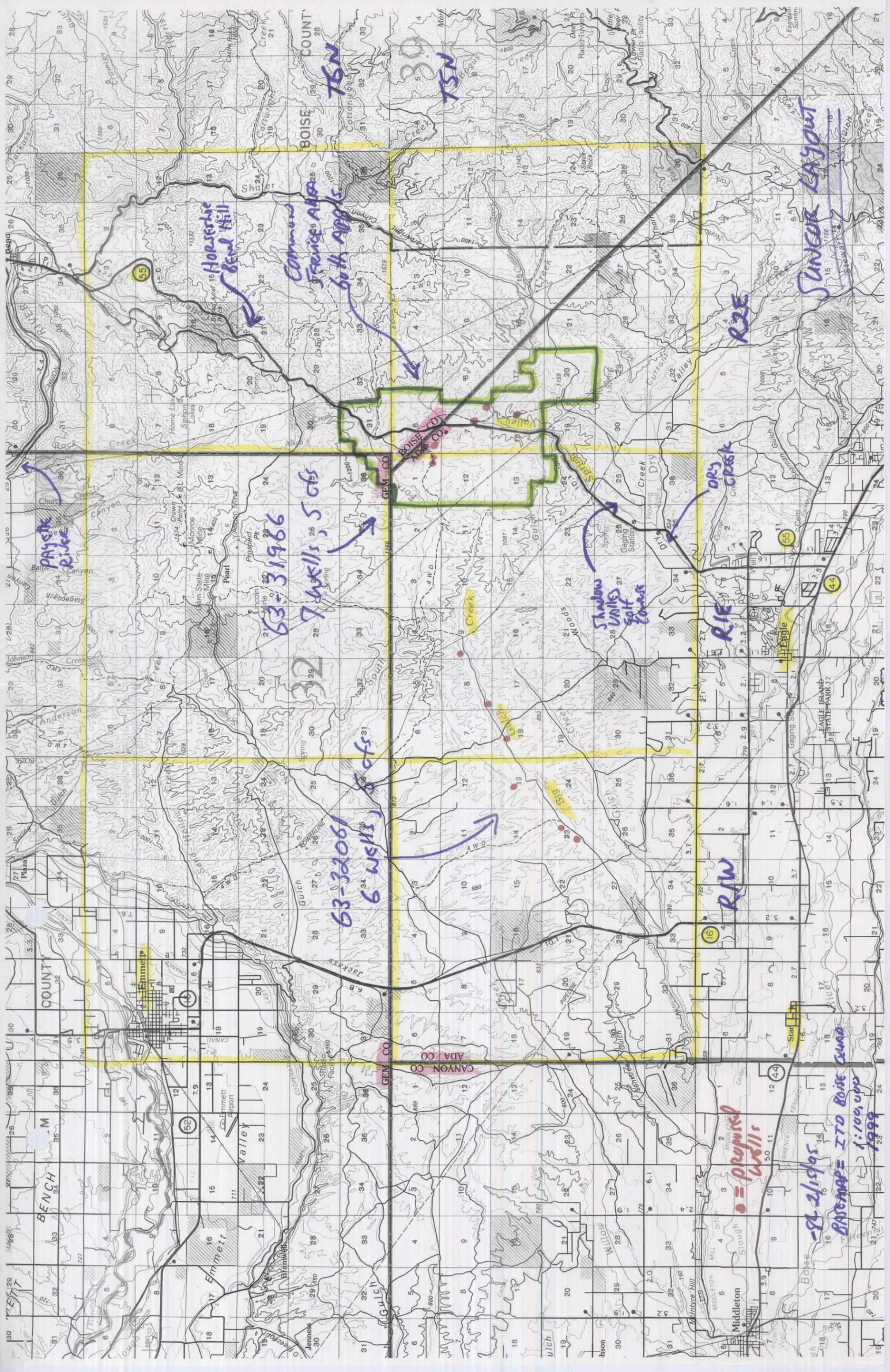
2. comment letters to protestants, Baldwin, IDEQ, IPUC ... others?

Committee (amnd)

3. request from Scanlan:

- water supply data P/D area
- design/operation info to minimize injury
- tributary to Payette or Boise
- clarify P/D SENE Sec. 23 (map = SWNE)
- request to process form

*wr processing/suncor appls
SL 2/15/05*



PAYSON RIVER

HORSESHOE Bend Hill

Common Fence Area both App's

7 wells, 5 cfs
63-31986

6 wells, 8 cfs
63-32061

SHADOW LAKE golf course

R1E

RAW

ORP CREEK

SUNCAR LAYOUT

Proposed Wells

-84 2/15/95

BASEMAP = I TO Boise Quad 1:100,000 1999

Lester, Steve

From: Peppersack, Jeff
Sent: Monday, February 14, 2005 10:44 AM
To: Lester, Steve
Subject: RE: SunCor Application 63-31966 municipal provider status

Steve,

If they are truly intending to qualify as a municipal provider for a corp. or assoc. holding a franchise (like United Water) under 42-202B(5b), then we may be able to approach this in a way similar to what we've done for others seeking to qualify as a public water supply regulated by DEQ under 42-202B(5c). See condition 134, we allow public water supplies regulated by DEQ to submit evidence at the time proof is submitted. Prior to issuing the permit, we require something from them to show that they have been in contact with DEQ and that they are pursuing proper regulation by DEQ. See attached memo for more details.

I spoke with Rick Sterling at IPUC and he said certification would be required prior to distributing and charging for water if they are a "for profit" company. He was somewhat familiar with this development and understands that they plan to be a company regulated by IPUC. If SunCor can provide something to show they are pursuing certification by IPUC, I think we can issue a permit with a condition requiring that they provide evidence of certification at the time proof is submitted. I suppose we could require the same prior to diversion, but we haven't done that for the DEQ public water supply developments.

Jeff



2005021410330534
2.pdf

Here's the text of 134

Prior to or in connection with the proof of beneficial use statement to be submitted for municipal water use under this right, the right holder shall provide the department with documentation showing that the water supply system is being regulated by the Idaho Department of Environmental Quality as a public water supply and that it has been issued a public water supply number.

Proposed for IPUC

Prior to or in connection with the proof of beneficial use statement to be submitted for municipal water use under this right, the right holder shall provide the department with documentation showing that the water supply system is being regulated by the Idaho Public Utilities Commission.

-----Original Message-----

From: Lester, Steve
Sent: Monday, February 14, 2005 8:49 AM
To: Peppersack, Jeff
Subject: SunCor Application 63-31966 municipal provider status

Jeff:

This application is for the large planned community proposed north of Eagle along Hwy 55. We discussed it last summer. The development company seeks a municipal permit & stated its intent to secure necessary approval from IPUC.

Where you & I left it was that it's okay to process but could not issue a decision until the applicant confirmed it is a municipal provider - intent & steps along the way to becoming a verified provider were not enough. My 8/6/04 letter to the applicant summarized this: "processing would continue but an IDWR decision about the application cannot be issued until the applicant verifies that it is a valid municipal provider under Idaho law."

Protests against the application were recently resolved. Scanlan is asking what's up. I'd like to tell him we will issue a decision once the applicant documents it is a valid municipal provider. I imagine Scanlan will come back with a request for approval with a condition that prohibits diversion until the provider status is approved by IPUC and documented to IDWR.

SunCor filed another application similar to the first one, not data entered yet. The same issue occurs. I didn't want to

send another letter about provic latus without checking with you again.

I'm not aware of anything that has changed since last summer. Do you still think SunCor needs to show it is a valid provider before we can issue a decision?

Thanks.

Steve

MEMORANDUM

DATE: August 15, 2003

TO: Jeff Peppersack and Glen Saxton

FROM: Shelley W. Keen (SWK)

RE: Application for Municipal Water Use

Northern region has been receiving a considerable number of applications for permit for municipal use in multiple ownership subdivisions. Other regions have received a few similar applications. The applications are submitted as "municipal" use rather than "domestic" use because the applicant purports to be a municipal provider under §42-202B(5)(c), *Idaho Code*, which defines a municipal provider as:

A corporation or association which supplies water for municipal purposes through a water system regulated by the state of Idaho as a "public water supply" as described in section 39-103(10), *Idaho Code*.

Developers, homeowners, or other individuals, who do not meet the requirement that a municipal provider must be a corporation or association, have submitted a number of the applications. We have handled this issue by asking the applicants to assign the application to an association or corporation registered with the Secretary of State to do business in Idaho.

A slightly more complicated issue, however, is that Bob Haynes was told by IDEQ that it does not necessarily issue a public water supply number until after the project is built and is serving water to the users. Therefore, it is not always possible for the water right applicants to provide IDWR with a document stating that they are public water suppliers. Bob Haynes and I discussed the matter, and we propose that a copy of correspondence from IDEQ showing that it has been contacted about the proposed municipal water use and that it is asserting jurisdiction over the well site, engineering plans and specs, etc., should be sufficient to demonstrate that the applicant is being regulated as a public water supply. The permit could be issued with a condition that the permit holder must provide a document from IDEQ with the public water supply number when submitting proof of beneficial use. The only possible drawback that we can see is that if the proposed subdivision materializes in a smaller form than anticipated, resulting in IDEQ never issuing a public water supply number, then the permit may have to be amended to show domestic use instead of municipal use. Is this approach acceptable to you?

Condition

#134

RECEIVED

JAN 10 2005

WATER RESOURCES
WESTERN REGION

January 6, 2004

State of Idaho
Department of Water Resources
% John Westra
2735 Airport Way
Boise, Idaho 83705;

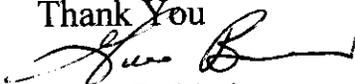
Ref; Application 63-31966

Received your letter dated January 5, 2004 concerning the above application.

I am hoping that even though you have denied my request to intervene that you will consider this application very carefully, because I feel that with long term affect on this kind of permit is going to affect many hundred's of people in this area in the long term.

And if these concerns are not carefully considered, I am going find out why it was not and write to who ever has oversight on your department.

Thank You



Garth Baldwin

John A. Rosholt
Albert P. Barker
John K. Simpson
Travis L. Thompson
Shelley M. Davis



205 North 10th Street, Suite 520
Post Office Box 2139
Boise, ID 83701-2139
(208) 336-0700 telephone
(208) 344-6034 facsimile
brs@idahowaters.com

113 Main Avenue West, Suite 303
Twin Falls, ID 83301-6167
(208) 733-0700 telephone
(208) 735-2444 facsimile
jar@idahowaters.com

FACSIMILE COVER SHEET

DATE: January 5, 2005 RECIPIENT'S FAX: 334-2348

RE: *Application for Permit No. 63-31966/SunCor Idaho LLC*

TO: JOHN WESTRA
Manager, Western Region
Department of Water Resources

FROM: Albert P. Barker

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 2

XX Original will not be sent.
Original will be sent by first class mail.
Original will be sent by Federal Express.

MESSAGE:

Attached is a copy of my letter of January 5, 2005. If you have any questions, please give me a call. Thank you.

CONFIDENTIALITY NOTICE - THE INFORMATION CONTAINED IN THIS FACSIMILE COMMUNICATION IS ATTORNEY/CLIENT PRIVILEGED AND/OR CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS COVER PAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE TO DELIVER IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION OR THE INFORMATION CONTAINED HEREIN IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE IMMEDIATELY CALL (208) 336-0700, AND RETURN THIS FACSIMILE TO US AT THE ABOVE ADDRESS. WE APPRECIATE YOUR COOPERATION.

*John A. Rosholt
Albert P. Barker
John K. Simpson
Travis L. Thompson
Shelley M. Davis*



205 North 10th Street, Ste. 520
Post Office Box 2139
Boise, ID 83701-2139
(208) 336-0700 telephone
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113 Main Avenue West, Suite 303
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(208) 733-0700 telephone
(208) 735-2444 facsimile
jar@idahowaters.com

Albert P. Barker
apb@idahowaters.com

January 5, 2005

VIA FACSIMILE

John Westra
Manager, Western Region
State of Idaho
Department of Water Resources
2735 Airport Way
Boise, Idaho 83705-5082

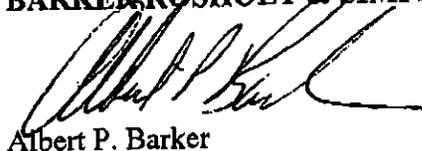
Re: Application for Permit No. 63-31966/ SunCor Idaho LLC

Dear Mr. Westra:

SunCor has received your letter dated January 6, 2005 addressed to Mr. Garth Baldwin dismissing his letter/petition to intervene. SunCor had prepared an objection to the letter/petition to intervene and was prepared to file it today in accordance with the timeframe set forth in your letter of December 15, 2004 to SunCor and the City of Eagle. SunCor concurs with the action taken by the Department dismissing the attempt to intervene in a protest that has been withdrawn. Should Mr. Baldwin attempt to reinitiate his attempted intervention, SunCor reserves the right to submit a formal objection setting forth additional reasons why any petition to intervene by Mr. Baldwin should be denied.

Very truly yours,

BARKER, ROSHOLT & SIMPSON LLP



Albert P. Barker

APB/cp

Cc: Bob Taunton
Terry Scanlan



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190
FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

January 6, 2005

Garth Baldwin
6050 State Hiway 55
Horseshoe Bend, ID 83629

RE: Petition for Intervention
Application for Permit #63-31966 Suncor Idaho LLC

Dear Mr. Baldwin:

This letter is regarding your petition to intervene relating to the above described application. As you are aware, the application was advertised for protests on August 18, & 25, 2004 with a protest deadline of September 7, 2004. Our Department received 2 timely protests. One of the protests was withdrawn on September 29, 2004. Your petition to intervene as a part of the protest proceedings was received November 29, 2004, (fee was received 12/3/04). A Department letter was sent on December 15th to the protestant and applicant soliciting objections/ comments to the petition. On December 28, 2004, the remaining protest was withdrawn.

With the withdrawal of the remaining protest, there is no longer a proceeding/case regarding Application #63-31966. Due to the lack of a proceeding/case, your petition to intervene has been dismissed. The Department will continue to process/evaluate the application.

Should you have any questions, please contact me at the Western Regional Office, phone 334-2190.

Sincerely,

John Westra
Manager, Western Region

cc: Suncor Idaho
T. Scanlan



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190
FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

January 3, 2005

SUNCOR IDAHO LLC
485 E RIVERSIDE DR STE 300
EAGLE ID 83616

CITY OF EAGLE
MORE SMITH BUXTON & TURCKE
255 N 9TH ST STE 420
BOISE ID 83702

Re: Application for Permit No. 63-31966 in the Name of SunCor Idaho, LLC

Dear Applicant and Protestant:

This letter is to acknowledge the withdrawal of protest of the above-referenced application for permit.

The department will now continue to process this application, subject to certain conditions of approval.

If you have any questions please call this office.

Sincerely,

JOHN WESTRA
Western Regional Manager

JW:st

cc: T. Scanlan

RECEIVED

DEC 29 2004

WATER RESOURCES
WESTERN REGION

State of Idaho
Western Region Office
2735 Airport Way
Boise ID 83706

12/27/2004

Re: Water application #63-31966 (SunCor Idaho LLC) 13,000 Homes!!!!

Water Resources and State Of Idaho

We were unable to attend the meeting to address our concerns, regarding the above application, at time of posting. Enclosed please find letters and maps written by others that are also our view on the subject.

This very large subdivision is very draining on our water resources. It is Naïve to think that digging wells for thousands of new homes is not going to affect the water table. Eastern Idaho residents and farmers are going through nightmare conditions due to this problem.

Where is the research to prove this will not happen here? We are extremely concerned re the large number of wells already in place for this project. We agree with the enclosed letter writers that something must be done to protect the existing water rights of people long established in this area along with protecting the natural resources.

To start addressing the problem 5 – 10 years down the road would be extremely short sighted. We would appreciate all the information from you, regarding the steps you are taking to correct and oversee this already existing problem, and any ideas or plans on this subject.

Gemma Family Trust (Jim and Janice Barsby)
2610 Connolly Lane
Boise ID 83714

CC: Senator Larry Craig 225 N 9th Street
Boise ID 83702
Senator Mike Crapo 801 E Sherman Ste 178
Pocatello, ID 83201

RECEIVED

DEC 29 2004

WATER RESOURCES
WESTERN REGION

To Whom It May Concern:

Nov. 29, 2004

I am writing you concerning the water application for 5 Cubic feet per second of domestic water use by SunCor out of Arizona. (Spring Valley Project)

They have drilled 12 wells up to this time from Hiway 55 to almost Hiway 16 which comprises of watersheds from Dry Creek & Little Willow Creek to the Big Gulch area, with very little success, other then a 2,000 gpm. well they drilled west of Hiway 55 in the Little Willow Creek drainage

The 5CFS is over 3 Million gallons per day or over 90 Million gallons per month. This is suppose to handle their first phase of approx. 750 homes. (according their newspaper article they are projecting over 13,000 homes over several decades?)

If they are going to need 17 times more water in the future, it is my opinion according to the map I have enclosed they will have a tremendous draw down on the domestic and irrigation water wells from Dry Creek drainage as well as any wells North of Floating Feather and West of Hi Way 55 to almost Hiway 16.) Being the Little & Big Gulch) Remember what happened around the Kuna and Meridian area where many owners had to deepen their existing wells because of the water table that has been receding, as well as the artesian flows around the Eagle area going down. The City of Eagle has filed a protest on this application and the time frame to protest has passed, but you can still file a letter to intervene to the water resource board about your concerns and they will keep you informed of this application.

They (SunCor) needs to have long term tests on these aquifers (1 to 2 years) in order to see what affect they do have before they are issued any permits.

It is my understanding that if it is approved, this (domestic right) would have priority over permitted irrigation wells because they feel domestic becomes a priority over irrigation rights? (this may be subject to mitigation?) You might want to get a direct answer from Water resource on this issue?

I have enclosed a map of where they have drilled wells and a copy of my letter to intervene concerning this application. Take time to write the State Water Resource board if you have any of the same concerns?

Garth Baldwin (A concerned citizen)

RECEIVED

DEC 29 2004

WATER RESOURCES
WESTERN REGION

State of Idaho
% Western Region Office
2735 Airport Way
Boise, Idaho 83706

Nov. 15, 2004

REF: Water application #63-31966 (correcter letter sent 11/29/04)
(SunCor Idaho LLC)

I was not aware & did not pick the above application out of the newspaper when it was advertised, but have many concerns and would like to intervene concerning this application & be kept informed of any decisions or public hearings or meetings that might be held on this application.

1. It is my understanding according to the well logs that I received from your department that they have drilled approx. 11 wells from East of Hi Way 55 & almost to HI Way 16 towards Emmett. Ranging from -0- water in some wells to 1 well west of Hiway 55 in the Little Willow creek drainage North of Eagle that they tested for a very short period of time of approx. 2,000 gallons per minute. (Most of the well logs range from -0- 100 gallons per minute, and from 80 feet to 1200 feet in depth.)

I feel that the State needs to look at the overall project which they say will have 13,000 homes and the long term affect on what they are proposing and examine the overall use of this project over several decades they said it would take to develop.

The tests on these wells before any permits are issued should be over a long period. According to the water engineers that I have visited with, no one knows the long term affect or capabilities of this source because it has not been tested. SunCors own water engineer studied the same formation of water North of this project and stated long term capabilities is only about 50% of well pumping capacity. (I guess whoever if paying the Piper is what the answer will be)

With the application for 5 cubic feet per second which is 2244 Gallons per minute times 60 minutes X 24 Hrs. per day is over 3 Million gallons per day which is over 96 million gallons per months times 12 months. They are saying this would handle the 1st. phase of approx. 700 homes. (?How much water will it take for 13,000 homes & the commercial & the work campus they that they are proposing?)

I am very concerned about the wells they are stating they are going to develop for first phase and its affect to water and wells North of this project which are already drilled on the Horseshoe Bend side of this source?

We do not want another Hagerman Valley (Thousand Springs) fiasco over the long term. Thank You for you consideration of Intervention.

