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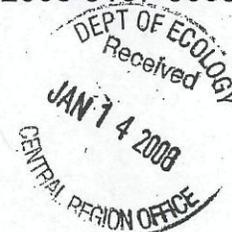
January 11, 2008

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2003-0157-0003



Washington State Department of Ecology
15 West Yakima Avenue, Suite 200
Yakima, WA 98902-3401

Re: PPR River, LLC
Future Determined Development
GWC 3674-A, GWC 4347-A, G4-26626C and G4-29324C

To Whom It May Concern:

This letter is written on behalf of PPR River, LLC, to provide notice to Ecology of a future determined development in order to afford themselves the protection available under the relinquishment exceptions at RCW 90.14.140.

PPR either owns or has the option to purchase the property benefited by the following water rights: GWC 3674-A, GWC 4347-A, G4-26626C and G4-29324. That property is shown on the attached map located on page 5 of the May 9, 1990, Findings of Fact and Decision relating to all four of these water rights.

PPR had a preapplication meeting with the Douglas County Planning Department and various agencies on November 28, 2007. At that preapplication meeting PPR provided the County the attached layout of a proposed master plan resort on this same property. Attached is the Pre-Development Application. As you can see from the layout the proposal includes a golf course, driving range, fitness center, single family housing, multi-family housing and a lodge. The project is expected to require at least a 10 year build out.

As part of this process, PPR has also obtained an estimate of the water needs for this project. Attached is a chart showing the projected water needs for the proposal. It is PPR's intention to apply for a change of use sufficient to serve the proposed development with the existing water rights. In addition, PPR is a proposed recipient of an additional approximate 180 acre feet under Application for Change/Transfer under Surface Water Certificate No. S4-23652C.

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Based upon the factors outlined in the Department's policy paper 98-1812-WR, Focus on Water Right Relinquishment, there should be ample evidence of a firm and fixed plan. The initial step has been taken to apply for the approval of the master plan resort, Ecology has been notified of the plan, land has been acquired, additional water rights are in the process of being acquired, and physical development will occur after approval of the master plan resort.

Sincerely,



DONALD L. DIMMITT

DLD:lrh

Enclosure

cc: Mr. Bill Pierre (w/enc.)
Mr. James P. "Jamie" Pierre (w/enc.)
Mr. Richard A. Rekdal (w/enc.)
Mr. Roger Erlandsen (w/enc.)
Mr. Randy Asplund (w/enc.)

DOUGLAS COUNTY

TRANSPORTATION AND LAND SERVICES

**PRE-DEVELOPMENT
APPLICATION**

Application received: _____ by _____

Meetings Conducted at:
Douglas County Transportation
& Land Services
470 Ninth Street NE
East Wenatchee, WA 98802

Submit this application and all pertinent information to the Permit Center not later than 12:00 Noon Tuesday for scheduling an appointment for Wednesday of the following week. Appointments are scheduled in the order that applications are received.

11/20/2007

APPLICANT/CONTACT PERSON: Erlandsen & Associates, Inc.
c/o Roger Erlandsen PHONE: 509-689-2529

ADDRESS OF APPLICANT PO Box 739, Brewster, WA 98812

NAME OF PROPERTY OWNER: PPR River, LLC PHONE: 206-622-1326

DESCRIBE PROJECT: (attach additional narrative if necessary)
Master Plan Resort featuring a golf course and mix of single family, multi-family and overnight accommodations.

PARCEL NUMBER: see attached

ZONING DISTRICT: RR-5 EXISTING PARCEL SIZE: 425 - 450 acres

LOCATION OF PROPOSAL:
11 miles north of Orondo. 7 miles South of the Beebe Bridge within property commonly known as Twin W Orchards.

