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June 18, 2007

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, Oregon 97301-1271

**Re: Sunriver Water, LLC
Groundwater Appropriation Application
WHP File No.: 32080.1000**

Gentlemen/Ladies:

I have enclosed a groundwater appropriation application for Sunriver Water, LLC. Quasi-municipal use is requested. Your review and approval of the enclosed application materials are respectfully requested.

The following documents have been prepared and attached for your use:

- Executed Groundwater Appropriation Application
- Form M for Municipal and Quasi-Municipal Water Supplies
- Sunriver Water, LLC Check in the Amount \$800.00 for Application Fees
- Executed Land Use Information Form
- Logs from Nearby Existing Wells
- Existing Water distribution System Exhibit
- Application Map
- Deschutes County Tax Lot Maps
- Letter Authorizing W&H Pacific to Act as an Agent
- Groundwater Withdrawal Mitigation Plan

Sunriver Water, LLC operates and manages a large and complex water supply system for Sunriver, Crosswater, and Caldera Springs. The water supply system master plan for Sunriver identifies the need for additional water supplies as the Sunriver area builds out. For example, renovation and redevelopment of the existing commercial mall is anticipated. Multiple raw land tracts within existing communities are expected to develop. The service district for the water supply system is also expected to expand and incorporate additional development. The continued success and growth of the Sunriver area warrant an additional water supply to meet consumption needs and to address fire protection requirements.

A maximum diversion rate of 1,750 gallons per minute has been requested to accommodate domestic use, irrigation, construction watering, re-vegetation and restoration, fire protection, and other uses typical and ordinary for a municipality. The requested diversion rate of 1,750 gallons per minute will most efficiently accommodate anticipated fire protection flow rates and provide standard quasi-municipal service to the Sunriver area.

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Fire protection flow rates have increased with updated fire protection standards. The forested environment in the Sunriver is especially vulnerable to wildfire, so a strong fire protection system and the associated flow capacity from a new groundwater source can greatly benefit the entire service area.

Sunriver Water, LLC anticipates a groundwater withdrawal mitigation obligation associated with the quasi-municipal permit. The enclosed groundwater withdrawal mitigation program outlines anticipated annual consumption, estimated mitigation obligations, and provides viable options to mitigate groundwater withdrawals.

Sunriver Water, LLC also anticipates that preparation of a Water Conservation and Management Plan will be a condition of approval for the requested quasi-municipal permit. The future Water Conservation and Management Plan is expected to include required metering for all services, a rate structure to encourage conservation, encouragement for native vegetation and low irrigation requirement landscaping, and similar practices that will conserve water use.

Sunriver Water, LLC has requested 20 years to complete development of the water supply and accomplish full beneficial use of the groundwater withdrawal. The Applicant anticipates an extended land use process for proposed developments, followed by a market absorption rate that is unpredictable. The requested 20 year term is expected to be adequate to complete the anticipated development and assure perfection of the groundwater permit.

We have enclosed well logs from existing Sunriver Water, LLC wells located in the immediate vicinity of the proposed new well. The well logs are enclosed to assist the Groundwater Section with the required evaluation of our application.

Please consider my comments and contact me if you have questions or require additional information. I have copied Mr. Jeremy Giffin, Watermaster, with application materials to keep him advised of our intentions and to solicit his concurrent review and assistance. We greatly appreciate your help and review, and look forward to your response.

Very truly yours,

W&H Pacific, Inc.



Thomas A. Walker, P.E., C.W.R.E.

Vice President

Cc: Terry Penhollow
Jeremy Giffin

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