Garth Baldwin



6050 Hi way 55, Horseshoe Bend, Idaho 83629

FAX

Scanlan Engineering

600 East River Park Lane, # 105
Boise, Idaho 83706

Date: December 28, 2004

Tel: 208 383-4140

Fax: 208 383-4156

To: Steve Lester

Fax No: 334-2348

From: Terry Scanlan

Reference:

Subject: SunCor Idaho – Protested
Application For Permit

No. of Pages: 3
(including cover)

**If you do not receive all pages, or if there are any problems with this
transmission, please call at 208 383-4140**

63-31966

MOORE SMITH BUXTON & TURCKE, CHARTERED

ATTORNEYS AT LAW

NINTH & IDAHO CENTER, SUITE 428
225 NORTH 9TH STREET, BOISE, ID 83702
TELEPHONE: (208) 383-1000 FAX: (208) 371-1202

FACSIMILE COVER SHEET

DATE: December 27, 2004 RECIPIENT'S FAX: 383-4156
 TO: Terry Scanlan CLIENT: 1019-3
 RE: Eagle protest/SunCor
 FROM: Bruce M. Smith/Jen

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 2

- ORIGINAL WILL NOT BE SENT
- ORIGINAL WILL BE SENT BY FIRST CLASS MAIL
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ADDITIONAL COMMENTS:

Terry—My apologies. I thought this went out. Bruce

***** IMPORTANT MESSAGE *****

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MOORE SMITH BUXTON & TURCKE, CHARTERED

ATTORNEYS AND COUNSELORS AT LAW

225 NORTH 9TH STREET, SUITE 420
BOISE, ID 83702
TELEPHONE: (208) 331-1800 FAX: (208) 331-1202

RANSOM J. BAILEY
SUSAN E. BUXTON*
MICHAEL C. MCGREB
BRUCE M. SMITH
PAUL A. TURCKE*
CHRISTOPHER E. YORCASON
TAMM A. ZOKAN*

TODD M. LARBY
Of Counsel

JOHN J. MCFADDEN*
Of Counsel

* Also admitted in Oregon
* Also admitted in Washington
* Also admitted in South Dakota
* Also admitted in New Mexico

December 27, 2004

Terry Scanlan
SPF Engineering LLC
600 E. River Park Lane, Suite 105
Boise, ID 83706

Re: City of Eagle Withdrawal of Protest - SunCor Idaho LLC Application 63-31966

Dear Terry:

This serves as notice of the City of Eagle's withdrawal of its protest to the above application.

Sincerely,



Bruce Smith

BMS/cf

cc: Vern Brewer
IDWR - Western Region

MOORE SMITH BUXTON & TURCKE, CHARTERED

ATTORNEYS AND COUNSELORS AT LAW

225 NORTH 9TH STREET, SUITE 420
BOISE, ID 83702
TELEPHONE: (208) 331-1800 FAX: (208) 331-1202

RANSOM J. BAILEY
SUSAN E. BUXTON*
MICHAEL C. MOORE†
BRUCE M. SMITH
PAUL A. TURCKE‡
CHRISTOPHER E. YORGASON
TAMMY A. ZOKAN*

TODD M. LAKEY
Of Counsel

JOHN J. MCFADDEN*†
Of Counsel

* Also admitted in Oregon
† Also admitted in Washington
‡ Also admitted in South Dakota
* Also admitted in New Mexico

December 27, 2004

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DEC 28 2004

WATER RESOURCES
WESTERN REGION

Terry Scanlan
SPF Engineering LLC
600 E. River Park Lane, Suite 105
Boise, ID 83706

Re: City of Eagle Withdrawal of Protest - SunCor Idaho LLC Application 63-31966

Dear Terry:

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Sincerely,



Bruce Smith

BMS/cf

cc: Vern Brewer
IDWR - Western Region



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190

FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

FAX TRANSMITTAL COVER SHEET

FAX # (208) 334-2348

DATE: 12-16-04

TO: Colleen -
Amber
939-9972

FROM IDWR - Western

DOCUMENT DESCRIPTION: Intervention letter

TOTAL PAGES SENT: 1 + COVER SHEET

CONTACT: Aue



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190

FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

FAX TRANSMITTAL COVER SHEET

FAX # (208) 334-2348

DATE: 12-16-04

TO: Bruce Smith

FROM: Western

DOCUMENT DESCRIPTION:

Intervention letter

TOTAL PAGES SENT: 1 + COVER SHEET

CONTACT:

Sue



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190
FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

December 15, 2004

$\frac{21}{36}$

SunCor Idaho, LLC
485 E. Riverside Dr. Ste 300
Eagle ID 83616

The City of Eagle
Moore Smith Buxton & Turcke
225 North 9th St Ste 420
Boise ID 83702

Re: Application for Permit No. 63-31966 in the Name of SunCor Idaho, LLC

Dear Interested Parties:

Enclosed is a copy of a letter from Garth Baldwin petitioning to intervene in the above-referenced protested water right application.

Any objections or comments on this petition for intervention must be submitted to IDWR within 21 days of the date of this letter. If there are no objections the intervention shall be accepted and the intervenor shall have the right to participate in the contested matter as a full party.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Westra', is written over a light blue horizontal line.

John Westra
Western Regional Manager

JW:sk

CC: Garth Baldwin

Encl.



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190

FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

November 30, 2004

RECEIVED

DEC 03 2004

WATER RESOURCES
WESTERN REGION

GARTH BALDWIN
6050 HIWAY 55
HORSESHOE BEND ID 83629

Re: Application for Permit No. 63-31966 in the Name of SunCor of Idaho

Dear Mr. Baldwin:

The Idaho Department of Water Resources (IDWR) received your request for intervention in the above-referenced matter. You did not submit the required \$25.00 intervention fee with the petition. IDWR will not consider your petition until the fee is paid.

Please feel free to contact this office if you have questions.

Sincerely,

A handwritten signature in cursive script that reads "John Westra".

JOHN WESTRA
Western Regional Manager

JW:sk

W032440 \$25 - AS 12/3/04

Idaho Department of Water Resources Receipt

Receipt ID W032440

Payment Amount \$25.00 Date Received 12/3/2004 10:22:58 AM Region Western Status
Payment Type Check Check Number 2750

Payer BALDWIN REALTY
Comment PROTEST FEE: 63-31966

Fee Detail

Amount Description Fund FD PCA SO
\$25.00 PROTESTS 0229 21 62103 1155


Signature Line (Dept. Representative)

State of Idaho
% Western Region Office
2735 Airport Way
Boise, Idaho 83706

Nov. 15, 2004

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NOV 30 2004

WATER RESOURCES
WESTERN REGION

REF: Water application #63-31966 (correcter letter sent 11/29/04)
(SunCor Idaho LLC)

I was not aware & did not pick the above application out of the newspaper when it was advertised, but have many concerns and would like to intervene concerning this application & be kept informed of any decisions or public hearings or meetings that might be held on this application.

1. It is my understanding according to the well logs that I received from your department that they have drilled approx. 11 wells from East of Hi Way 55 & almost to HI Way 16 towards Emmett. Ranging from -0- water in some wells to 1 well west of Hiway 55 in the Little Willow creek drainage North of Eagle that they tested for a very short period of time of approx. 2,000 gallons per minute. (Most of the well logs range from -0- 100 gallons per minute, and from 80 feet to 1200 feet in depth.)

I feel that the State needs to look at the overall project which they say will have 13,000 homes and the long term affect on what they are proposing and examine the overall use of this project over several decades they said it would take to develop.

The tests on these wells before any permits are issued should be over a long period. According to the water engineers that I have visited with, no one knows the long term affect or capabilities of this source because it has not been tested. SunCors own water engineer studied the same formation of water North of this project and stated long term capabilities is only about 50% of well pumping capacity. (I guess whoever if paying the Piper is what the answer will be)

With the application for 5 cubic feet per second which is 2244 Gallons per minute times 60 minutes X 24 Hrs. per day is over 3 Million gallons per day which is over 96 million gallons per months times 12 months. They are saying this would handle the 1st. phase of approx. 700 homes. (?How much water will it take for 13,000 homes & the commercial & the work campus they that they are proposing?)

I am very concerned about the wells they are stating they are going to develop for first phase and its affect to water and wells North of this project which are already drilled on the Horseshoe Bend side of this source?

We do not want another Hagerman Valley (Thousand Springs) fiasco over the long term. Thank You for you consideration of Intervention.

Garth Baldwin



6050 Hi way 55, Horseshoe Bend, Idaho 83629



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190
FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

November 30, 2004

GARTH BALDWIN
6050 HIWAY 55
HORSESHOE BEND ID 83629

Re: Application for Permit No. 63-31966 in the Name of SunCor of Idaho

Dear Mr. Baldwin:

The Idaho Department of Water Resources (IDWR) received your request for intervention in the above-referenced matter. You did not submit the required \$25.00 intervention fee with the petition. IDWR will not consider your petition until the fee is paid.

Please feel free to contact this office if you have questions.

Sincerely,

JOHN WESTRA
Western Regional Manager

JW:sk

State of Idaho
% Western Region Office
2735 ~~Amity Way~~ *North Way*
Boise, Idaho 83706

Nov. 15, 2004

RECEIVED

NOV 29 2004

WATER RESOURCES
WESTERN REGION

REF: Water application #63-31966
(SunCor Idaho LLC)

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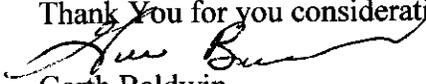
The tests on these wells before any permits are issued should be over a long period. According to the water engineers that I have visited with, no one knows the long term affect or capabilities of this source because it has not been tested. SunCors own water engineer studied the same formation of water North of this project and stated long term capabilities is only 20% to 30% of well pumping capacity. (I guess whoever if paying the Piper is what the answer will be)

With the application for 5 cubic feet per second which is 450 Gallons per minute times 60 minutes (27,000 gallons per hour X 24 hours (648,000 per day) X 30 days (19,440,000) gallons per months times a 365 day year (Over 233 Million Gallons per year) they are saying this would handle the 1st. phase of approx. 700 homes.

I am very concerned about the wells they are stating they are going to develop for this first phase is going to affect the water and wells North of this project which are already drilled on the Horseshoe Bend side of this source?

We do not want another Hagerman Valley (Thousand Springs) fiasco over the long term.

Thank You for you consideration of Intervention.


Garth Baldwin

6050 Hi way 55, Horseshoe Bend, Idaho 83629

ok 11-9-04

Kreger (Taylor), Sue

From: Walker, Kay
Sent: Monday, November 08, 2004 4:30 PM
To: Kreger (Taylor), Sue
Cc: Walker, Kay
Subject: Application for Permit 63-31966

Hi, Sue!! Could you please send copies of the protests of application 63-31966 to:

Garth Baldwin
6050 Hwy. 55
Horseshoe Bend, ID 83629

I went into powerdocs to see if I could find the protests but that number was not in there so... I told Mr. Baldwin I would ask you to send the copies to him. Mr. Baldwin came in today so I am following up on an office day request. Hope this is okay.
Thanks in advance!! Kay



RECEIVED

OCT 05 2004

WATER RESOURCES
WESTERN REGION

October 1, 2004

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

Subject: Application for Permit 63-31966 – SunCor Idaho LLC

Dear Steve:

In response to your letter of August 6, 2004, I have enclosed the following documents to address the five additional information items that were requested.

1. Memo from Terry Scanlan to Steve Lester - "Availability of Water and Potential Impacts of Water Supply Development Proposed Under Application for Permit 63-31966"
2. Memo from Terry Scanlan to Steve Lester - "Project Plans and Construction Costs – Application for Permit 63-31966"
3. Consolidated Financial Statements for SunCor Development Company and subsidiaries
4. Letter from Mike Wardle to Steve Lester documenting contacts with Ada, Boise, and Gem Counties
5. Email from Charles Ariss documenting contacts with IDEQ.

In addition to the specific information requests addressed above, your letter indicated that IDWR will be verifying that SunCor Idaho LLC qualifies as a valid municipal provider. You should be aware that SunCor Development Company has formed a new company called Highland Water Company to operate the proposed municipal water system. SunCor has met with Idaho Public Utilities Commission staff and commissioners to discuss their intent to become a regulated public utility. The Company anticipates submitting an application for certificate of convenience and necessity to serve the project in November. Per the definition in Idaho Code 42-202B(5)(c) the Company will be "A corporation or association which supplies water for municipal purposes through a water system regulated by the State of Idaho as a "public water supply" as described in section 39-103(10) Idaho Code." We feel confident that the proposed water system will meet this criterion.

Please contact me with any questions or if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry M. Scanlan". The signature is written in a cursive style with a large initial "T".

Terry M. Scanlan, P.E.

Cc: Bob Taunton
Al Barker



Memo

To: Steve Lester, IDWR Western Region Water Right Supervisor

From: Terry Scanlan, P.E., P.G. *TMS*

Date: September 30, 2004

**Subject: Availability of Water and Potential Impacts of Water Supply Development
Proposed Under Application for Permit 63-31966**

The first bullet item in your letter of August 6, 2004 regarding the above referenced application for permit requests the following:

“Information to show that the quantity of water proposed in the application is available from the aquifer without causing injury to other water right holders.”

This memo (1) describes proposed water use under the Permit 63-31966, (2) characterizes the source of the water supply, and (3) describes why the contemplated water use will not cause injury to other water right holders.

PROPOSED WATER USE

Permit 63-31966 proposes groundwater withdrawals at a maximum diversion rate of 5 cfs for municipal purposes to serve the core area of the Spring Valley Ranch property (Figure 1). The core area of the property is found on along the Highway 55 corridor. The Ranch property extends for several miles to the east and west of core area.

The 5 cfs (2,244 gpm) diversion rate is a maximum pumping rate to be utilized for (1) filling water storage reservoirs, (2) meeting fire flow demands during a fire, and (3) meeting peak day water demands as the Spring Valley Ranch project builds out in the future. One or more storage reservoirs will be needed because the 5 cfs maximum diversion rate will be inadequate for both fire flow and peak-hour demands. For example, fire flow requirements for commercial structures may be 2,500 gpm or higher. We therefore currently plan to install at least one 500,000 gallon tank for the first phase of the project.

A maximum of seven well sites are proposed by the Application for Permit. We anticipate that two high capacity wells will be constructed at the Sandy Hill Aquifer. These wells probably will each be equipped with nominal 1,000 gpm pumps. Two or three wells will probably tap the Spring Valley Aquifer. These wells will be equipped with nominal 50 gpm pumps. The seven well sites proposed by the permit provide flexibility for locating wells.

EXPLANATION

● Existing wells sites and spring

Spring Valley Ranch property

Application for permit place of use and part of core area

Additional core area

Non-core area

Aquifers

Spring Valley aquifer

Sandy Hill aquifer

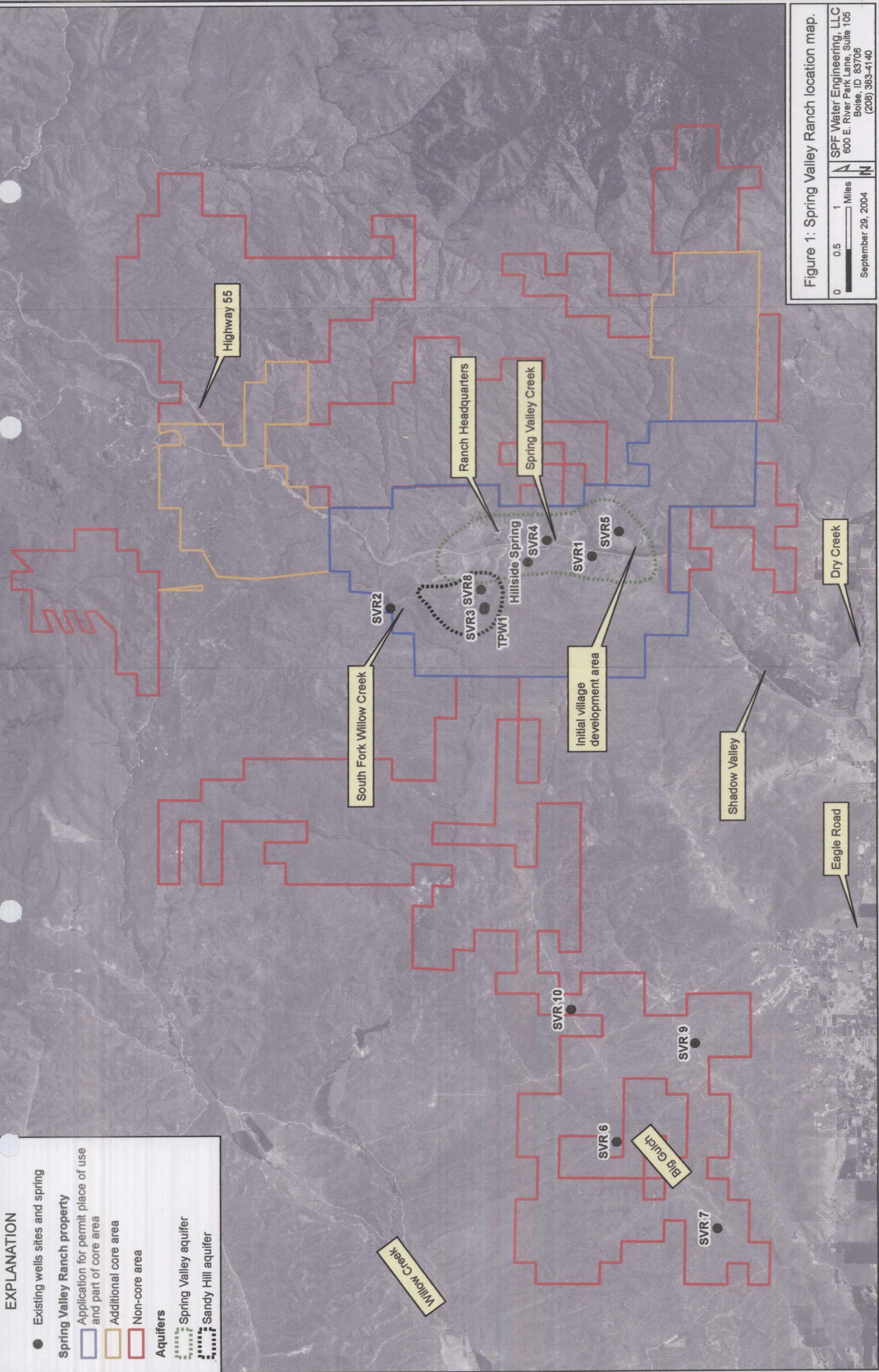


Figure 1: Spring Valley Ranch location map.

0 0.5 1 Miles
 September 29, 2004

SPF Water Engineering, LLC
 600 E. River Park Lane, Suite 105
 Boise, ID 83706
 (208) 383-4140

Water conservation will be an important theme for this development. The Applicant, SunCor Development Company, has a proven record of developing low water use residential projects in the southwestern states of Arizona and New Mexico. They plan to utilize their water conservation experience in the design of the Spring Valley Ranch Project. As a result, SunCor anticipates that annual water use for the development will average less than 1/2 acre foot per home. To the maximum extent practical, SunCor will continue to use existing surface water irrigation rights appurtenant to the Spring Valley Ranch property.

CHARACTERIZATION OF WATER SUPPLY SOURCES

Geology and Groundwater Occurrence in the Spring Valley Area

Groundwater occurrence within the Spring Valley property is controlled by geology and topography. In general, groundwater is found in permeable sedimentary aquifers and fractured rock aquifers. Depth to groundwater varies from more than 400 hundred feet in upland or western areas of the property, to near or above ground surface (i.e., flowing artesian) in the floor of Spring Valley.

Three primary hydrogeologic units are present within the core area of the Spring Valley Ranch property. The associated groundwater-bearing characteristics of these units are described below. Other rock units are shown on the geologic map (Figure 2), but these units are not significant within the place-of-use boundary proposed by Application for Permit 63-31966.