**ATTACH MAP(S): Vicinity and site specific maps must be submitted.
Application will not be considered complete without both maps.**

PROPOSED WATER SOURCE: Expansion of existing Class A System

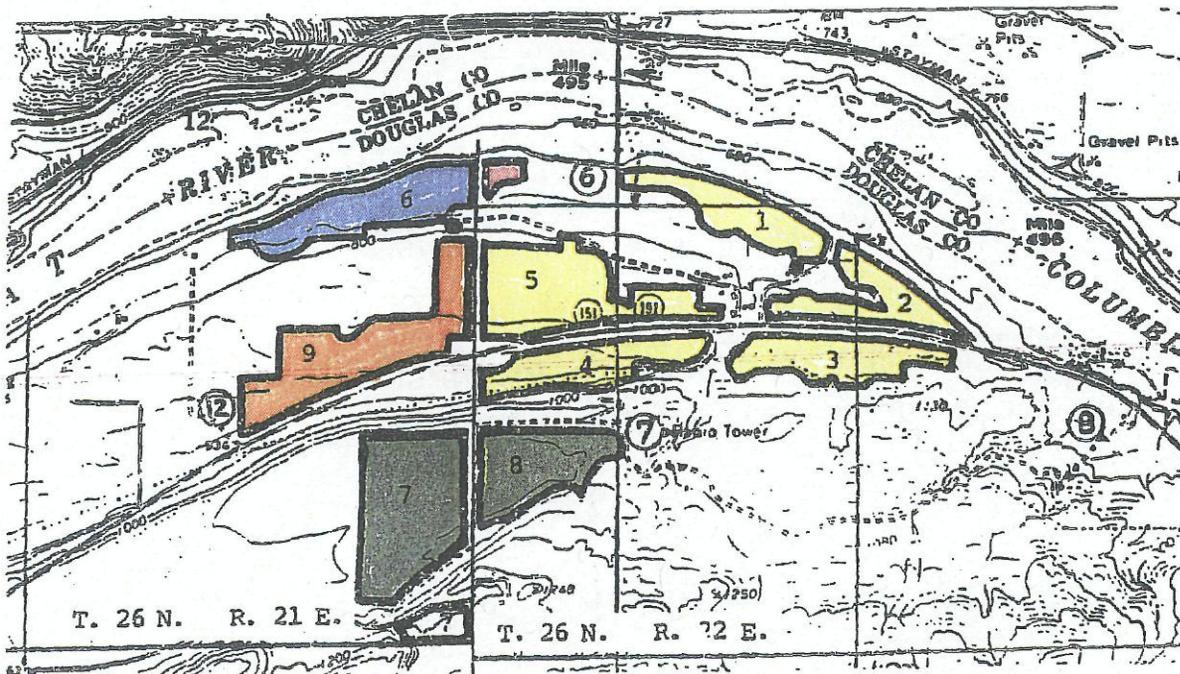
PROPOSED METHOD OF SEWAGE DISPOSAL: SEPTIC SYSTEM PUBLIC SEWER

Ground Water Certificate No. G4-26626C was issued on February 2, 1983 with a priority date of April 4, 1980. This certificate authorized the withdrawal of 1200 gpm, 226.5 acre-feet per year, from two wells within GL-5 in Section 7, T. 26 N., R. 22 E.W.M. Two hundred acre-feet were appropriated for the irrigation of 50 acres within the NE1/4 of Section 12, T. 26 N., R. 21 E.W.M., and 26.5 acre-feet were appropriated for frost protection on 45 acres within the NE1/4 of Section 12, T. 26 N., R. 21 E.W.M. and 40 acres within the NW1/4 of Section 7, T. 26 N., R. 22 E.W.M., north of the highway.