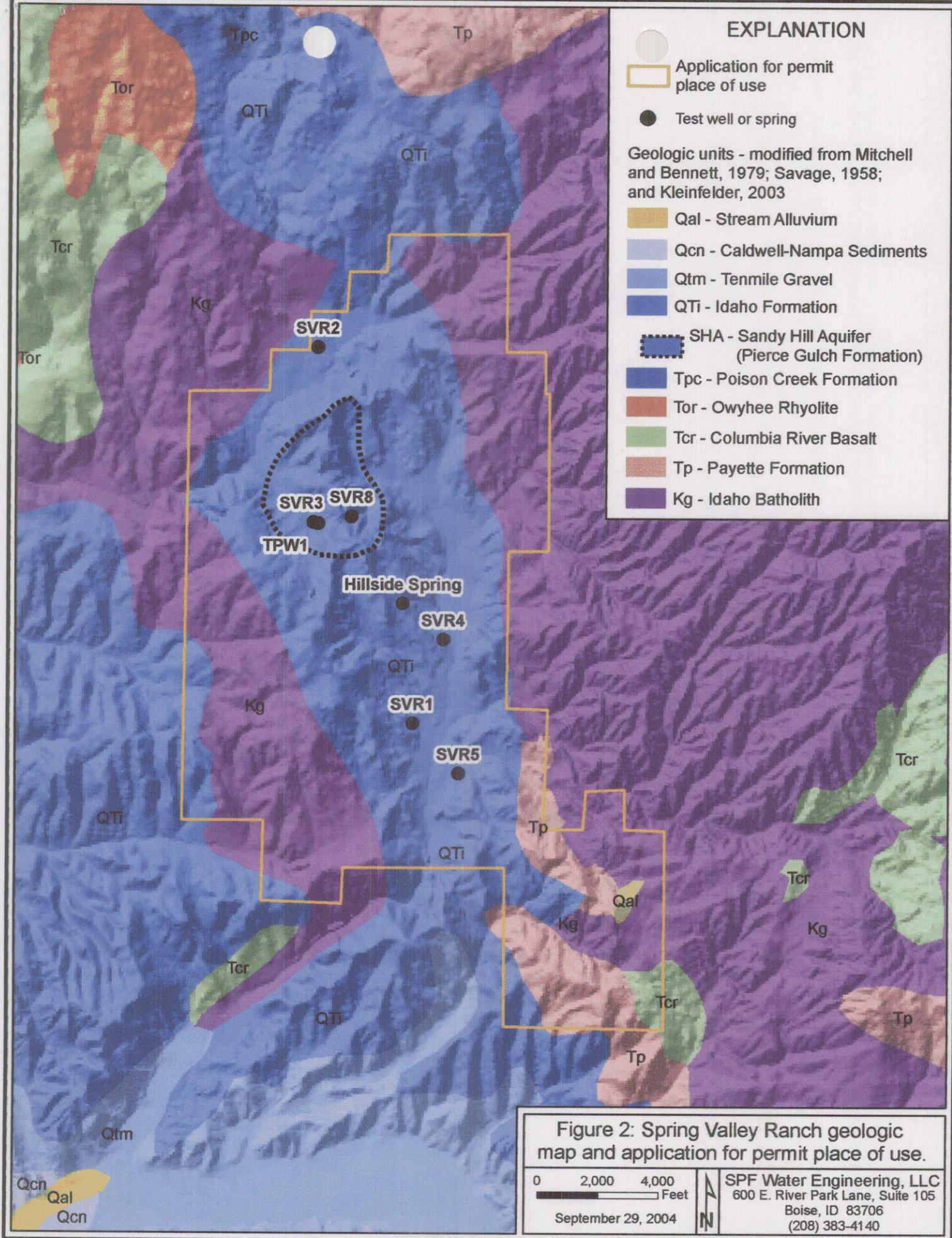
Tertiary-Age Sediments and Interbedded Volcanics of the Lower Idaho Group.

Portions of Spring Valley and the South Fork Willow Creek Valley are underlain by sediments and interbedded volcanic rocks of the Lower Idaho Group. The Lower Idaho Group sediments in this area consist of mudstone, claystone, and ash beds, with occasional beds of fine-grained sandstone. The volcanic rocks generally include dark-colored felsic tuffs. Wells completed in these materials in the Spring Valley area typically yield 20 to 100 gpm.

Coarse-Grained Sediments of the Pierce Gulch Formation (Upper Idaho Group).

In the foothills between Spring Valley Creek and South Fork Willow Creek, approximately one mile west of the Spring Valley Ranch headquarters, a coarse-grained sand of the Pliocene-age Pierce Gulch Formation caps older, low-permeability, sediments and volcanics of the Lower Idaho Group. These sands are clean and permeable, and a perched aquifer (i.e., the Sandy Hill Aquifer) is present in this unit.

Granite. As shown on Figure 2, granitic rock (including granodiorite, granite, and meta-granite) of the Idaho Batholith is present to the north, east, south, and southwest of Spring Valley. Although successful wells can occasionally be completed in fracture zones within granite, granitic rock aquifers generally do not yield sustainable groundwater supplies. The water-bearing characteristic of granite rock effectively



eliminates much of the Spring Valley Ranch property from consideration for public water system well development. This includes not only areas where granite is present at ground surface, but also areas where sediments or volcanic rocks are underlain by granite at relatively shallow depths.

Aquifers Proposed for Appropriation

Two aquifers are proposed for appropriation under this water right application. For purposes of discussion, these aquifers can be referred to as (1) the Sandy Hill Aquifer and (2) the Spring Valley Aquifer.

Sandy Hill Aquifer. As described above, the Sandy Hill Aquifer is located in the foothills approximately one mile west of the Spring Valley Ranch headquarters (Figure 1). At this location, the coarse-grained sand of the Pliocene-age Pierce Gulch Formation is at least 300 feet thick in places, and has a known saturated thickness of more than 100 feet. The sands are highly permeable and form a productive aquifer. The aquifer appears to be bounded by older, fine-grained sediments of the lower Idaho Group, and the aquifer discharges through fine-grained sand or sandstone at a hillside spring on the east side of Highway 55 in Spring Valley at a rate of approximately 50 gpm. The spring is perched nearly 200 feet above the floor of Spring Valley.

Three test wells (SVR No. 3, SVR No. 8, and Test Production Well No. 1) have been constructed in this aquifer, including a 16-inch diameter well (Test Production Well No. 1). This well was pumped at a rate of 2,000 gpm for three days in April 2004 with only 17 feet of drawdown. Details of this test are provided in Well Construction and Aquifer Testing in the Sandy Hill Area of Spring Valley Ranch (SPF Water Engineering, June 18, 2004).

The water quality from the aquifer is excellent in nearly all respects except for arsenic. Arsenic concentrations exceed the future drinking water standard of 0.010 mg/L. As a result, the water will need to be treated for municipal supply purposes.

The Sandy Hill Aquifer is highly productive and will be the primary aquifer to support the initial phase of the Spring Valley Ranch Project. While the aquifer appears to be capable of supporting short-term yields of more than 1000 gpm from multiple wells, the aquifer is small in size and annual natural recharge is limited to an estimated volume of 100 acre feet annually. As a result, the aquifer is adequate to sustain only 200 homes on a long-term basis. However, if recharged on an annual basis from other sources, the aquifer might be adequate to support peak summer demands for two thousand or more homes.

Spring Valley Aquifer. The valley floor area of Spring Valley is underlain by Idaho Group sediments and volcanic rocks to a depth of approximately 400 feet. These materials consist primarily of fine-grained sediments and volcanic tuffs. Water levels in the aquifer are controlled by the elevation of Spring Valley Creek, which functions as a drain for the aquifer.

Three test wells (SVR No. 1, SVR No. 4, and SVR No. 5) were completed in the Spring Valley Aquifer for exploration purposes. These wells were test pumped at constant rates ranging from 50 to 100 gpm. There is also an existing irrigation well at the ranch headquarters that is typically operated at rates of 75 to 100 gpm. The wells are described in Groundwater Exploration Drilling in the Spring Valley Ranch Vicinity of Gem, Ada, and Boise Counties, Idaho (Scanlan Engineering, April 2003) and Well Construction and Aquifer Testing of Spring Valley Ranch Exploration Well No. 5 (SPF Water Engineering, June 17, 2004).

Water quality from the wells completed in the Spring Valley Aquifer is acceptable for municipal purposes, but generally contains high concentration of iron and/or manganese.

Based on the low well yield and high concentrations of aesthetically objectionable iron and manganese, the Spring Valley Aquifer will likely be utilized as a secondary source of supply. The water may be treated to either remove or sequester iron and manganese. Assuming that three wells with average sustainable yields of 40 gpm were constructed, the aquifer might be capable of producing a total of approximately 150 acre feet annually. This volume of water will sustain approximately 300 homes on a long-term basis.

Sustainable Groundwater Supply

The first phases of Spring Valley Ranch will have 600 to 700 homes. Additional homes are anticipated in future phases. As described in the preceding paragraphs, the natural recharge to aquifers in the vicinity of Spring Valley is unlikely to sustain long-term water use for more than about 500 homes. Additional sources of water supply will need to be developed to serve the later phases of the Spring Valley Ranch project. The additional supplies could be used directly in the Spring Valley Ranch water system, or they could be used to recharge the Sandy Hill Aquifer during winter months when the excess supplies are available. These additional sources could be municipal supplies from the south, groundwater from aquifers outside of the initial phase of Spring Valley, or surface water from the Payette or Boise River drainages as described below.

- Municipal supplies (City of Eagle, United Water Idaho, or Eagle Water Company) are available in the Hidden Springs area in Dry Creek Valley and the Floating Feather area north of Eagle. These supplies could be conveyed into Spring Valley by pipeline and booster stations for direct municipal use or for winter-months recharge of the Sandy Hill Aquifer.
- Groundwater investigations in the western portion of the Spring Valley Ranch property (in the Little Gulch and Big Gulch drainages, approximately 4 to 8 miles west-southwest of Spring Valley) over the past two years have shown adequate aquifer capacity to support future phases of Spring Valley Ranch Project. These aquifers are tributary to the Payette River and are not in hydraulic connection with

Willow Creek due to their depth (i.e., static water levels are 300 to 500 feet below the stream level). We anticipate that these aquifers can be developed without impact to existing water rights in the area.

- Surface water supplies from the Payette River or Boise River could be piped into the project area and treated as appropriate for direct municipal use or aquifer recharge.

On-going planning efforts will select preferred water sources and pipe routes based on economic considerations and project development schedules. Development of additional groundwater sources or surface water sources will be conducted under future water right permit applications or water right transfer applications.

POTENTIAL FOR INJURY TO OTHER WATER RIGHT HOLDERS

Diversion of water under the proposed permit has little or no potential to impact other water right holders because of the remote and isolated location of the aquifers and the existence of hydrogeological barriers.

The closest wells to the project area are found in the vicinity of Shadow Valley Golf Course. These wells are approximately 3 miles to the south of the Sandy Hill Aquifer, and 2 to 3 miles south of the proposed Spring Valley wells. There are no wells owned by other water users tapping the Sandy Hill or Spring Valley Aquifers.

As shown on Figure 3, the water-level elevation in the Sandy Hill Aquifer is more than 100 feet below the stream bed elevation of South Fork Willow Creek. Surface geologic indications suggest that the aquifer does not extend below the stream channel. Since the water level in the aquifer is already far below stream bed elevation and the aquifer does not appear to extend beneath the creek, drawdown of the Sandy Hill aquifer (as a result of development of permit 63-3196) is unlikely to induce any leakage from South Fork Willow Creek. Therefore, downstream water rights in the Willow Creek drainage will not be impacted by the proposed water right permit. Similarly, the aquifer is perched 200 feet above Spring Valley, suggesting that the aquifer is hydraulically isolated from the Spring Valley Aquifer. Thus, pumping should not impact water levels in the Spring Valley Aquifer.

The Spring Valley Aquifer and Sandy Hill Aquifer are hydraulically isolated from aquifers in the Shadow Valley, Dry Creek, and Eagle areas by a northwest trending granodiorite rock mass that is exposed in the canyon between Shadow Valley golf course and Spring Valley. This rock mass is a portion of the Idaho Batholith and is exposed at the surface for several miles to the northwest of Highway 55 (Figure 2). To the southwest of Highway 55, the rock underlies unsaturated Idaho Group sediments. The effect of this low permeability rock unit is to function as a hydraulic barrier for groundwater flow from Spring Valley into Idaho Group aquifers further to the south. This conclusion is based on (1) typical low-permeability characteristics of granitic rock and (2) the presence of the Spring Valley Aquifer water levels at an elevation approximately 500 feet higher than

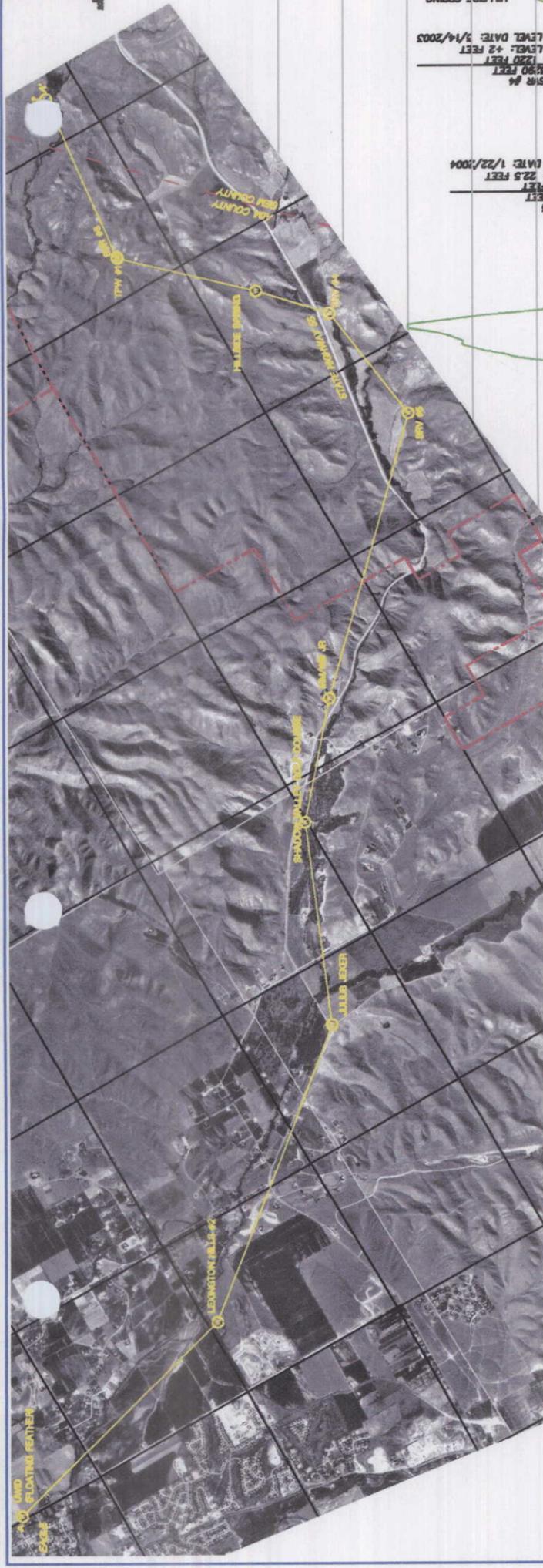
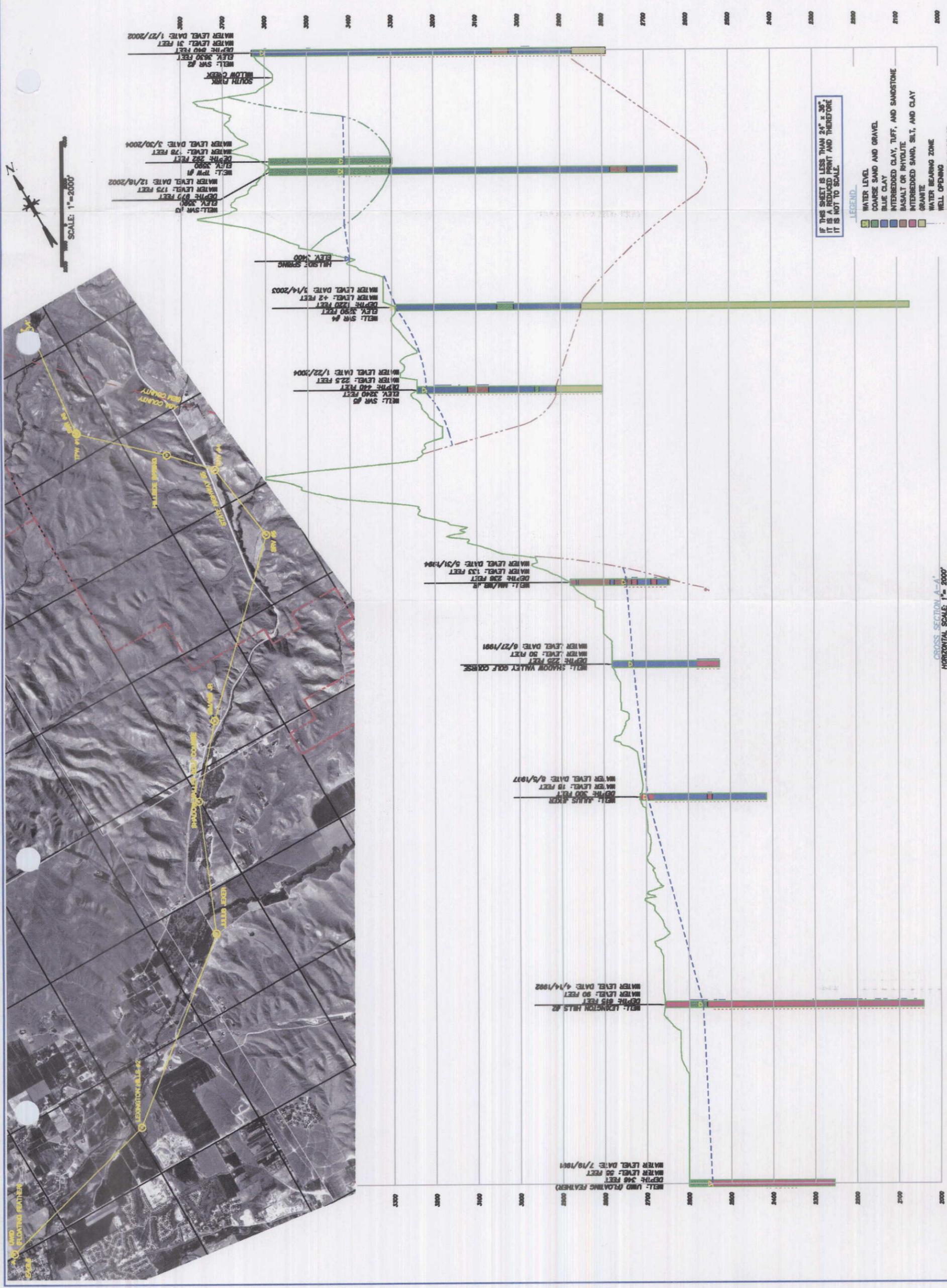
**GEOLOGIC CROSS SECTIONS
 SPRING VALLEY RANCH
 CROSS SECTION A-A'**

DRAWN BY:	S. CRANE
CHECKED BY:	T. SCANLAN
SCALE:	AS NOTED
PLOT SCALE:	1"=1'

REVISIONS	DATE
REVISION 27, 2004	

DRAINING DIRECTORY
 C:\Land Projects\SPF Water\PROJECTS\88800000\dir\draindir.dwg
 9/27/2004

FIGURE 3



CROSS SECTION A-A'
 HORIZONTAL SCALE: 1"=2000'
 VERTICAL SCALE: 1"=100'

groundwater levels in Dry Creek Valley. Thus, pumping of aquifers in Spring Valley will have no interference impact with wells in the Dry Creek, Shadow Valley, or Eagle areas.

Pumping of the Sandy Hill Aquifer will eventually reduce discharge from the hillside spring that is tributary to Spring Valley Creek. Pumping of the Spring Valley Aquifer may reduce groundwater discharge to Spring Valley Creek. Thus, pumping from both the Sandy Hill Aquifer and the Spring Valley Aquifer may eventually reduce flow in Spring Valley Creek. However, discharge of treated wastewater (either directly to the stream under an NPDES permit or indirectly to the aquifer through subsurface drainfield disposal) should offset depletions to stream flow. Also, it should be noted that Spring Valley Ranch has the earliest priority irrigation water right from Spring Valley Creek.



Memo

To: Steve Lester, IDWR Western Region Water Right Supervisor

From: Terry Scanlan, P.E., P.G. 

Date: September 30, 2004

Subject: Project Plans and Construction Costs - Application for Permit 63-31966

The second bullet item in your letter of August 6, 2004 regarding the above referenced application for permit requests the following:

“Summary of project plans and specifications along with estimated construction costs for the project.”

This memo describes the conceptual design and costs for the water system that is proposed to supply water diverted under Permit 63-31966.

Conceptual Water System Design Components. The following conceptual design components are contemplated.

- 2 wells (16-inch diameter) at the Sandy Hill Aquifer
- 2 well pump systems (1000 gpm) at the Sandy Hill Aquifer
- 2 wells (8-inch or 6-inch) and low-capacity well pumps (50 to 100 gpm) in Spring Valley
- arsenic treatment system for water from the Sandy Hill Aquifer
- 50,000 gallon operational storage tank at Sandy Hill Aquifer
- 500,000 gallon storage tank on west side of Spring Valley
- 500,000 gallon storage tank on east side of Spring Valley
- 2 pressure relief vaults
- 14,250 feet of 16-inch water main
- 500 feet of 12-inch water main
- distribution water mains, flow meters, services, and hydrants within the subdivision
- standby power source at Sandy Hill wells
- communication and controls

Conceptual diagrams of the proposed Sandy Hill Aquifer well field and core area water system are shown on the attached Figures 5-1 and 7-2 from the Spring Valley Ranch Water System Alternative Study (SPF Water Engineering, July 6, 2004). The concept is based on supply from the Sandy Hill aquifer source. The proposed wells in the Spring Valley Aquifer may be added to the system as needed.

Estimated Costs. Estimated costs for water system development are summarized on the attached table. Not included in this cost estimate are engineering and construction costs for distribution water mains, flow meters, services, and hydrants within the subdivision.

SPF Water Engineering
Spring Valley Ranch
 Budgetary Cost Estimate

Facilities Associated with Public Water System Development

Required Water Facilities	Size/Vol./Capacity	Units	Quantity	Unit Cost	Capital Cost	Engineering PM/Inspection	Total Cost
Source of Water Supply							
Sandy Hill Well - 1	1000 gpm	Each	1	250,000	250,000	37,500	287,500
Sandy Hill Well - 2	1000 gpm	Each	1	250,000	250,000	37,500	287,500
Treatment							
Arsenic Treatment Plant	200 - 300 gpm	Each	1	450,000	450,000	67,500	517,500
Transmission Mains							
Transmission Main	16-inch	Feet	14,250	\$ 66	\$ 939,900	141,000	1,080,900
Transmission Main	12-inch	Feet	500	\$ 44	\$ 22,000	3,300	25,300
Air Valves, Restrain Joints, etc.@5%					\$ 48,100	7,200	55,300
Storage Reservoirs							
SVR - East	500,000 gallons	Gallons	500,000	\$ 0.95	\$ 477,450	71,600	549,050
SVR - West	500,000 gallons	Gallons	500,000	\$ 0.95	\$ 477,450	71,600	549,050
OS_Sandy Hill	60,000 gallons	Gallons	60,000	\$ 2.00	\$ 120,000	18,000	138,000
Control Vaults							
PRV - 1	3,8-inch	Each	1	\$ 50,000	\$ 50,000	7,500	57,500
PRV - 2	3,8-inch	Each	1	\$ 50,000	\$ 50,000	7,500	57,500
Standby Power							
Sandy Hill Well Field	150kW	Each	1	\$ 50,000	\$ 50,000	7,500	57,500
Communication and Controls							
Scada, RTU's, Radio's, Appurtenances		LS	1	\$ 100,000	\$ 100,000	15,000	115,000
Regulatory/ Permitting							
Permitting and Legal		LS	1	\$ 100,000	\$ 100,000	-	100,000
Sub Total					\$ 3,384,900	492,700	3,877,600
Omission and Contingency@10%					\$ 338,500	\$ 49,300	387,800
Total Estimated Costs					\$ 3,723,400	\$ 542,000	4,265,400

Estimated Cost by Category	Capital	Engineering	Total
Source of Water Supply	500,000	75,000	575,000
Treatment	450,000	67,500	517,500
Transmission Mains	1,010,000	151,500	1,161,500
Storage Reservoirs	1,074,900	161,200	1,236,100
Control Vaults	100,000	15,000	115,000
Standby Power	50,000	7,500	57,500
Communication and Controls	100,000	15,000	115,000
Regulatory/Permitting	100,000	-	100,000
Omissions and Contingency	338,500	-	387,800
Total Estimated Project Costs	\$ 3,723,400	492,700	\$ 4,265,400

Cost included in above budgetary estimate:

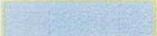
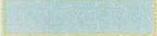
1) Only those capital and engineering cost associated with water facilities required to serve the initial phase of Spring Valley Ranch, as outlined in the draft report, **Spring Valley Ranch - Water Supply Alternative Study** for development of the Sandy Hill aquifer and Core area.

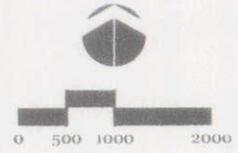
2) The cost estimates are conceptual and should be used for budget purposes only. An actual cost estimate will be completed during the pre-design phase of this project. The above costs may vary in the range of +135%(\$5,758,000) to 85%(3,626,000) of the total estimated cost.

Costs not included in above cost estimate:

- 1) Electrical power cost associated with transmission and distribution line extensions to serve water facilities.
- 2) Design and construction of roads used for maintenance or access to water facilities.
- 3) Engineering associated with formation of a regulated utility.
- 4) Development of additional sources of supply in addition to the Sandy Hill aquifer.
- 5) Distribution facilities within the proposed subdivision, mains; meters, services, hydrants.
- 6) Operation of the water system after construction.

Legend

-  11,260-FEET 16-INCH TRANSMISSION MAIN
-  2 - 500,000 gal. STORAGE RESERVOIRS
-  PRESSURE REDUCER ZONE (GRAVITY) < 3,200'
-  PRESSURE ZONE A (GRAVITY) 3,200' - 3,300'
-  PRESSURE ZONE B (GRAVITY) 3,300' - 3,400'
-  PRESSURE ZONE C (BOOSTER SUPPLIED) > 3,440'



Village A

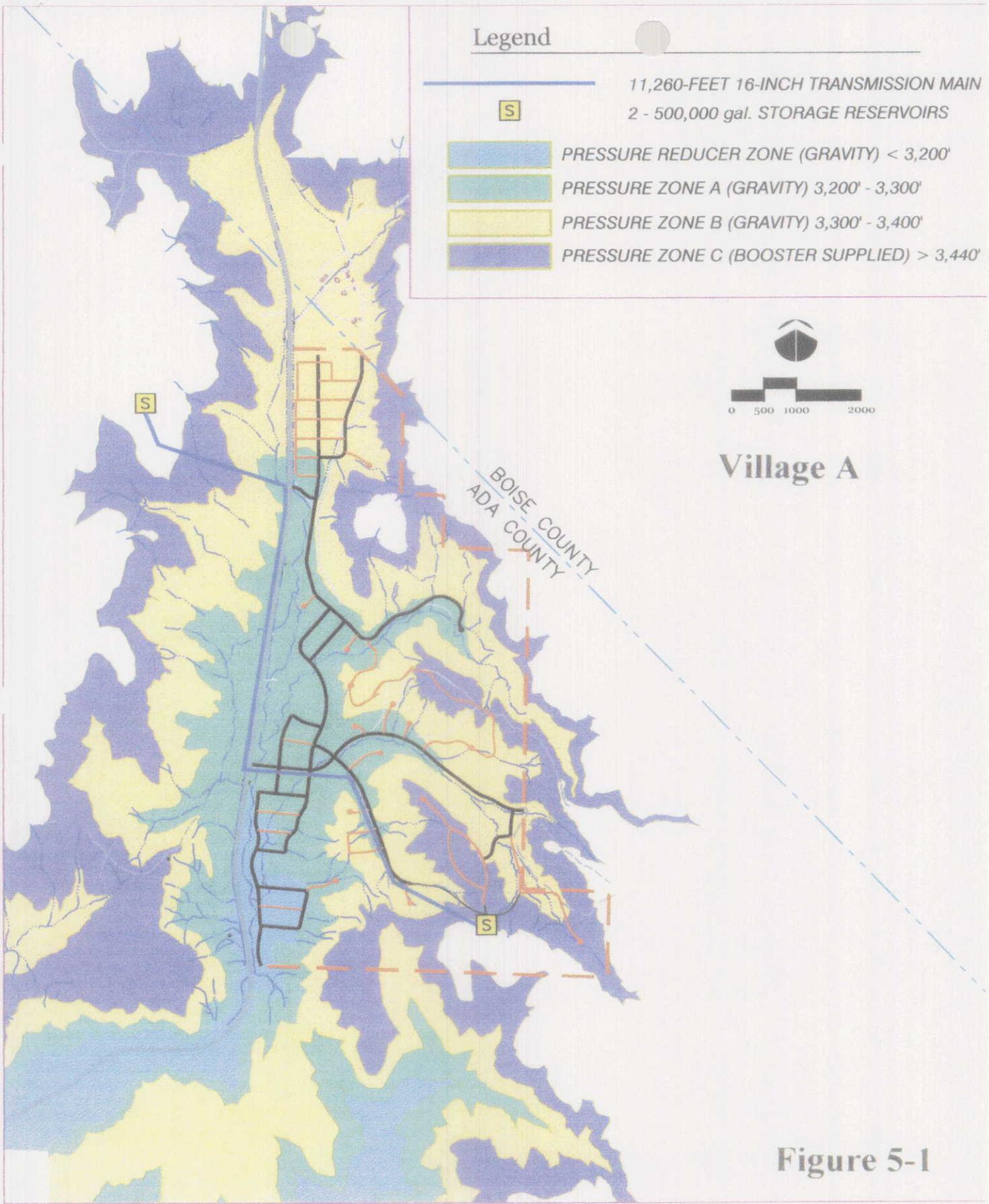


Figure 5-1

Financial Report 2003

- 15 Independent Auditor's Report
- 16 Consolidated Balance Sheets
- 17 Consolidated Statements of Income
- 18 Consolidated Statements of Stockholder's Equity
- 19 Consolidated Statements of Cash Flows
- 20 Notes to Consolidated Financial Statements
- 32 Supplemental Information
- 33 Officers and Directors

PROJECTS FOR THE PERIODS PRESENTED

Golden Heritage Homes Master-Planned Communities	Sports Authority Plaza <i>Tempe, Arizona</i>
Amalut <i>Boise, Idaho</i>	Talavi Towne Centre <i>Glendale, Arizona</i>
Coral Canyon <i>Washington County, Utah</i>	The Technology Center at Talavi <i>Glendale, Arizona</i>
Hidden Hills <i>Scottsdale, Arizona</i>	Wigwam Creek Shopping Center <i>Litchfield Park, Arizona</i>
Palm Valley <i>Goodyear, Arizona</i>	Golf Management
Rancho Viejo <i>Santa Fe County, New Mexico</i>	Club West Golf Club <i>Phoenix, Arizona</i>
Scottsdale Mountain <i>Scottsdale, Arizona</i>	Coral Canyon Golf Course <i>Washington County, Utah</i>
Sedona Golf Resort <i>Village of Oak Creek, Arizona</i>	Palm Valley Golf Club <i>Goodyear, Arizona</i>
StoneRidge <i>Prescott Valley, Arizona</i>	Sanctuary Golf Course at WestWorld <i>Scottsdale, Arizona</i>
SunRidge Canyon <i>Fountain Hills, Arizona</i>	Sedona Golf Resort <i>Village of Oak Creek, Arizona</i>
The Village at Litchfield Park <i>Litchfield Park, Arizona</i>	StoneRidge Golf Course <i>Prescott Valley, Arizona</i>
Commercial Development	SunRidge Canyon Golf Club <i>Fountain Hills, Arizona</i>
Alameda Crossing <i>Avondale, Arizona</i>	Family Fun Parks
Black Canyon Commerce Park <i>Phoenix, Arizona</i>	Fiddlesticks <i>Scottsdale, Arizona</i>
Coral Canyon Town Center <i>Washington County, Utah</i>	Fiddlesticks <i>Tempe, Arizona</i>
Costco Plaza <i>Tempe, Arizona</i>	Funtasticks <i>Tucson, Arizona</i>
Hayden Ferry Lakeside <i>Tempe, Arizona</i>	Public Utilities
MarketPlace <i>Tempe, Arizona</i>	Litchfield Park Service Company <i>Litchfield Park, Arizona</i>
Palm Valley Cornerstone <i>Goodyear, Arizona</i>	Ranchland Utility <i>Santa Fe County, New Mexico</i>
Palm Valley Crossing <i>Goodyear, Arizona</i>	Mortgage Origination
Palm Valley Marketplace <i>Goodyear, Arizona</i>	HFS Mortgage <i>Tempe, Arizona</i>
Palm Valley Office Park <i>Goodyear, Arizona</i>	Web Site www.suncoraz.com
Palm Valley Pavilions <i>Goodyear, Arizona</i>	

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholder of SunCor Development Company:

We have audited the accompanying consolidated balance sheets of SunCor Development Company and subsidiaries ("The Company") as of December 31, 2003 and 2002, and the related consolidated statements of income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2 and 14 to the financial statements, in 2003 the Company changed its method of accounting for obligations under certain guarantees to conform to Financial Accounting Standards Board Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness to Others - an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34." Also, in 2002 the Company changed its method of accounting for long-lived assets to conform to Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the table of contents on page 32 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of the Company's management. Such schedule has not been subjected to the auditing procedures applied in our audits of the basic financial statements and, accordingly, we express no opinion on it.

Deloitte + Touche LLP

Deloitte & Touche LLP

Phoenix, Arizona

April 09, 2004

CONSOLIDATED BALANCE SHEETS

YEARS ENDING DECEMBER 31,	2003	2002
	(DOLLARS IN MILLIONS)	
Assets:		
Cash and cash equivalents	\$ 25.9	\$ 25.1
Accounts receivable and other assets	1.9	7.2
Home inventory	34.2	38.2
Notes receivable and other	15.0	6.8
Land	234.4	280.5
Property and equipment, net	107.6	88.3
Investment in joint ventures	12.5	22.1
Assets held for sale	0.0	43.0
Deferred costs	7.7	7.6
Deferred income taxes	0.0	16.3
TOTAL ASSETS	\$439.2	\$535.1
Liabilities and Stockholder's Equity:		
Liabilities:		
Accounts payable and other liabilities	\$ 54.4	\$ 40.1
Notes payable	103.9	140.4
Liabilities related to assets held for sale	0.0	28.3
Deferred Income Taxes	6.3	0.0
TOTAL LIABILITIES	164.6	208.8
Minority interest	15.1	14.9
Commitments and contingencies (Notes 3, 9, 10, and 14)		
Stockholder's equity:		
Common stock, \$100 par value, 10,220 shares issued and outstanding	1.0	1.0
Additional paid-in capital	234.0	342.0
Accumulated earnings/(deficit)	24.5	(31.6)
TOTAL STOCKHOLDER'S EQUITY	259.5	311.4
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$439.2	\$535.1

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDING DECEMBER 31,	2003	2002	2001
	(DOLLARS IN MILLIONS)		
Revenues:			
Home sales	\$ 172.1	\$ 139.6	\$ 112.3
Land sales	78.1	41.8	21.4
Sale of commercial operating assets	89.2	0.0	14.6
Commercial and property management	22.2	19.7	15.1
Total Revenues	361.6	201.1	163.4
Operating Expenses:			
Cost of homes sold	137.8	112.6	92.5
Cost of land sold	42.8	21.2	9.7
Cost of commercial operating assets sold	64.3	0.0	8.6
Commercial and property management	18.3	15.6	12.4
General and administrative	45.7	39.2	37.9
Total Operating Expenses	308.9	188.6	161.1
Operating Income	52.7	12.5	2.3
Other Income (Expense):			
Equity in joint venture earnings	3.3	2.0	2.9
Interest income	0.7	0.1	0.6
Interest expense, net of amounts capitalized	(2.5)	(2.6)	(3.4)
Miscellaneous income	21.4	5.5	0.5
Total Other Income	22.9	5.0	0.6
Minority interest	(1.0)	(0.7)	0.2
Income from continuing operations before taxes	74.6	16.8	3.1
Income taxes	28.5	6.8	1.3
Income from continuing operations	46.1	10.0	1.8
Discontinued operations (net of tax of \$6.5, \$5.9 and \$1.0)	10.0	8.9	1.5
Net Income	\$ 56.1	\$ 18.9	\$ 3.3

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

	Common Stock	Additional Paid-In Capital	Accumulated (Deficit)/Earnings	Total Stockholder's Equity
(DOLLARS IN MILLIONS)				
Balance, January 1, 2001	\$ 1.0	\$355.4	\$ (53.8)	\$302.6
Net income			3.3	3.3
Return of capital		0.0		0.0
Balance, December 31, 2001	1.0	355.4	(50.5)	305.9
Net income			18.9	18.9
Return of capital		(13.4)		(13.4)
Balance, December 31, 2002	1.0	342.0	(31.6)	311.4
Net income			56.1	56.1
Return of capital		(108.0)		(108.0)
Balance, December 31, 2003	\$ 1.0	\$234.0	\$ 24.5	\$259.5

Return of capital discussed in Note 12.

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDING DECEMBER 31,	2003	2002	2001
(DOLLARS IN MILLIONS)			
Cash flow from operating activities:			
Net income	\$ 56.1	\$ 18.9	\$ 3.3
Income from discontinued operations	(10.0)	(8.9)	(1.5)
Net income from continuing operations	46.1	10.0	1.8
Adjustments to reconcile Net Income to Net Cash (used for)/provided by operating activities:			
Depreciation	5.3	4.2	3.8
Minority interest	1.0	0.7	(0.2)
Equity in joint venture earnings	(3.3)	(2.0)	(2.9)
Provision for deferred income taxes	22.6	8.8	1.7
(Increase)/decrease in accounts receivable and other assets	5.3	(1.7)	(5.5)
(Increase)/decrease in home inventory	4.1	(4.5)	0.2
(Increase)/decrease in notes receivable	(8.2)	(2.0)	(0.4)
(Increase)/decrease in land	53.6	(3.9)	(22.7)
(Increase)/decrease in minority interest related to land	0.0	0.2	7.5
(Increase)/decrease in deferred assets	(0.1)	(2.8)	3.8
Increase/(decrease) in accounts payable and other liabilities	14.2	3.3	11.1
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	140.6	10.3	(1.8)
Cash flows from investing activities:			
Costs to construct commercial properties and equipment, net	13.5	(6.8)	(1.3)
Cash flow from/(to) assets held for sale and discontinued operations	24.7	9.4	(6.4)
Commercial properties held for investment, net	0.0	0.0	(10.7)
Joint venture minority interest contributions/(distributions), net	(0.2)	(2.2)	0.0
Unconsolidated joint venture (contributions)/distributions, net	7.8	16.5	(0.3)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	45.8	16.9	(18.7)
Cash flows from financing activities:			
Return of capital to PWCC	(108.0)	(13.4)	0.0
Proceeds from issuance of notes and bonds payable	135.5	57.2	49.5
Repayment of notes payable	(213.1)	(54.1)	(24.3)
Debt issuance costs	0.0	(0.0)	(0.8)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(185.6)	(10.3)	24.4
Net increase in cash and cash equivalents	.8	16.9	3.9
Cash and cash equivalents, beginning of year	25.1	8.2	4.3
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 25.9	\$ 25.1	\$ 8.2
Supplemental disclosures of non-cash investing and financing activities:			
Acquisition/Disposal of property and equipment utilizing capitalized leases	(0.6)	1.3	0.0
Land Distribution to minority partner	0.6	0.0	0.0
Consolidation of various LLCs, (see Notes 5g, h, i, and j):			
Land	8.0	0.0	0.0
Property	38.7	4.6	0.0
Investment in JV	(5.1)	(4.6)	0.0
Notes Payable	(41.6)	0.0	0.0

See Notes to Consolidated Financial Statements

1. Organization and Business

SunCor Development Company ("the Company") is a wholly owned subsidiary of Pinnacle West Capital Corporation ("PWCC"). The Company's main activities involve acquisition, development, operation, and sale of real property for residential master-planned communities, homebuilding, and commercial properties in the western United States.

2. Summary of Significant Accounting Policies

Reclassifications – Certain reclassifications have been made to prior years' consolidated financial statements to conform to the statement classifications used in the current year. For all periods presented, the Company has classified certain asset groups as held for sale and has reported discontinued operations for all qualifying components of the Company (see Note 11).

Principles of Consolidation – The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly owned subsidiaries and joint ventures. These include Rancho Viejo de Santa Fe, Inc. ("Rancho Viejo"), Golden Heritage Homes, Inc. ("GHH"), Litchfield Park Service Company ("LPSCo"), HFS Mortgage, L.L.C. ("HFS"), Westworld Golf Course, L.L.C. ("Westworld LLC"), Wigwam Outlet Stores, L.L.C. ("Wigwam LLC"), Hidden Hills of Scottsdale L.L.C. ("Hidden Hills"), Hayden Ferry Lakeside, L.L.C. ("HFL"), and SunRidge Canyon, L.L.C. ("SunRidge LLC").

All significant intercompany transactions and balances have been eliminated. "Minority Interest" represents the minority partners' proportionate share of the earnings and equity of Scottsdale Mountain Limited Partnership ("SMLP"), Kabuto/SunCor Joint Venture ("Kabuto JV"), StoneRidge-Prescott Valley L.L.C. ("StoneRidge"), Club West Golf Course L.L.C. ("Club West LLC"), and Coral Canyon Town Center, L.L.C. ("CCTC"). At December 31, 2003, the Company owned 65% of SMLP, 70% of Kabuto JV, 60% of StoneRidge, 68% of Club West LLC, and 75% of CCTC. Total Minority Interest included in the Consolidated balance sheets as of December 31, 2002 was \$14.9 million. Minority Interest income of \$1.0 million, cash distributions of \$0.2 million, and non-cash distributions of \$0.6 million increase the 2003 Minority Interest balance to \$15.1 million (see Note 5).

Home Inventory – Home inventory consists of construction costs, improved lot costs, and other costs including capitalized interest and property taxes on homes under construction. Home inventory is stated at the lower of accumulated cost or estimated fair value less costs to sell.

Real Estate Sales – The Company recognizes income from land, home, and qualifying commercial operating asset sales in full, provided (a) the income is determinable, that is, the collectibility of the sales price is reasonably assured or the amount that will not be collectible can be estimated, and (b) the earnings process is virtually complete, that is, the Company is not obliged to perform significant activities after the sale to earn the income. Unless both conditions exist, recognition of all or part of the income is postponed. Commercial property and management revenues are recorded over the term of the lease or period in which services are provided.

Long-lived Assets to be Held for Development or Use – The Company reviews for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, the Company estimates the future undiscounted cash flows based on the existing service potential of the asset at the date tested. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, then impairment is assessed. Measurement of an impairment loss for long-lived assets held for development or use is based on the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Long-lived Assets Held for Sale – Long-lived assets classified as held for sale are measured at the lower of its carrying amount or fair value less cost to sell. The results of operations of long-lived assets, which are considered a component of the Company that either has been disposed of, or is classified as held for sale, is reported in discontinued operations if both of the following criteria are met: (a) the operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal transaction, and (b) the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. See Note 11 for further discussion on assets held for sale and discontinued operations.

Income Taxes – The Company's operations are included in the consolidated income tax returns of PWCC. The Company's income tax liability is determined in accordance with the SunCor/PWCC income tax allocation agreement ("Agreement"), which provides for a separate return calculation for each subsidiary. In accordance with the Agreement, the Company can carry forward its federal net operating losses ("NOL") indefinitely, if the federal NOL was used in the PWCC consolidated return. For state NOLs prior to 2000 that were utilized in the PWCC consolidated/combined state return to offset future state taxable income, the carry forward period is limited to the state statute. In 2000, the Agreement was amended to allow any state NOL from 2000 forward that was utilized in the PWCC consolidated state return to be carried forward indefinitely, consistent with the treatment of the federal NOL. All NOL carryforwards were utilized in 2003.

Statements of Cash Flows – The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Interest paid in 2003, 2002, and 2001 was approximately \$5.0 million, \$6.9 million, and \$9.2 million, respectively. Taxes paid in 2003, 2002, and 2001 were approximately \$3.2 million, \$7 million, and \$0, respectively.

Fair Value of Financial Instruments – The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the short maturity of these financial instruments. Notes that bear variable rates indexed to prime or the London Interbank Offered Rate ("LIBOR") have carrying value which approximate fair value. Fair value estimates are made at a specific point in time, based on relevant market information about the financial instruments. Changes in assumptions or market conditions could significantly affect those estimates.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Homebuilding Warranty – The Company estimates a warranty reserve as a percentage of the home sales price to cover reported claims for its homebuilding activities. This warranty coverage period varies by state. The warranty reserve is reviewed periodically to ensure that

a proper reserve balance is recorded. The reserve balance at December 31, 2003 and 2002 was \$0.8 million and \$0.4 million, respectively.

Recent Accounting Pronouncements – In December 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46 (revised), "Consolidation of Variable Interest Entities – an Interpretation of Accounting Research Bulletin ("ARB") No. 51." The Interpretation addresses consolidation of variable interest entities (VIE). VIEs are entities for which the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties and/or for which the equity investors lack essential characteristics of a controlling financial interest. The Interpretation is effective for all new and existing VIE interests acquired by the Company in 2004. The Company is evaluating all of its investments and other interests in entities that may be deemed variable interest entities.

On January 1, 2003, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations." This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or the normal operation of long-lived assets, except for certain obligations of lessees. As used in this Statement, a legal obligation is an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract, or by legal construction of a contract under the doctrine of promissory estoppel, SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. This new standard did not have a material impact on the Company's financial statements.

In November 2002, FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness of Others – an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34." The Interpretation elaborates on the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees.

It also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation are effective on a prospective basis to guarantees issued or modified after December 31, 2002 (see Note 14).

On January 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement defines an impairment as "the condition that exists when the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value." The Statement provides for a single accounting model for the disposal of long-lived assets, whether previously held or newly acquired. Specific guidance is provided for recognition and measurement and reporting and disclosure for long-lived assets held and used, disposed of other than by sale, and disposed of by sale. Assets held for sale and discontinued operations have been reflected in the financial statements in accordance with SFAS No. 144 (see Note 11).

3. Land

The Company's acquisition costs, infrastructure costs, property taxes, and interest directly associated with the acquisition and development of each project are capitalized until the project is substantially complete and ready for its intended use. Interest capitalized on land development in 2003, 2002, and 2001 was \$2.0 million, \$3.2 million, and \$4.8 million, respectively. Included in "Other" below is \$5.1 million related to certain guarantees entered into during 2003 that are associated with land development (see Note 14). Land under development and land held for future development are stated at accumulated cost except, to the extent that such land is believed to be impaired, it is written down to estimated fair value. Land held for sale is stated at the lower of accumulated cost or estimated fair value, less costs to sell.

The evaluation of impairment is based upon the sales proceeds anticipated in the normal course of business, less estimated costs to complete or improve the property to the condition used in determining the estimated selling price and current market price. Such values are based on management's estimates and, in certain instances, are supported by information obtained from independent appraisers. These estimates are continually altered to reflect actual experience or changes in estimates. In evaluating impairment, the underlying assumptions

reflect the Company's intent to dispose of its real estate assets in an orderly, ongoing manner in the normal course of operations.

Upon commencement of housing construction, allocated land costs are transferred to home inventory on a lot-by-lot basis. Land consists primarily of the following at December 31:

LAND	2003 2002	
	(DOLLARS IN MILLIONS)	
Palm Valley	\$ 130.4	\$ 186.3
MarketPlace	0.0	3.1
Scottsdale Mountain	0.1	0.0
Village at Litchfield Park	4.7	12.1
Rancho Viejo	20.9	21.8
Hidden Hills	13.8	17.7
Coral Canyon	18.6	19.7
StoneRidge	21.2	18.1
Hayden Ferry Lakeside	18.1	0.0
Other	6.6	1.7
Total Land	\$ 234.4	\$ 280.5

(a) The Palm Valley project located primarily in Goodyear, Arizona started in 1987 with approximately 11,300 acres. The Company master-planned approximately 9,500 of these acres to include single-family and multifamily residential, commercial, industrial, and golf course uses. Over the past years this project has been the focal point of real estate activity for the Company. During 2003 the Company took advantage of a favorable residential real estate market and sold approximately 2,410 acres of property.

In 2003, the Company sold its entire interest in PebbleCreek, an age-restricted community included in the master-plan area. This transaction resulted in the sale of the Company's interest in approximately 1,550 acres (reflected in land) and the sale of the Company's interest in future cash flows (reflected in miscellaneous income).

(b) MarketPlace is approximately 410 acres of land located in Tempe, Arizona. The master plan includes a retail center with auto dealerships, auto service, and other related development. The land in the master plan includes commercial and industrial uses. At December 31, 2003, all of the remaining acreage had been developed or sold. The Company also owns a family entertainment center occupying approximately 20 acres within MarketPlace and is a partner in a joint venture that owns approximately 22 acres with approximately 244,000 square feet of developed retail space (see Note 6a).

(c) Scottsdale Mountain is approximately 1,400 acres of land located in Scottsdale, Arizona, of which approximately 550 acres are for residential development. Scottsdale Mountain is owned by the SMLP and is accounted for in Consolidated Joint Ventures (see Note 5a). Included in the Company's minority interest is \$0.4 and \$0.8 million related to Scottsdale Mountain at December 31, 2003 and 2002, respectively.

(d) The Village at Litchfield Park is approximately 330 acres of land located in Litchfield Park, Arizona. The master plan includes single-family residential and commercial uses. The Village at Litchfield Park is owned by Kabuto JV, which is accounted for in Consolidated Joint Ventures (see Note 5b).

(e) Talavi is approximately 140 acres of land located in Glendale, Arizona. The master plan includes commercial and industrial uses. At December 31, 2003, all of the property has been developed and/or sold. In addition, the Company is a partner in joint ventures that own approximately nine acres of land, approximately 123,000 square feet of developed retail space, and approximately 25,000 square feet of office/industrial space (see Notes 6a and 6d).

(f) Rancho Viejo is a mixed-use master-planned community of approximately 11,000 acres of land located next to Santa Fe, New Mexico. The initial phase contains approximately 2,500 acres with development commencing in 1998. Upon buildout, the initial phase is anticipated to contain approximately 2,438 single-family dwelling units, along with commercial property. Of the single family units, the Company is anticipating to serve as the exclusive homebuilder for an estimated 2,170 units with the remaining 268 units being sold as custom lots.

In accordance with the project's purchase documents, property is transferred to the Company in phases. The released phase has an associated property lien that records the original landowner's interest in the property. At the time property is sold to a third party, the original land owners authorize a partial release from the lien. The original land owners receive a percentage of the sale price varying for each type of real estate sale as a participation payment. The Company may terminate the agreement at its option with no further obligations (see Note 9).

(g) Hidden Hills is a residential project consisting of approximately 419 acres of land in Scottsdale, Arizona, with the Company as the primary homebuilder. This project initially started with 355 residential lots and now has 141 lots remaining.

(h) Coral Canyon is a mixed-use, master-planned community of approximately 2,500 acres of land located near St. George, Utah. Upon buildout, the project is anticipated to contain approximately 2,820 single-family units, along with property for commercial and golf course uses. Of those single-family units, the Company is anticipating to serve as the exclusive homebuilder for an estimated 2,680 units with the remaining 140 units being sold as custom lots. The first home and custom lot closings occurred in 2000, as did the golf course operations.

In accordance with the project's purchase documents, the State of Utah retains title to the property until a sale closes to a third party buyer. The State of Utah receives a percentage of the sale price varying for each type of real estate sale which is first applied against the annual required payments. The Company may terminate the agreement at its option with no further obligations (see Note 9). The Company has partnered with the State of Utah in the first commercial building on the project (see Note 5k).

(i) StoneRidge is a mixed-use, master-planned community of approximately 1,840 acres located in Prescott Valley, Arizona. Upon buildout, the project is anticipated to contain approximately 2,034 single-family dwelling units, along with property for multifamily, time-share, commercial and golf course uses. Of those single-family units, the Company is anticipating to serve as the exclusive homebuilder for an estimated 1,513 units, with the remaining 521 units being sold as custom lots. The first homebuilding and custom lot sales started in 2002, as did the golf course operations (see Note 5f).

In accordance with the project's purchase documents, a trust retains title to the property until it is closed to a third party buyer. The Company makes required annual payments to the original land owners to maintain its development rights. These payments are added into a land credit account. The original land owners receive a percentage of the sale price varying for each type of real estate sale which is netted against the land credit account. The Company may terminate the agreement at its option with no further obligations (see Note 9).

(j) AmaLur is the Company's most recent land development project. The Company closed escrow on this purchase option in July 2003. The seller will receive a percentage of the sale price, varying for each type of real estate sale. AmaLur is located within the metro area of Boise, Idaho. The project contains approximately 31,200 acres located within three counties: Ada (approx. 12,900

acres), Boise (approx. 12,500 acres), and Gem (approx. 5,800 acres). The core development area contains approximately 12,500 acres. The Company currently projects that AmaLur will contain a number of mixed-use villages with approximately 12,000 homes of varying sizes and styles. The Company is planning to use GHH to build the majority of the homes in AmaLur. Land development is estimated to start in late 2004.

In accordance with the project's purchase documents, a trust retains title to the property until it is closed to a third party buyer. The Company will make minimum annual obligation payments to the original land owners after the first home closing occurs to maintain its development rights. The original land owners receive a percentage of the sale price varying for each type of real estate sale which is netted against minimum annual obligation payments. The Company may terminate the agreement at its option with no further obligations (see Note 9).

4. Homebuilding

The Company currently builds and sells as GHH within the following developments: Palm Valley, Rancho Viejo, Hidden Hills, Coral Canyon, StoneRidge, and Sedona. The following table shows annual activity for each of the locations.

HOME CLOSINGS BY PROJECT

	2003	2002
Palm Valley	191	230
Rancho Viejo	113	114
Hidden Hills	56	44
Coral Canyon	82	96
StoneRidge	133	53
Sedona	51	37
Total Units	626	574

5. Consolidated Ventures

(a) SMLP is a limited partnership formed in April 1992 to acquire, develop, and sell certain real property. The Company is the general partner in SMLP, as well as being a limited partner. The Company contributed approximately 1,400 acres of land to SMLP for a 100% interest. Subsequent to the formation of the partnership, the Company sold limited partner interests totaling 35% of SMLP's total equity for \$4.9 million. The assets of SMLP as of December 31, 2003, consist of one custom lot and a note

receivable. The Company's consolidated financial statements include all of the assets, liabilities, and operations of SMLP. The limited partners' 35% interest in SMLP and the income therefrom have been reflected as "Minority Interest" in the consolidated financial statements.

(b) Kabuto JV is a general partnership formed in October 1990 to acquire, develop, and sell approximately 330 acres of land, The Village at Litchfield Park. The Company contributed to Kabuto JV its undivided 50% interest in land for its original joint venture interest. The other Kabuto JV partner purchased the additional undivided 50% interest in land from the Company and contributed it to Kabuto JV for its original joint venture interest. Subsequently, the Company purchased an additional 20% interest in Kabuto JV from the other partner in exchange for retiring a \$2.1 million note from the partner. The assets of Kabuto JV at December 31, 2003, consist mainly of custom lots and unimproved residential subdivisions totaling approximately 140 acres. The Company's consolidated financial statements include all of the assets (with Land recorded at the Company's cost basis), liabilities, and operations of Kabuto JV. The other partner's 30% interest in Kabuto JV is reflected as "Minority Interest" in the consolidated financial statements.

(c) Wigwam LLC was a limited liability company formed in January 1994 to acquire, develop, own, manage, sell, and/or operate a retail center. The Company was the managing member of this venture. The other member had a profit participation in the project. The property consisted of approximately 40 acres of land in Goodyear, Arizona. The project originally consisted of approximately 232,000 square feet of retail space with a portion of the original 40 acres sold as commercial pads. The minority partner assigned its interest to the Company and the L.L.C. was terminated as of April 30, 2001. The Company then redeveloped the retail property as Palm Valley Pavilions West and sold the shopping center in 2003.

(d) Hidden Hills was reorganized in 2001 as a single-member limited liability company with the Company as the sole member.

(e) Club West LLC is a limited liability company formed in August 2000. The Company purchased a 68% interest in the new venture for \$0.8 million plus the assumption of 68% of the existing debt of the Club West Golf Course. In addition, the Company reduced the debt by \$2.3 million on which it will receive a preferred return.

Club West LLC has debt of \$4.4 million guaranteed by the Company, whose consolidated financial statements include all the assets, liabilities, and operations of Club West LLC. The limited partners' 32% interest and the income therefrom have been reflected as "Minority Interest" in the consolidated financial statements. During 2003, 2002 and 2001, the Company funded \$0.2, \$0.3 and \$0.1 million, respectively, on behalf of the limited partner who failed to meet cash funding requirements. The partner was unable to make the necessary payments and therefore the Company has full ownership of the LLC's only asset Club West Golf Course.

(f) StoneRidge is a limited liability company formed in January 2001 to acquire, develop, sell, and manage the StoneRidge development in Prescott Valley, Arizona. The approximately 1,840-acre development is planned to include single-family and multifamily residential, commercial, time-share, civic, and golf course uses. The Company is the managing partner and has a 60% ownership in StoneRidge.

(g) HFS is a limited liability company formed in November 1998 to offer mortgages to customers for the purpose of buying new homes or refinancing homes. The Company is 100% owner of HFS. Homebuilders Financial Network, L.L.C. has been retained to originate, process, close, and sell to investors the mortgage loans made to homebuyers for a monthly management fee. The management fee is a percentage of the pre-tax "net operating income." HFS had revenues of \$2.1 million and \$2.0 million in 2003 and 2002 with resulting net income of \$0.7 million and \$0.9 million, respectively. HFS revenues are included in commercial property revenue on the consolidated income statement.

(h) Westworld LLC is a single-member limited liability company that operates the Sanctuary Golf Course, an 18-hole championship golf course in Scottsdale, Arizona. Westworld LLC has developed the golf course under a sublicense agreement with the City of Scottsdale on approximately 200 acres of land controlled by a senior license agreement between the City of Scottsdale and the United States Bureau of Land Management.

(i) SunRidge LLC is a limited liability company formed in June 1994 to acquire, develop, manage, and sell approximately 950 acres of land in Fountain Hills, Arizona. The master-plan for the project included approximately 826 single-family homes and an 18-hole golf course and club-

house. The golf course opened to the public in November 1995, and residential land sales commenced in December 1995. The last lot was sold in 2002. The Company purchased the other member's interest in December 2003 and is now the sole member of the LLC which continues to operate the golf course.

(j) HFL is a limited liability company formed in April 2000 to plan, construct, lease, and sell office/retail buildings and residential units in Tempe, Arizona. The Company purchased the other member's interest in October 2003 and is now the sole member of the LLC.

The first office tower, containing approximately 200,000 square feet of leaseable area, was completed in July 2002. At December 31, 2003, the first building was approximately 67% occupied (approximately 135,000 square feet) with the Company leasing approximately 20% of the total leaseable space. Planning for development of the second office tower and the first phase of condominiums continued in 2003.

(k) CCTC is a limited liability company formed in March 2002 to develop, operate, and sell office property. Currently the Company owns 75% and the minority partner has 25%. The office property is a two-story office building that was completed in February 2003 and contains approximately 25,000 square feet of leaseable area. At December 31, 2003 the building was 62% occupied with the Company leasing approximately 20% of the total building leaseable space.

6. Investment in Joint Ventures

INVESTMENT IN JOINT VENTURES

	2003	2002
	(DOLLARS IN MILLIONS)	
Centrepoint Associates	\$ 8.5	\$ 9.2
Sedona Golf Resort	1.8	2.7
Palm Valley Apartments I & II	0.0	(0.2)
Talavi Associated	2.2	1.6
Hayden Ferry Lakeside	0.0	8.5
SunRidge Canyon	0.0	0.3
Total Investment in Joint Ventures	\$12.5	\$22.1

(a) Centrepoint Associates, L.L.P. ("Centrepoint LLP") is a general partnership formed in January 1989 to acquire, develop, manage, and sell real property. The Company initially contributed approximately 40 acres of land in the MarketPlace project for its 50% interest. The Company's partner contributed approximately \$8.8 million for its 50% initial interest. From these initial contributions, the Centrepoint LLP developed approximately 393,000 square feet of retail space. In 1995, the Company contributed a 50% interest in approximately 85,000 square feet of retail space in Talavi and a 50% interest in approximately 40 acres of land in Palm Valley to Centrepoint LLP. The other partner purchased the additional 50% interest in retail space and land from the Company and contributed it to Centrepoint LLP, which has built or acquired an additional 50,000 square feet of retail space in Talavi.

In 2002, Centrepoint LLP sold approximately 12,000 square feet of retail space at Talavi and approximately 149,000 square feet of retail space at MarketPlace, leaving approximately 367,000 square feet of retail space at Talavi and MarketPlace for operations in 2003.

The following represents summarized financial information of Centrepoint LLP at December 31, 2003, 2002, and 2001 and for the years then ended:

CENTREPOINT LLP	2003	2002	2001
	(DOLLARS IN MILLIONS)		
Assets:			
Cash and cash equivalents	\$ 0.7	\$ 1.2	\$ 1.3
Buildings and other, net	9.2	8.5	18.6
Land and improvements	11.4	13.0	24.5
Total	\$ 21.3	\$ 22.7	\$ 44.4
Liabilities and members' capital:			
Accounts payable and other liabilities	\$ 0.4	\$ 2.9	\$ 0.7
Notes payable	17.8	17.8	13.5
Members' capital	3.1	2.0	30.2
Total	\$ 21.3	\$ 22.7	\$ 44.4
Operations:			
Revenues	\$ 3.6	\$ 6.9	\$ 8.0
Expenses	1.9	2.9	2.7
Depreciation	0.8	1.0	1.3
Net Income	\$ 0.9	\$ 3.0	\$ 4.0

(b) Sedona Golf Resort, L.C. ("Sedona LC") is a limited liability company formed in February 1995 to acquire, develop, manage, and sell approximately 300 acres of land in Sedona, Arizona, including an existing 18-hole golf course. In addition to the golf course, the master plan for this project includes single-family residential, hotel, retail, and vacation ownership uses. The Company and the other member purchased their 50% initial interests in Sedona LC for approximately \$3.5 million each. The Company is the managing member of the venture. The Operating Agreement rewards the Company with increased distributions percentages for achieving certain return on investment criteria which was achieved in 2003. Land sales are substantially complete and the golf course is the remaining major asset of the LC. The following represents summarized financial information of Sedona LC at December 31, 2003, 2002, and 2001 and for the years then ended:

SEDONA LC	2003	2002	2001
	(DOLLARS IN MILLIONS)		
Assets:			
Cash equivalents	\$ 1.2	\$ 0.3	\$ 0.1
Land under development	0.1	2.2	3.7
Golf course and other, net	10.5	12.0	12.4
Total	\$ 11.8	\$ 14.5	\$ 16.2
Liabilities and members' capital:			
Accounts payable and other liabilities	\$ 0.6	\$ 0.8	\$ 0.2
Notes payable	7.4	8.9	9.2
Members' capital	3.8	4.8	6.8
Total	\$ 11.8	\$ 14.5	\$ 16.2
Operations:			
Revenues	\$ 6.9	\$ 6.5	\$ 7.4
Expense	6.1	6.0	6.0
Net Income	\$ 0.8	\$ 0.5	\$ 1.4

(c) SunCor-Palm Valley Apartments I Partnership and SunCor-Palm Valley Apartments II Partnership ("PV Apartments I & II") are partnerships formed in May 1996 and October 1997, respectively, to plan, construct, and lease a luxury apartment complex in Goodyear, Arizona. The Company contributed approximately 16 acres of land in Palm Valley to these partnerships for its 51% interest. The Company's partner supervised the planning, design, and construction of the project, and provides the day-to-

day management of the project, for its 49% interest. The first phase, consisting of 132 units, opened during 1997. The second phase, consisting of 132 units, opened during 1998. PV Apartments I and II were sold in January 2003.

The following represents summarized combined financial information of PV Apartments I and II at December 31, 2003, 2002, and 2001 and for the years then ended:

PV APARTMENTS I AND PV APARTMENTS II	2003	2002	2001
	(DOLLARS IN MILLIONS)		
Assets:			
Cash equivalents	\$ 0.0	\$ 0.5	\$ 0.2
Buildings and other, net	0.0	11.3	12.0
Land and improvements	0.0	1.6	1.6
Total	\$ 0.0	\$ 13.4	\$ 13.8
Liabilities and members' capital:			
Accounts payable and other liabilities	\$ 0.0	\$ 0.3	\$ 0.4
Notes payable	0.0	15.1	15.1
Members' capital	0.0	(2.0)	(1.7)
Total	\$ 0.0	\$ 13.4	\$ 13.8
Operations:			
Revenues	\$ 19.3	\$ 2.7	\$ 2.4
Expenses	13.4	2.4	2.4
Depreciation	0.0	0.5	0.6
Net Income (Loss)	\$ 5.9	\$ (0.2)	\$ (0.6)

(d) Talavi Associates, L.L.C. ("Talavi LLC") is a limited liability company formed in November 1997 to plan, construct, lease, and sell office/industrial buildings in Glendale, Arizona.

The Company contributed approximately 17 acres of land to Talavi LLC for its 50% interest. The other member purchased approximately 17 acres of land in Talavi from the Company and contributed it to Talavi LLC for its 50% interest. The Company is the managing member of this venture. In November 2003, Talavi LLC sold the approximately 37,000 square-foot garden office building.

At December 31, 2003, the assets of Talavi LLC mainly consisted of one office building and nine acres.

The following represents summarized financial information of Talavi LLC at December 31, 2003, 2002, and 2001 and for the years then ended:

TALAVI LLC	2003	2002	2001
	(DOLLARS IN MILLIONS)		
Assets:			
Cash and cash equivalents	\$ 0.9	\$ 0.1	\$ 0.2
Buildings and other, net	1.7	5.4	6.0
Land and improvements	1.1	1.1	0.7
Total	\$ 3.7	\$ 6.6	\$ 6.9
Liabilities and members' capital:			
Accounts payable and other liabilities	\$ 0.1	\$ 0.1	\$ 0.1
Notes payable	0.0	3.4	?
Members' capital	3.6	3.1	?
Total	\$ 3.7	\$ 6.6	\$ 6.9
Operations:			
Revenues	\$ 7.3	\$ 0.7	\$ 6.2
Expenses	4.8	0.5	3.1
Depreciation	0.2	0.2	0.2
Net Income	\$ 2.3	\$ 0.0	\$ 2.9

The Company accounts for its investments in Centrepoint LLP, Sedona LC, PV Apartments I, PV Apartments II, and Talavi LLC using the equity method of accounting.

7. Notes Receivable and Other

Notes Receivable and Other balance totaled \$15.0 million and \$6.8 million at December 31, 2003 and 2002, respectively. The 2003 balance includes a \$7.0 million note secured by property. The note receivable earns 5.7% interest and the principal is due December 30, 2004. The note was paid in full February 2004. Also in the 2003 balance is the \$0.8 million note secured by real property. This note was paid in full March 2004. The remaining major receivables are as follows: \$4.0 million of Community Facilities Districts receivables, and \$2.1 million from the purchaser of LPSCo for funds due from the Central Arizona Project for the transfer of water rights.

8. Property and Equipment

Property and Equipment are stated at cost. Major additions and renovations are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method over the assets' estimated useful lives, which generally range from 3 to 20 years for furniture and equipment, 20 to 50 years for buildings and improvements, and 5 to 30 years for other property and equipment. Model home furnishings are amortized over each home closing from the specified number of lots that were determined to benefit from the model homes.

Property and equipment consist of the following at December 31, 2003 and 2002:

PROPERTY AND EQUIPMENT	2003	2002
	(DOLLARS IN MILLIONS)	
Land and improvements	\$ 48.2	\$ 35.5
Buildings	55.2	47.9
Furniture, equipment, and other	27.3	22.4
Water and sewer plant and equipment	.7	3.5
Total	131.4	109.3
Less accumulated depreciation	(23.8)	(21.0)
Property and equipment, net	\$ 107.6	\$ 88.3

9. Commitments and Contingencies

Operating Leases – The Company's lease expense is predominantly for office rental, model home leaseback, and golf course equipment under operating leases. Lease expense for the years ended December 31, 2003, 2002, and 2001 was approximately \$ 3.3 million, \$2.7 million, and \$1.9 million, respectively. Future minimum lease payments as of December 31, 2003 are as follows:

YEARS ENDING DECEMBER 31:	(DOLLARS IN MILLIONS)
2004	\$ 2.1
2005	1.3
2006	1.2
2007	1.2
2008	1.1
Thereafter	1.1
Total	\$ 8.0

Payments to Land Owners – The Company is required to make certain annual payments to the original land owners to continue development and sales at Rancho Viejo, Coral Canyon, StoneRidge, and AmaLur as discussed in Notes 3(f), 3(h), 3(i), and 3(j). These obligations are not recorded as liabilities as of December 31, 2003. The Company's maximum exposure to loss under these arrangements is limited to the development costs incurred to date which include any upfront (option) fees (see the Land table in Note 3). Future minimum payments are as follows:

YEARS ENDING DECEMBER 31:	(DOLLARS IN MILLIONS)
2004	\$ 0.4
2005	0.8
2006	0.8
2007	0.8
2008	\$ 0.8

Special Taxing Districts Estimation of Contributions – In cooperation with local governments, the Company has formed Special Taxing Districts ("Districts") at its Palm Valley, Hidden Hills, Rancho Viejo, Coral Canyon, Scottsdale Mountain, The Village at Litchfield Park, and StoneRidge communities. The purpose of a District is to finance public infrastructure for the benefit of the property owners within the District. Typically, the Districts utilize general obligation bonds to finance the infrastructure. The District's general obligation bonds are repaid through property taxes over a 25-year period. Due to a lack of a substantial property tax base in the early years of a project, an alternative funding source other than property taxes is necessary for the District to meet the annual debt service requirement. The Company enters into agreements with each District to provide this alternative funding source, an annual payment by the developer. As development occurs and the property tax base grows, the required contributions from the developer decrease. Based on annual debt service payments of the Districts and estimated project development and absorption schedules, the estimated developer contribution requirements under these agreements are as follows:

ESTIMATION OF SPECIAL TAXING DISTRICTS CONTRIBUTIONS

YEARS ENDING DECEMBER 31:	(DOLLARS IN MILLIONS)
2004	\$ 2.0
2005	1.8
2006	1.8
2007	1.5
2008	1.4
Thereafter	\$ 3.6

In 2003, upon adoption of FIN 45, the Company recognized \$5.1 million as the fair value of commitments under its 2003 guarantees (see Note 14).

10. Notes Payable

Notes Payable consist of the following at December 31, 2003 and 2002:

NOTES PAYABLE	2003	2002
	(DOLLARS IN MILLIONS)	
Revolving line of credit	\$ 50.0	\$ 125.5
HFL	33.9	0.0
Golf course notes	19.3	13.6
Capital leases	.7	1.3
Total	\$ 103.9	\$ 140.4

In 2003, the Company's revolving line of credit agreement was modified and the commitment amount was reduced to \$120 million from \$140 million, at the Company's request. The interest rate for the loan facility is variable, based on the lender's prime rate plus 0.5% or LIBOR plus 2.00% and is payable monthly. The loan facility matures in June 2004. At that time, there are two six-month extension options at the Company's request with the lender's approval.

The \$120 million loan facility is secured primarily by an interest in land, commercial properties, land contracts, and homes under construction. The Company and certain subsidiaries provide a guarantee for the loan facility. The amount that is available to be funded under the line is calculated monthly based upon a value assigned to the assets and contracts that secure the loan. The unused available portion of the line totaled \$70.0 million at December 31, 2003.

The loan facility requires compliance with certain financial loan covenants pertaining to debt to net worth, debt service, liquidity, cash flow coverage, and restrictions on debt. The Company is in compliance with these financial covenants at December 31, 2003.

The \$33.9 million for HFL is comprised of two separate loan facilities with a rate of LIBOR plus 2.75%. One loan for \$5.0 million is secured by land while the remaining \$28.9 million is secured by the first office building. These loans matured January 2004 and have been extended through March 2004. As of April 9, 2004, the Company is still in the process of completing another extension of the Note. In previous years, the HFL loans were unconsolidated notes guaranteed by the Company. In October 2003, the Company purchased the other member's interest and now reports the notes as consolidated.

Golf Course notes at December 31, 2003 include notes secured by Palm Valley Golf Club, Club West Golf Club, StoneRidge Golf Club, SunRidge Golf Club, and Sanctuary Golf Club. The notes mature in 2004 through 2008 and bear interest at rates ranging from LIBOR plus .225% to 8.0%.

The following represents the future minimum principal payments under notes payable existing at December 31, 2003:

YEARS ENDING DECEMBER 31:	(DOLLARS IN MILLIONS)
2004	\$ 88.0
2005	1.3
2006	8.9
2007	0.4
2008	5.3
Thereafter	0.0
Total	\$ 103.9

11. Assets and Liabilities Held for Sale and Discontinued Operations

The Company's discontinued operations for 2003 represent the results of the operation and sale of the building leased to Kohl's department store at Alameda Crossing and the sale of LPSCo. In accordance with SFAS 144, LPSCo and Alameda Crossing have been reflected as discontinued operations for all periods presented. Due to the 2002 sale of Palm Valley Pavilions East ("PVPE"), its operations are also reflected in discontinued operations. The assets and liabilities related to LPSCo and PVPE are reflected as assets held for sale and liabilities related to assets held for sale as of December 31, 2002 on the financial information summarized below:

ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

	2003	2002	2001
	(DOLLARS IN MILLIONS)		
Assets:			
Property and Equipment	\$ 0.0	\$ 41.6	
Other Assets	0.0	1.4	
Total Assets Held for Sale	\$ 0.0	\$ 43.0	
Liabilities:			
Other Liabilities	\$ 0.0	\$ 15.7	
LPSCo 1999 IDA Bond			
Issuance 4.80%-5.95%	0.0	5.1	
LPSCo 2001 IDA Bond			
Issuance 5.00%-6.75%	0.0	7.5	
Total Liabilities related to Assets Held for Sale	\$ 0.0	\$ 28.3	
Income Statement:			
Net Discontinued			
Operations before Tax (including disposal gains of \$16.4, \$12.8, and \$0.0)	\$16.5	\$14.8	\$2.5
Discontinued Operations Tax	(6.5)	(5.9)	(1.0)
Net Discontinued Operations	\$10.0	\$8.9	\$1.5

12. Related Party Transactions

The Company, through its wholly owned homebuilding subsidiary GHH, purchased property or lots from SMLP, SunRidge LLC, Sedona LC, Hidden Hills LC, and Kabuto JV. GHH constructs and markets the homes to the general public. During 2003, 2002, and 2001, the Company purchased finished lots and residential parcels at aggregate prices of approximately \$0.0, \$1.0 million, and \$8.1 million, respectively, from the various joint ventures. Profits on these intercompany transactions are not recorded until the home is constructed and sold to an unrelated third party. During 2003, 2002, and 2001, the Company recognized approximately \$1.7 million, \$1.5 million, and \$0.2 million, respectively, in profits from the joint venture lot sale transactions, reflecting them as a reduction to cost of homes sold.

In 2003, 2002, and 2001, the Company was charged by PWCC approximately \$0.9 million, \$0.8 million, and \$1.1 million, respectively, for certain administrative services and allocated corporate costs. As of December 31, 2003 and 2002, the Company had outstanding accounts payable to PWCC of approximately \$0.1 million and \$0.1 million, respectively.

In addition, during 2003, 2002, and 2001, the Company paid a return of capital to PWCC of \$108.0 million, \$13.4 million, and \$0, respectively.

The Company loaned Club West LLC funds to meet certain obligations. At the end of 2003 and 2002, Club West LLC owed the Company \$2.9 million and \$2.9 million, respectively (see Note 5e).

13. Income Taxes

The Company is included in PWCC's consolidated tax return. However, when PWCC allocates income taxes to the Company, it does so based on the Company's taxable income or loss alone.

Certain assets and liabilities are reported differently for income tax purposes than they are for financial statements. The tax effect of these differences is recorded as deferred taxes. The Company calculates deferred taxes using current income tax rates.

The components of income tax expense are as follows:

YEARS ENDING DECEMBER 31:	2003	2002	2001
	(DOLLARS IN MILLIONS)		
Current:			
Federal	\$ 2.9	\$ (0.9)	\$ (0.2)
State	3.0	(1.1)	(0.2)
Total Current	\$ 5.9	\$ (2.0)	\$ (0.4)
Deferred:			
Deferred Federal	\$ 22.8	\$ 8.6	\$ 1.3
Deferred State	(0.2)	0.2	0.4
Total Deferred	\$ 22.6	\$ 8.8	\$ 1.7
Income tax expense from continuing operations	\$ 28.5	\$ 6.8	\$ 1.3

The income tax expense computed using the statutory federal income tax rate does not equal the amount recorded as income tax expense from continuing operations because of the following:

YEARS ENDING DECEMBER 31:	2003	2002	2001
	(DOLLARS IN MILLIONS)		
Federal income tax expense at 35% statutory rate	\$ 26.1	\$ 5.9	\$ 1.1
Increase in tax expense resulting from:			
State income tax net of federal income tax benefit	3.1	0.7	0.1
Other	(0.7)	0.2	0.1
Income tax expense from continuing operations	\$ 28.5	\$ 6.8	\$ 1.3

The deferred tax asset/(liability) balance at December 31, 2003 and 2002 relates to the following items:

YEARS ENDING DECEMBER 31:	2003	2002
	(DOLLARS IN MILLIONS)	
Deferred income tax assets:		
Net operating loss carryforward	\$ 0.0	\$ 26.0
AMT credits	3.0	0.4
Total deferred tax assets	3.0	26.4
Deferred income tax liabilities:		
Property and equipment	\$(9.3)	\$(10.1)
Total deferred tax liabilities	(9.3)	(10.1)
Net deferred tax assets/(liability)	\$(6.3)	\$ 16.3

The net operating loss carryforward pre-tax balance of approximately \$77 million in 2002 was utilized in 2003.

14. Guarantees

During 2003 the Company entered into three new Special Taxing District Contribution Agreements. The Company enters into these agreements with various taxing districts to provide additional funding when necessary for the District to meet the annual debt service requirement. In accordance with FASB Interpretation No. 45, the fair value of obligations related to guarantee agreements are required to be recorded as a liability. At December 31, 2003, the fair value of the obligations for these new agreements are included in "Land" and "Accounts Payable and Other Liabilities" totaling \$5.1 million for the bonds with a maximum potential undiscounted liability of \$16.3 million. The annual estimated payments of the new 2003 contribution agreements are reflected with previously issued agreements in Note 9 of the Financial Statements.

During 2003 no other agreements were entered into that meet the definition of guarantees requiring recognition under FASB Interpretation No.45 (see Note 2).

15. Benefits

Certain eligible employees of the Company are covered by a qualified pension plan, non-qualified supplemental excess benefit retirement plan and a post-retirement plan. The plans are administered by the Company's parent and the Company is allocated its portion of the entire plan. Below is the associated expense and contribution:

BENEFIT PLANS

YEARS ENDING DECEMBER 31:	2003	2002	2001
	(DOLLARS IN MILLIONS)		
Expense			
Pension-related	\$ 1.3	\$ 0.9	\$ 1.6
Post-retirement	0.8	0.8	0.3
Contributions			
Pension-related	\$ 0.9	\$ 0.1	\$ 0.0
Post-retirement	0.9	0.2	0.0

The 2004 contribution requirement is estimated to be between \$2.0 million and \$3.0 million.

SUPPLEMENTAL INFORMATION

Supplemental Information (Unaudited)

The tables below summarize the Company's land development acreage or lot inventory status for selected projects (see Note 3):

PALM VALLEY

	2003	2002	1987 (INITIAL YEAR)
Master-planned Area			
Beginning Acres	5,520	5,870	9,500
Acres Sold	1,930	350	
Ending Acres	3,590	5,520	

Outside of Master-planned Area

Beginning Acres	1,380	1,380	1,800
Acres Sold	480	0	
Ending Acres	900	1,380	

Total Acres	4,490	6,900	11,300
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RANCHO VIEJO

	2003	2002
Residential lots - beginning	177	180
Lot development initiated during year	163	136
Production homes closed	113	114
Custom lots closed	7	25
Residential lots - ending	220	177
Project to date residential lots closed	577	457

HIDDEN HILLS

	2003	2002
Residential lots - beginning	212	269
Homes closed	56	44
Custom lots closed	15	13
Residential lots - ending	141	212
Project to date residential lots closed	214	143

CORAL CANYON

	2003	2002
Residential lots under development - beginning	199	306
Lot development initiated during year	311	0
Production homes closed	82	96
Custom lots closed	9	11
Residential lots under development - ending	419	199
Project to date residential lots closed	306	215

STONERIDGE

	2003	2002
Residential lots under development - beginning	338	247
Lot development initiated during year	150	156
Production homes closed	133	53
Custom lots closed	7	12
Residential lots under development - ending	348	338
Project to date residential lots closed	205	65

OFFICERS AND DIRECTORS

Officers



John C. Ogden
President and Chief Executive Officer



Geoff Appleyard
Vice President and Chief Financial Officer



Duane Black
Vice President and Chief Operating Officer



Jay Ellingson
Vice President Development, Palm Valley



Steve Gervais
Vice President and General Counsel



Margaret Kirch
Vice President Commercial Development



Tom Patrick
Vice President Golf Operations

Directors

William J. Post
Chairman of the Board
SunCor Development Company
Chief Executive Officer
Pinnacle West Capital Corporation

Michael L. Gallagher, Esq.
Chairman Emeritus
Gallagher & Kennedy

Pamela Grant
Civic Leader

Humberto S. Lopez
President
HSL Properties, Inc.

John C. Ogden
President and Chief Executive Officer
SunCor Development Company

T Scanlan

From: CHARLES ARISS [CARISS@DEQ.STATE.ID.US]
Sent: Monday, September 27, 2004 8:24 AM
To: tscanlan@spfwater.com
Cc: slester@idwr.state.id.us
Subject: Re: Spring Valley Ranch - SunCor Development Company



CHARLES
ARISS.vcf (301 B)

Terry & Steve:

This e-mail serves as confirmation that the subject developer and its consultants have been in contact with DEQ regarding the Spring Valley Ranch project.

We have had 2 meetings to date. One was a general overview and the second was a more focused meeting on water and wastewater issues.

PACE requested permission to conduct an arsenic pilot study of a coag/filtration plant. It was scheduled to be online last week, but DEQ did not receive any notification that this has occurred.

We have not received any plans or specification for the project to date.

Chas

Chas Ariss, P.E.
Regional Engineering Manager
(208) 373-0252 Direct
(208) 373-0287 Fax
cariss@deq.state.id.us

>>> "T Scanlan" <tscanlan@spfwater.com> 09/25/04 04:30PM >>>
Chas -

SunCor Development Company has applied for a 5 cfs water right permit for municipal purposes to serve the Spring Valley Ranch Project. As part of the application review, Idaho Department of Water Resources has asked us to provide "Written documentation that the applicant has contacted the Idaho Department of Environmental Quality and is working with that agency to meet its requirements for the proposed development".

I understand that you, Steve Rae, and Monty Marchus met on August 3, 2004 at SunCor's office with SunCor (Bob Taunton) and their water and wastewater design team (Tim Farrell of SPF Water Engineering, James Mathews and Mike Olivia of PACE Engineering, and Brian DeHaas of WRG Design) to discuss various aspects the proposed Spring Valley Project. I understand that the design team is continuing to communicate with IDEQ relative to pilot testing of arsenic treatment and other project related items.

Could you send me an email response or a letter to confirm for IDWR that SunCor is working with your staff to meet IDEQ's requirements for the proposed development? Thanks in advance. Let me know if you have any questions.



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

September 30, 2004

BRAD LITTLE
LITTLE LAND & LIVESTOCK ST
PO BOX 488
EMMETT ID 83617-0488

Re: Application for Permit No. 63-31966 in the Name of SunCor Idaho, LLC

Dear Protestant:

This letter is to acknowledge your withdrawal of protest of the above-referenced application for permit.

There are still protests pending against the application, therefore, we will hold this application in our protest drawer pending further processing.

If you have any questions please call this office.

Sincerely,

A handwritten signature in black ink that reads "John Westra". The signature is written in a cursive, flowing style.

John Westra

JW:sk

CC: City of Eagle
Tammy Zokan, Moore Smith Buxton & Turcke
SunCor

RECEIVED

SEP 30 2004

WATER RESOURCES
WESTERN REGION

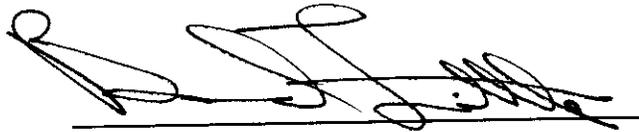
WITHDRAWAL OF PROTEST

TO WHOM IT MAY CONCERN:

I hereby withdraw my protest of Application for Permit to Appropriate the Public
Water of the State of Idaho, No. 63-31966 filed by SunCor Idaho, LLC.

Signed at Emmett, Idaho

this 29th day of September, 2004



Brad Little, Protestant

ATTEST:





Idaho Secretary of State Viewing Business Entity

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HIGHLAND WATER COMPANY

485 E RIVERSIDE DR #300
EAGLE, ID 83616

Type of Business: CORPORATION, GENERAL BUSINESS

Status: GOODSTANDING 18 Aug 2004

State of Origin: IDAHO

Date of 18 Aug 2004

Origination/Authorization:

Initial Registered Agent: CT CORPORATION SYSTEM
300 N 6TH ST
BOISE, ID 83702

Organizational ID / Filing C156094

Number:

Number of Authorized Stock 100000

Shares:

Date of Last Annual Report:

Amendments:

Amendment filed 18 Aug 2004 INCORPORATION

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Comments, questions or suggestions can be emailed to: sosinfo@idsos.state.id.us



September 27, 2004

Steve Lester
Water Rights Supervisor
Idaho Dept. of Water Resources
2735 Airport Way
Boise, Idaho 83705-5083

Re: Application for Permit No. 63-31966, SunCor Idaho, LLC

Dear Mr. Lester:

In response to your letter dated August 6, 2004 concerning (1) contact with Ada, Boise, and Gem County governments; (2) compliance with current zoning ordinances; and (3) County concerns.

Item 1: Contact with the counties

- Even though each of the three counties was first contacted several years ago, the formal pre-application process commenced in September of last year. The meeting/contact log shows that SunCor and/or its consultant team has met twenty six times with Ada County officials, including the Board of County Commissioners, Planning & Zoning Commission, Development Services (Planning) staff and other county agencies and departments. A series of formal pre-application conferences, as required by the zoning ordinance, were held with Ada County staff prior to the filing of the Planned Community application on August 26, 2004.
- In addition, there have been three (3) meetings each with Boise and Gem County planning officials during the past year, even though no application is expected to be filed in either county for many years.

Item 2: Compliance with current zoning ordinances

- As noted above, a formal application was filed with Ada County on August 26, 2004, under the provisions of the Planned Community Section, 8-2E, of the Ada County Zoning Ordinance. The ordinance

provides the opportunity for approval of planned communities subject to three standards:

- That the Planned Community is a minimum of 640 acres;
- That the Planned Community site is located outside existing areas of city impact; and
- That the Planned Community has a boundary that enhances the area's ability to incorporate or be annexed.

The proposed Spring Valley Ranch Planned Community complies with all of the requirements of the ordinance.

- Boise and Gem Counties have adopted Planned Community ordinances (Ord. 2001-07 and Ord. 95-04, respectively) that are verbatim replications of the Ada County ordinance. The sole exception is Gem County's size requirement—a minimum of 320 acres—which contrasts with the 640 acre requirement of the other two.
- However, as noted in Item 1, above, no Planned Community application has been filed with either Boise or Gem Counties, nor is such expected for many years—possibly a decade or more.

Item 3: County concerns

- Potential “concerns” for Planned Community developments are addressed in the detailed requirements in each county's Planned Community ordinance. Even though no application will be filed in Boise or Gem Counties for some time, they will be informed of key meetings in the Ada County process. This will assure their knowledge of issues and foster open communication when the Spring Valley Ranch project proposes to cross jurisdictional boundaries and a planned community application is required in Boise County or Gem County—or both.
- In due course, county concerns will be identified, and addressed, through the Planned Community process.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Wardle', with a long horizontal flourish extending to the right.

Michael D. Wardle
Land Development Manager

MOORE SMITH BUXTON & TURCKE, CHARTERED

ATTORNEYS AND COUNSELORS AT LAW

225 NORTH 9TH STREET, SUITE 420
BOISE, ID 83702
TELEPHONE: (208) 331-1800 FAX: (208) 331-1202

RANSOM J. BAILEY
SUSAN E. BUXTON*
MICHAEL C. MOORE†
BRUCE M. SMITH
PAUL A. TURCKE°
CHRISTOPHER E. YORGASON
TAMMY A. ZOKAN†

JOHN J. MCFADDEN*†
Of Counsel

* Also admitted in Oregon
†Also admitted in Washington
° Also admitted in South Dakota
† Also admitted in New Mexico

June 3, 2004

Idaho Department of
Water Resources
2735 Airport Road
Boise, ID 83705-5082

RECEIVED

SEP 07 2004

WATER RESOURCES
WESTERN REGION

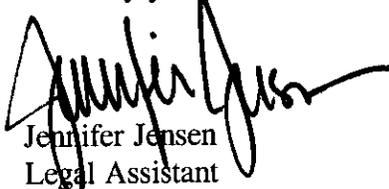
Re: In the Matter of Suncor Idaho LLC's Application to Appropriate Water for
Municipal Purposes

Dear Sir or Madam:

Enclosed is the original and two copies of the Notice of Protest to the above referred to
Application, together with a \$25.00 check.

Please conform and return the extra copy in the self-addressed, stamped envelope
enclosed. Please contact us should you questions or problems with respect to the same. Thank
you for your assistance. ✓ DB

Sincerely yours,


Jennifer Jensen
Legal Assistant

:jj
Enclosures

SEP 07 2004

WATER RESOURCES
WESTERN REGION

BRUCE M. SMITH, ISB #3425
TAMMY A. ZOKAN, ISB #5450
MOORE SMITH BUXTON & TURCKE, CHARTERED
Attorneys at Law
225 North 9th Street, Suite 420
Boise, Idaho 83702
Telephone: (208) 331-1800
Facsimile: (208) 331-1202

BEFORE THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF IDAHO

In the Matter of Suncor Idaho LLC's)
Application to Appropriate Water For Municipal)
Purposes, Petitioner)
)
)

NOTICE OF PROTEST

The City of Eagle ("Protestant"), by and through counsel of record, MOORE SMITH BUXTON & TURCKE, CHARTERED, files this protest to Suncor Idaho LLC's ("Suncor") Application to appropriate groundwater for municipal purposes. It appears certain rights and interests of Protestants may be impacted. The grounds for this Protest include, but are not limited to, the following:

- (1) Suncor is not an authorized municipal provider under Idaho law; and
- (2) Suncor's application to appropriate groundwater may injure Protestant's existing water rights and the rights of others; and
- (3) Suncor's application to appropriate groundwater may injure Protestant's ability to plan for anticipated future needs; and
- (4) The application may conflict with the local public interest; and
- (5) The application may be inconsistent with the conservation of water resources in the State of Idaho.

RESPECTFULLY SUBMITTED this 3 day of September, 2004.



TAMMY A. ZOKAN
MOORE SMITH BUXTON & TURCKE,
CHARTERED

Attorneys for The City of Eagle

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 3 day of September, 2004, I caused to served a true and correct copy of the forgoing NOTICE OF PROTEST by the method indicated below, addressed to the following:

Suncor Idaho LLC
485 E. Riverside Drive, Suite 300
Eagle, ID 83616

via U.S. MAIL
 via HAND DELIVERY
 via OVERNIGHT MAIL
 via FACSIMILE

Idaho Department of Water Resources
2735 Airport Way
Boise, Idaho 83705-5082

via U.S. MAIL
 via HAND DELIVERY
 via OVERNIGHT MAIL
 via FACSIMILE



TAMMY A. ZOKAN

DB \$25- 9-7-04 W032202

RECEIVED

SEP 07 2004

WATER RESOURCES
WESTERN REGION

**Little Enterprises L. P.
Little Cattle Co.
Little Land & Livestock Co.
Highland Livestock & Land Co.
Brad Little
Box 488
Emmett, Idaho 83617 0488
Telephone: 208-365-4611
Fax: 208-365-4615
Email: little_brad@msn.com**

September 7, 2004

Idaho Dept. Water Resources, Western Region
2735 Airport Way
Boise, ID 83705

Dear Sir or Madam:

As per Idaho Code 42-203A; I protest application #63-31966 filed by Suncor Idaho LLC based on my water rights on the Willow Creek drainage, and elsewhere. We are concerned that the diversion of such a large amount of water will affect both our decreed rights and our unfiled stock water rights.

There may be insufficient unappropriated water in this area and Suncor's proposed ground water development may cause harm to our water rights. I reserve the right to assert other grounds for protest as additional facts about the application are made available.

Sincerely,



Brad Little

cc: Suncor Idaho 485 E. Riverside Dr. Ste 300
Eagle ID 83616

Attached is check of \$25.00

W032206 DB #25- 9-7-04

The Idaho World

P.O. Box 99
Garden Valley, ID 83622
(208) 462-3487

RECEIVED

AUG 31 2004

WATER RESOURCES
WESTERN REGION

State of Idaho)
)
County of Boise)

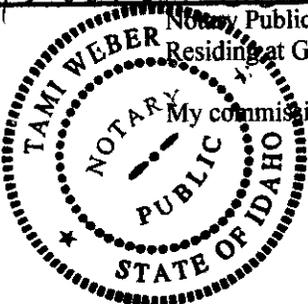
Deanna Stevenson, being duly sworn, deposes and says: that she is the Editor of THE IDAHO WORLD, a weekly newspaper published at Idaho City, in the County of Boise and the State of Idaho; the said paper has been and is in general circulation in the county aforesaid, and in the vicinity of Idaho City; that the advertisement, a copy of which is hereto attached, was published in said newspaper once a week for two (2) consecutive weeks in the entire and regular issue of every number of said paper during the period and time of publication and was published in the newspaper and not a supplement; that said paper has been established and regularly and continuously published for more than seventy eight weeks past previous to the first publication of this notice. Such notice was published with the issue beginning with Aug 18, 2004 and ending with the issue of Aug 25, 2004.

Deanna Stevenson

State of Idaho)
)
County of Boise)

On this 27 day of Aug in the year 2004, before me, a notary public, personally appeared Deanna Stevenson known or identified to me to be the person whose name subscribed to the within instrument, and being by me first duly sworn, declared that the statements therein are true, and acknowledged to me that she executed the same.

Tami Weber



The following application(s) have been filed to appropriate the public waters of the State of Idaho:

63-31986

ok

SUNCOR IDAHO LLC
485 E RIVERSIDE DR STE 300
EAGLE ID 83616

Point(s) of Diversion	L6 (NWSW)	S6	T05N	R02E
ADA County	Source GROUND WATER			
Point(s) of Diversion	L7 (SWSW)	S6	T05N	R02E
ADA County	Source GROUND WATER			
Point(s) of Diversion	NWSE S7	T05N	R02E	
ADA County	Source GROUND WATER			
Point(s) of Diversion	SESE S7	T05N	R02E	
ADA County	Source GROUND WATER			
Point(s) of Diversion	SWNE S18	T05N	R02E	
ADA County	Source GROUND WATER			
Point(s) of Diversion	SESE S1	T05N	R01E	
ADA County	Source GROUND WATER			
Point(s) of Diversion	SESE S1	T05N	R01E	
ADA County	Source GROUND WATER			
Use: MUNICIPAL	01/01 To 12/31	5 CFS		
	Total Diversion:	5 CFS		

Date Filed: 05/21/2004

Remark: Proposed use is for an unincorporated planned community in portions of Ada, Boise and Gem counties aka Spring Valley Ranch located between Shadow Valley Golf Course and Horseshoe Bend Hill along both sides of Hwy 55. Municipal use is for this service area of about 9 square miles. Water bearing zone to be appropriated from 2 existing and 5 proposed wells is from 50 to 500 feet. Applicant agrees to mitigate consumptive use in the future as needed.

Permits will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec 42-203A, Idaho Code.

Any protest against the approval of this application must be filed with the Director, Dept. of Water Resource, Western Region, 2735 Airport Way, Boise ID 83705 together with a protest fee of \$25.00 for each application on or before 09/07/2004. The protestant must also send a copy of the protest to the applicant.
KARL J DREHER, Director

Published in the Idaho World on August 18 & 25, 2004.

RECEIVED

AUG 26 2004

WATER RESOURCES
WESTERN REGION

AFFIDAVIT OF PUBLICATION

STATE OF IDAHO)
) SS.
County of Gem)

ANTHONY M. CLARK
of Emmett, Gem County, Idaho, being first duly sworn,
deposes and says:

The following application(s) have been filed to appropriate the public waters
of the State of Idaho:

63-31966

✓ok

SUNCOR IDAHO LLC
485 E RIVERSIDE DR STE 300
EAGLE ID 83616

Point(s) of Diversion L6 (NWSW) S6 T05N R02E
ADA County Source GROUND WATER

Point(s) of Diversion L7 (SWSW) S6 T05N R02E
ADA County Source GROUND WATER

Point(s) of Diversion NWSE S7 T05N R02E
ADA County Source GROUND WATER

Point(s) of Diversion SESE S7 T05N R02E
ADA County Source GROUND WATER

Point(s) of Diversion SWNE S18 T05N R02E
ADA County Source GROUND WATER

Point(s) of Diversion SESE S1 T05N R01E
ADA County Source GROUND WATER

Point(s) of Diversion SESE S1 T05N R01E
ADA County Source GROUND WATER

Use: MUNICIPAL 01/01 To 12/31 5 CFS
Total Diversion: 5 CFS
Date Filed: 05/21/2004

Remark: Proposed use is for an unincorporated planned community in por-
tions of Ada, Boise and Gem counties aka Spring Valley Ranch located
between Shadow Valley Golf Course and Horseshoe Bend Hill along both
sides of Hwy 55. Municipal use is for this service area of about 9 square
miles. Water bearing zone to be appropriated from 2 existing and 5 proposed
wells is from 50 to 500 feet. Applicant agrees to mitigate consumptive use in
the future as needed.

Permits will be subject to all prior water rights. Protests may be submitted
based on the criteria of Sec 42-203A, Idaho Code.

Any protest against the approval of this application must be filed with the
Director, Dept. of Water Resource, Western Region, 2735 Airport Way, Boise
ID 83705 together with a protest fee of \$25.00 for each application on or
before 09/07/2004. The protestant must also send a copy of the protest to
the applicant.

KARL J DREHER, Director

Pub: 8-18, 25, 2004

Legal Notice No. 5597
Published in the Messenger Index

1. That I am a citizen of the United States, and at all times hereinafter mentioned was over the age of eighteen years, and not a party to the above entitled action.
2. That I am the Principal Clerk of the Messenger Index, a weekly newspaper published in the City of Emmett in the County of Gem, State of Idaho; that the said newspaper is in general circulation in the said County of Gem, and in the vicinity of Emmett, and has been uninterruptedly published in said County during a period of fifty-two consecutive weeks prior to the first publication of the notice, a copy of which is hereto attached.
3. That the notice, of which the annexed is a printed copy, was published in the newspaper two times in the regular and entire issue of said paper, and was printed in the newspaper proper, and not in a supplement.
4. That said notice was published the following:
August 18, 25, 2004

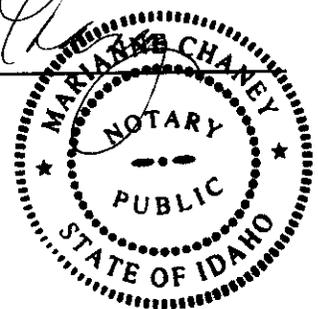
Anthony M. Clark

STATE OF IDAHO)
County of Gem)

On this 25th day of August in the year of 2004 before me a Notary Public, personally appeared. Anthony M. Clark known or identified to me to be the person whose name subscribed to the within instrument, and being by me first duly sworn, declared that the statements therein are true, and acknowledge to me that he executed the same.

Marianne Chaney

Notary Public for Idaho
Residing at Emmett
My Commission expires
February 1, 2005



Kreger (Taylor), Sue

From: Kreger (Taylor), Sue
Sent: Thursday, August 12, 2004 1:06 PM
To: 'jaepea@mindspring.com'
Subject: Comment letter (Suncor Idaho LLC)

**IDAHO DEPARTMENT OF WATER RESOURCES
WESTERN REGION
2735 AIRPORT WAY
BOISE ID 83705**

August 12, 2004

NORTH ADA COUNTY FOOTHILLS ASSN
JOHN PETROVSKY, CHAIRMAN

Re: Water Right Application for Permit No. 63-31966

Dear Interested Party:

Enclosed is a copy of an application(s) that may be of interest to you. Please review the application(s) and submit any comments you may have.

This office normally completes the processing of an application within a six-week period and is required to take final action shortly thereafter. However, if you desire to file a formal protest against the approval of this application(s), your written protest along with the \$25.00 protest fee must be received in this office by September 7, 2004.

If you have any questions regarding the application(s), please contact this office.

Sincerely,
Sue Kreger
Administrative Assistant

Encl. Copy of Application(s)



63-31966.pdf

Kreger (Taylor), Sue

From: Kreger (Taylor), Sue
Sent: Thursday, August 12, 2004 1:02 PM
To: 'srae@deq.state.id.us'
Subject: comment letter

**IDAHO DEPARTMENT OF WATER RESOURCES
WESTERN REGION
2735 AIRPORT WAY
BOISE ID 83705**

August 12, 2004

ID DEPT ENV QUALITY
STEVE RAE
1445 N ORCHARD
BOISE ID 83706-2239

Dear Mr. Rae:

Attached are copies of one or more applications that may be of interest to you and/or to a local District Health office should you choose to delegate review of the application(s) to that organization. Please contact the applicant if your agency and/or District Health have concerns about the application(s). It is not necessary to provide agency comments to the Idaho Department of Water Resources (IDWR), although your comments are welcome if you think IDWR would benefit from them.

If your agency and/or a local District Health office desires to file a formal protest against approval of any of these applications, a written protest along with the \$25.00 protest fee for each application protested must be received in this office by September 7, 2004.

If you have any questions regarding these applications, please contact this office at 334-2190.

Sincerely,

Sue Kreger
(208) 334-2190
Id Dept Water Resources
skreger@idwr.state.id.us



63-31966.pdf

**IDAHO DEPARTMENT OF WATER RESOURCES
WESTERN REGION
2735 AIRPORT WAY
BOISE ID 83705**

August 11, 2004

Legal Notice Department
IDAHO STATESMAN
PO BOX 40
BOISE ID 83707

RE: Transfer Nos. 71181, 71309, 71130 and 71131
Application for Permit No. 63-31966

Dear LEGAL NOTICE DEPARTMENT:

Enclosed you will find a legal notice which we wish to have published in your newspaper on the dates indicated (once a week for two consecutive weekly issues). If you cannot publish the notice on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill. Please send the affidavit and bill to this office before 09/07/2004. Your cooperation is appreciated.

Sincerely

Sue Kreger
Administrative Assistant

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

63-31966

SUNCOR IDAHO LLC
485 E RIVERSIDE DR STE 300
EAGLE ID 83616

Point(s) of Diversion	L6 (NWSW)	S6	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	L7 (SWSW)	S6	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	NWSE	S7	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	SESE	S7	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	SWNE	S18	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	SESE	S1	T05N R01E	ADA County	Source GROUND WATER
Point(s) of Diversion	SESE	S1	T05N R01E	ADA County	Source GROUND WATER

Use: MUNICIPAL 01/01 To 12/31 5 CFS

Total Diversion: 5 CFS

Date Filed: 05/21/2004

Remark: Proposed use is for an unincorporated planned community in portions of Ada, Boise and Gem counties aka Spring Valley Ranch located between Shadow Valley Golf Course and Horseshoe Bend Hill along both sides of Hwy 55. Municipal use is for this service area of about 9 square miles. Water bearing zone to be appropriated from 2 existing and 5 proposed wells is from 50 to 500 feet. Applicant agrees to mitigate consumptive use in the future as needed.

Permits will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec 42-203A, Idaho Code.

Any protest against the approval of this application must be filed with the Director, Dept. of Water Resource, Western Region, 2735 Airport Wy, Boise ID 83705 together with a protest fee of \$25.00 for each application on or before 09/07/2004. The protestant must also send a copy of the protest to the applicant.

KARL J DREHER, Director

Published in the Idaho Statesman on August 19 and 26, 2004.

**IDAHO DEPARTMENT OF WATER RESOURCES
WESTERN REGION
2735 AIRPORT WAY
BOISE ID 83705**

August 11, 2004

Legal Notice Department
IDAHO WORLD
PO BOX 99
GARDEN VALLEY ID 83622

RE: Application for Permit No. 63-31966

Dear LEGAL NOTICE DEPARTMENT:

Enclosed you will find legal notices which we wish to have published in your newspaper on the dates indicated (once a week for two consecutive weekly issues). If you cannot publish the notices on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill. Please send the affidavit and bill to this office before 9/7/04. Your cooperation is appreciated.

Sincerely

Sue Kreger
Administrative Assistant

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

63-31966

SUNCOR IDAHO LLC

485 E RIVERSIDE DR STE 300

EAGLE ID 83616

Point(s) of Diversion	L6 (NWSW)	S6	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	L7 (SWSW)	S6	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	NWSE	S7	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	SESE	S7	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	SWNE	S18	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	SESE	S1	T05N R01E	ADA County	Source GROUND WATER
Point(s) of Diversion	SESE	S1	T05N R01E	ADA County	Source GROUND WATER

Use: MUNICIPAL 01/01 To 12/31 5 CFS

Total Diversion: 5 CFS

Date Filed: 05/21/2004

Remark: Proposed use is for an unincorporated planned community in portions of Ada, Boise and Gem counties aka Spring Valley Ranch located between Shadow Valley Golf Course and Horseshoe Bend Hill along both sides of Hwy 55. Municipal use is for this service area of about 9 square miles. Water bearing zone to be appropriated from 2 existing and 5 proposed wells is from 50 to 500 feet. Applicant agrees to mitigate consumptive use in the future as needed.

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KARL J DREHER, Director

Published in the Idaho World on August 18 & 25, 2004.

**IDAHO DEPARTMENT OF WATER RESOURCES
WESTERN REGION
2735 AIRPORT WAY
BOISE ID 83705**

August 11, 2004

Legal Notice Department
MESSENGER-INDEX
PO BOX 577
EMMETT ID 83617

RE: Application No. 63-31966 and 65-22900

Dear LEGAL NOTICE DEPARTMENT:

Enclosed you will find legal notices which we wish to have published in your newspaper on the dates indicated (once a week for two consecutive weekly issues). If you cannot publish the notices on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill. Please send the affidavit and bill to this office before September 7, 2004. Your cooperation is appreciated.

Sincerely

Sue Kreger
Administrative Assistant

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

63-31966

SUNCOR IDAHO LLC

485 E RIVERSIDE DR STE 300

EAGLE ID 83616

Point(s) of Diversion	L6 (NWSW)	S6	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	L7 (SWSW)	S6	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	NWSE	S7	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	SESE	S7	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	SWNE	S18	T05N R02E	ADA County	Source GROUND WATER
Point(s) of Diversion	SESE	S1	T05N R01E	ADA County	Source GROUND WATER
Point(s) of Diversion	SESE	S1	T05N R01E	ADA County	Source GROUND WATER

Use: MUNICIPAL 01/01 To 12/31 5 CFS

Total Diversion: 5 CFS

Date Filed: 05/21/2004

Remark: Proposed use is for an unincorporated planned community in portions of Ada, Boise and Gem counties aka Spring Valley Ranch located between Shadow Valley Golf Course and Horseshoe Bend Hill along both sides of Hwy 55. Municipal use is for this service area of about 9 square miles. Water bearing zone to be appropriated from 2 existing and 5 proposed wells is from 50 to 500 feet. Applicant agrees to mitigate consumptive use in the future as needed.

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KARL J DREHER, Director

Published in the Messenger Index on August 18 & 25, 2004.



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190

FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

August 6, 2004

TERRY SCANLAN
SPF WATER ENGINEERING LLC
600 E RIVER PARK LN STE 105
BOISE ID 83706

RE: Application for Permit No. 63-31966, SunCor Idaho LLC

Dear Terry:

Suncor's application will be published in local newspapers for Ada, Boise and Gem counties in the last two weeks of August with a September 7, 2004, protest deadline.

Water Appropriation Rule 40 authorizes the Idaho Department of Water Resources (IDWR) to solicit additional information normally associated with applications seeking a "large diversion" such as those exceeding 5.00 cfs. That rule, however, allows the information to be sought for any application, regardless of the amount of water proposed by an application.

In this case, the following additional information is requested for the significant development proposed by your client.

- ✓ • Information to show that the quantity of water proposed in the application is available from the aquifer without causing injury to other water right holders.
- ✓ • Summary of project plans and specifications along with estimated construction costs for the project.
- ✓ • Current financial statement certified for its accuracy to show that it is reasonably probable that financing will be available to appropriate the water and apply it to the proposed beneficial use. A financial commitment letter along with the financial statement of the lender may substitute for the certified financial statement of the applicant.
- ✓ • Written documentation that the applicant has contacted all three county governments concerning the proposal. The documentation should specify whether the proposal will comply with all current zoning ordinances and if any of the

counties have concerns about the project.

- ✓ • Written documentation that the applicant has contacted the Idaho Department of Environmental Quality and is working with that agency to meet its requirements for the proposed development.

Initial processing of Application 63-31966 can continue at this time. Application processing cannot be completed without the above requested additional information.

An IDWR decision about the application cannot be issued until the applicant verifies that it is a valid municipal provider under Idaho law. This issue can be resolved after initial application processing and evaluation of the requested additional information have been completed.

Please submit the additional information within sixty (60) days from the date of this letter. Alternately, the applicant can request an interruption of processing for up to six (6) months if more time is needed in this regard. The application will be removed from IDWR records without a timely written reply.

Please contact me at 334-2190 if you have any questions. Thank you for your attention to this matter.

Sincerely,



Steve Lester
Water Rights Supervisor

overstates the situation -
OK to issue decision
if properly conditioned
e DEQ/PWC consent.
when F.W. proof b.b. per
2/14/05 info from SU.
-ll 2/15/05

Lester, Steve

From: Lester, Steve
Sent: Friday, August 06, 2004 3:17 PM
To: Saxton, Glen; Spackman, Gary
Cc: Westra, John
Subject: SunCor Application for Permit

Glen & Gary:

This is to let you know Western is processing SunCor Idaho LLC Application 63-31966 for a proposed planned community aka Spring Valley Ranch north of Shadow Valley Golf Course along Hwy 55. Proposes 5 cfs from 7 wells for a municipal service area of about 9 square miles between the golf course and Horseshoe Bend Hill.

Additional information has been requested from the applicant regarding availability of ground water, financial resources, and status of local approvals/concerns from Ada, Boise and Gem counties in the which the P/U is proposed. Additionally, IDEQ will be notified.

Most likely will be protested from what we have heard so far.

Steve

MEMORANDUM

TO: John Westra and Rob Whitney
FROM: Steve Lester 
DATE: June 16, 2004
RE: SuCor Idaho LLC Application for Permit

Copy of this memo and application provided to each of you to ask for your thoughts on this one before processing begins. Maybe the best way to approach it is for you to think it over, then all three of us can meet. I will schedule a meeting via Outlook sometime soon.

Summary to date:

Municipal provider status

Admin. Memos vague for documenting municipal provider status in new regular (non-RAFN/Planning Horizon) municipal rights.

Application mentions intent to become municipal provider via IPUC.

Jeff P. agreed okay to process but cannot issue decision until provider status confirmed.

WD Issues

50-500 ft. water bearing zone.

Drilling permit fee upgrades.

Test wells etc. plus any data.

WR Application issues

Water supply data.

Financial resources.

Status of county concerns and local approval process (3 counties).

Status of IDEQ concerns and approval process.

Mailing list for comment letters – citizens etc.

REVIEWER
NOTES

No. W 25199	Due no later than July 31, 2004 Annual Report Form		2. Registered Agent and Office NO PO BOX
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080	<div style="background-color: black; color: white; padding: 2px;"> * Filing Address of the Corporation </div> SUNCOR IDAHO, LLC PO BOX 1017 BOISE, ID 83701-1817 485 E. Riverside Dr., Suite 300 Eagle, ID 83616		BRIAN L BALLARD 877 MAIN ST STE 1000 BOISE, ID 83702
NO FILING FEE IF RECEIVED BY DUE DATE			3. New Registered Agent Signature
4. Limited Liability Companies: Enter Names and Addresses of Members.			
<u>Office held</u>	<u>Name</u>	<u>Street or P.O. Address</u>	<u>City</u> <u>State</u> <u>Zip</u>
VP & COO	DUANE S. BLACK	SUNCOR DEVELOPMENT COMPANY 80 EAST RIO SALADO PARKWAY SUITE 410	TEMPE ARIZONA 85281
SOLE MEMBER OF SUNCOR IDAHO, LLC			
5. Organized Under the Laws of:		6. Signature <u>Duane S. Black</u> Date <u>05.28.04</u>	
IDAHO W 25199		Name <small>(Typed or Printed)</small> <u>DUANE S. BLACK</u> Title <u>SOLE MEMBER</u>	

Issued 05/03/2004

Do Not Tape or Staple

2004070922

well #4

Drilling Permit No. 875297-790901

Drilling Permit Tag No. DO029075

Water Right Permit No. _____

Injection Permit NO. _____

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JAN 16 2003

WATER RESOURCES
WESTERN REGION

State of Idaho Department of Water Resources
APPLICATION FOR DRILLING PERMIT
(FOR THE CONSTRUCTION OF A WELL)

SunCor Development Company, Attention: Jerry Ellsworth

1. Owner (please print): _____

2. Mailing Address: 80 East Rio Salado Parkway, Suite 410

City: Tempe State: AZ Zip Code: 85281 Telephone: 480-317-6800

3. Proposed Well Location: Twp: 5N Rge: 2E Sec: 7 1/4 NW 1/4 SE 1/4

Gov't Lot No. _____ County Ada Lat. _____ : _____ : _____ Long. _____ : _____ : _____

Street Address of Well Site Highway 55 City: 7 mi NE of Eagle

Lot, block and subdivision Spring Valley Ranch
Give at least the name of Road and Distance to Road or Landmark

4. Proposed Use of Well:

Domestic: The use of water for homes, organization camps, public campgrounds, livestock (1,000 head or less) and for any other purpose in connection therewith, including irrigation of up to 1/2 acre of land, if the total use is not in excess of 13,000 gpd; or any other uses, if the total use does not exceed a diversion rate of 0.04 cfs and a diversion volume of 2500 gpd.

Domestic does not include water for multiple ownership subdivisions, mobile home parks, commercial or business establishments, unless the use does not exceed a diversion rate of 0.04 cfs and a diversion volume of 2500 gpd.

NON-DOMESTIC: Irrigation Municipal Industrial
 Stock Test Other _____
(Over 1,000 Head) (Describe)

INJECTION

MONITORING: A well bore schematic and map is required for each blanket permit.
Number of proposed wells: _____

5. Well Construction Information:

A. New well Modify Replace

B. Proposed Casing Diameter 10" surface Proposed Maximum Depth 1200 feet
8" casing, 6" liner (if necessary)

C. Anticipated bottom hole temperature:
 85°F or less (Cold water well) 85°F to 212° (Low temp. geo. well) 212° F or more (Geothermal well)

6. Construction Start Date: 1/21/03

7. Anticipated Well Driller: Hiddleston Drilling and Pump Company Driller's Lic. No. 35
NOTE: The actual well driller must be identified prior to drilling.

8. Applicant's Signature: Jerry M. Ellsworth Date: 1/14/03

Address (if different than owner): 600 East River Park Lane, Suite 105

City: Boise State: ID Zip Code: 83706 Telephone: 208-383-4140

Title: Consulting Engineer for SunCor Development Company
(Owner, Firm Representative, Other)

IDAHO DEPARTMENT OF WATER RESOURCES
WELL DRILLER'S REPORT

Office Use Only
Well ID No. 809807
Inspected by _____
Twp _____ Rge _____ Sec _____
1/4 _____ 1/4 _____ 1/4 _____
Lat: : : Long: : :

1. WELL TAG NO. D 0030890
DRILLING PERMIT NO. _____
Water Right or Injection Well No. _____

2. OWNER:
Name Suncor Idaho LLC
Address 485 E. Riverside Drive Suite 300
City Eagle State Id Zip 83616

3. LOCATION OF WELL by legal description:
You must provide address or Lot, Blk, Sub. or Directions to well.
Twp. 5 North or South
Rge. 1 East or West
Sec. 1 1/4 SW 1/4 SE 1/4
Gov't Lot _____
Lat: _____ Long: _____
Address of Well Site 1/2 mile West of Spring Valley Ranch
City Eagle
Lt. _____ Blk. _____ Sub. Name _____

4. USE:
 Domestic Municipal Monitor Irrigation
 Thermal Injection Other test

5. TYPE OF WORK check all that apply (Replacement etc.)
 New Well Modify Abandonment Other _____

6. DRILL METHOD:
 Air Rotary Cable Mud Rotary Other reverse

7. SEALING PROCEDURES

Seal Material	From	To	Weight / Volume	Seal Placement Method
<u>St Bentonite</u>	<u>0</u>	<u>220</u>	<u>18.75 yd</u>	<u>dry pour</u>

Was drive shoe used? Y N Shoe Depth(s) _____
Was drive shoe seal tested? Y N How? _____

8. CASING/LINER:

Diameter	From	To	Gauge	Material	Casing	Liner	Welded	Threaded
<u>110" +2</u>	<u>238</u>	<u>335</u>		<u>steel</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Length of Headpipe _____ Length of Tailpipe _____
Packer Y N Type _____

9. PERFORATIONS/SCREENS PACKER TYPE

Perforation Method _____
Screen Type & Method of Installation Johnson SS wire wrap

From	To	Slot Size	Number	Diameter	Material	Casing	Liner
<u>238</u>	<u>290</u>	<u>040</u>		<u>110"</u>	<u>SST</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

10. FILTER PACK

Filter Material	From	To	Weight / Volume	Placement Method
<u>3/8 pea gravel</u>	<u>220</u>	<u>292</u>	<u>10.51 yd</u>	<u>dry pour</u>

11. STATIC WATER LEVEL OR ARTESIAN PRESSURE:
178' ft. below ground Artesian pressure _____ lb.
Depth flow encountered _____ ft. Describe access port or control devices:
1 1/2" access port
Paul Zoo this tag

12. WELL TESTS:
 Pump Bailor Air Flowing Artesian

Yield gal/min.	Drawdown	Pumping Level	Time
<u>2110 gpm</u>	<u>18'</u>	<u>196</u>	<u>72 Hrs</u>

Water Temp. _____ Bottom hole temp. _____
Water Quality test or comments: _____

13. LITHOLOGIC LOG: (Describe repairs or abandonment) Water

Bore Dia.	From	To	Remarks: Lithology, Water Quality & Temperature	Y	N
<u>24"</u>	<u>0</u>	<u>2</u>	<u>top soil</u>		
	<u>2</u>	<u>38</u>	<u>coarse sand</u>		
	<u>38</u>	<u>52</u>	<u>med sand</u>		
	<u>52</u>	<u>82</u>	<u>coarse sand w/some clay mixed @ 72'-82'</u>		
	<u>82</u>	<u>134</u>	<u>fine to med sand + brn clay</u>		
	<u>134</u>	<u>227</u>	<u>coarse sand</u>		
	<u>227</u>	<u>289</u>	<u>gray clay w/coarse sand @ 227'-289'</u>		

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WATER RESOURCES
WESTERN REGION

Completed Depth 292' (Measurable)
Date Started 3-25-04 Completed 3-30-04

14. DRILLER'S CERTIFICATION
I/We certify that all minimum well construction standards were complied with at the time the rig was removed.

Company Name Riverside & Inc Firm No. 333
Principal Driller _____ Date _____
and
Driller or Operator Paul Zoo Date 4-20-04
Operator I _____ Date _____
Principal Driller and Rig Operator Required.
Operator I must have signature of Driller/Operator II.

Drilling Permit No. 880741-809801
Drilling Permit Tag No. D0030890
Water Right Permit No. _____
Injection Permit NO. _____

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WATER RESOURCES
WESTERN REGION
State of Idaho Department of Water Resources
APPLICATION FOR DRILLING PERMIT
(FOR THE CONSTRUCTION OF A WELL)

Well PT 1

1. Owner (please print): Spring Valley Development LLC (SunCor Development Co.)
2. Mailing Address: 485 East Riverside Drive
City: Eagle State: ID Zip Code: 83616 Telephone 208-939-0343
3. Proposed Well Location: Twp: 5N Rge: 1E Sec: 1 1/4 SW 1/4 SE
Gov't Lot No. _____ County Ada Lat. _____ : _____ : _____ Long. _____ : _____ : _____
Street Address of Well Site 1/2 mile west of Spring Valley Ranch City: _____
Give at least the name of Road and Distance to Road or Landmark
Lot, block and subdivision _____

4. Proposed Use of Well:
 Domestic: The use of water for homes, organization camps, public campgrounds, livestock (1,000 head or less) and for all other purpose in connection therewith, including irrigation of up to 1/2 acre of land, if the total use is not in excess of 13,000 gp or any other uses, if the total use does not exceed a diversion rate of 0.04 cfs and a diversion volume of 2500 gpd.
Domestic does not include water for multiple ownership subdivisions, mobile home parks, commercial or business establishment unless the use does not exceed a diversion rate of 0.04 cfs and a diversion volume of 2500 gpd.

NON-DOMESTIC: Irrigation Municipal Industrial
 Stock Test Other _____
(Over 1,000 Head) (Describe)

INJECTION

MONITORING: A well bore schematic and map is required for each blanket permit.
Number of proposed wells: _____

5. Well Construction Information:
A. New well Modify Replace
B. Proposed Casing Diameter 16 Proposed Maximum Depth 300
C. Anticipated bottom hole temperature:
 85°F or less 85°F to 212° 212° F or more
(Cold water well) (Low temp. geo. well) (Geothermal well)

6. Construction Start Date: 12/20/03
7. Anticipated Well Driller: Riverside, Inc. Driller's Lic. No. 333

NOTE: The actual well driller must be identified prior to drilling.
8. Applicant's Signature: [Signature] Date: 12/14/03
Address (if different than owner): Scanlan Engineering, 600 E. River Park Lane, Suite 105
City: Boise State: ID Zip Code: 83706 Telephone: 208-383-4140
Title: Engineering Consultant to Spring Valley Development LLC
(Owner, Firm Representative, Other)



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MAY 21 2004

WATER RESOURCES
WESTERN REGION

May 21, 2004

Steve Lester
Idaho Department of Water Resources
2735 Airport Way
Boise, ID 83705

Subject: Application for Water Right Permit – SunCor Idaho, LLC

Dear Steve:

Enclosed on behalf of SunCor Idaho LLC is an application for water right permit associated with SunCor's Spring Valley Ranch planned community in northern Ada County. The application proposes appropriation of 5.0 cfs of groundwater for municipal purposes.

Up to seven points of diversion are proposed. One point of diversion is an existing 16-inch well constructed in April 2004 to a total depth of 290 feet (D0030890). A second point of diversion is an existing 8-inch well constructed in February 2003 to a total depth of 305 feet (D0029075). The other points of diversion have not been constructed.

A check for \$410 is enclosed to the cover filing fee for the 5 cfs water right permit. Please contact me with any questions.

Sincerely,

Terry M. Scanlan, P.E.

Cc: Bob Taunton – SunCor Idaho, LLC
Al Barker – Barker Rosholt Simpson