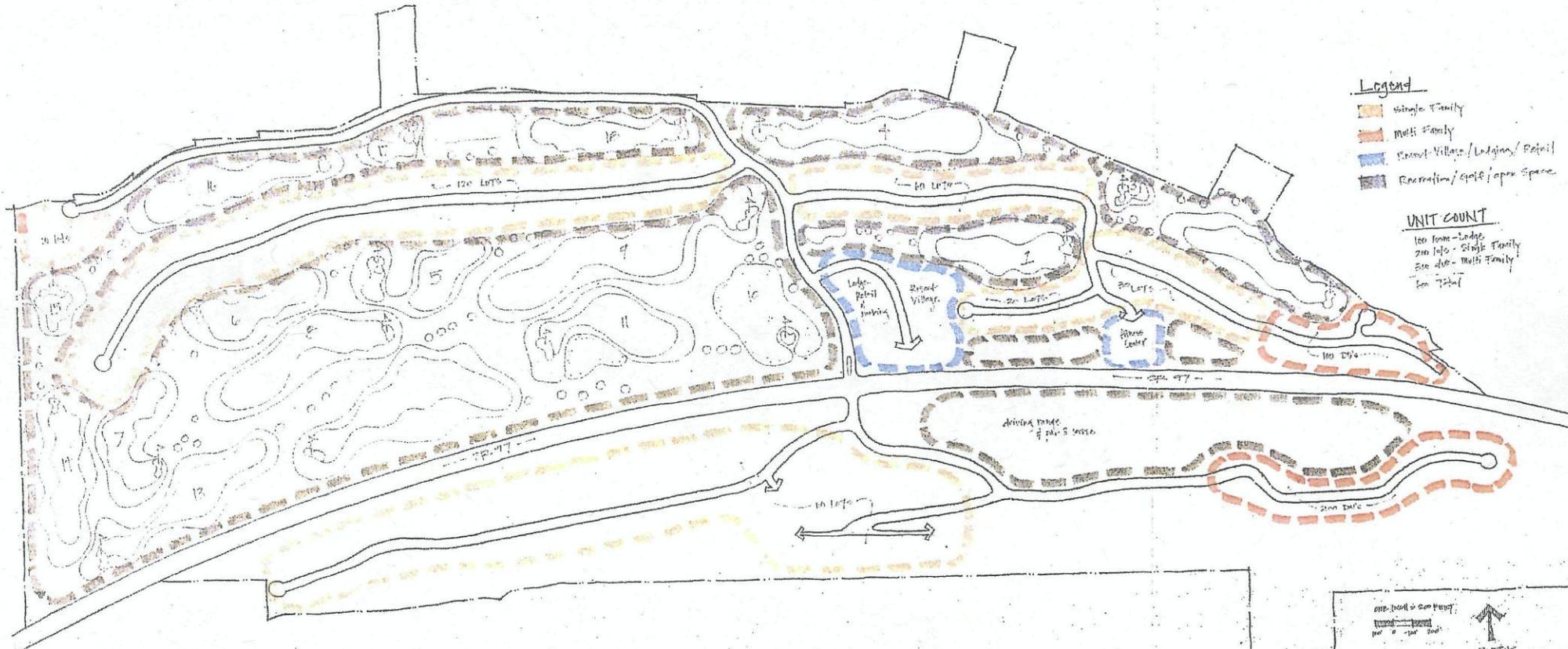
At the time G4-26626 was issued, Blocks 4, 5, 6, and 9 had been planted within the described place of use and were receiving water from the wells in Section 7. Blocks 4 and 5 already enjoyed a 1960 priority irrigation right under Certificate No. 3674-A, and Block 6 already enjoyed a 1956 priority irrigation right under Certificate No. 4347-A. Therefore the irrigation portion of this certificate is appurtenant to the 46 acres known as Block 9 and not to any portion of Blocks 4, 5 or 6.

A small portion of Orchard Block 9 (2 to 3 acres) lies within the NW1/4SE1/4 of Section 12, lying north and west of the highway. This land was planted as part of Twin WW's Block 9 in the early 1980's when the rest of Block 9 was planted. Wells and Wade Fruit Company purchased this land from the old McNeill holdings sometime in the early 1980's, however it was not included in the legal description provided with application G4-26626. Upon discovery of this omission, an amended notice was published regarding the application for change on G4-26626. This notice announced Twin WW's intent to include the small triangle of land as part of the place of use for the G4-26626 water right. The 30 day protest period expired without comment.

The frost protection portion of G4-26626 was appropriated for 45 acres within Block 9 and 40 acres within Block 5. File notes dated January 8, 1981 indicate that 5 acres of frost protection were currently established, presumably within Block 5 since Block 9 had not yet been planted. The Proof of Appropriation, which was filed on January 6, 1983, attested to the completed development of 85 acres of frost protection, and the Certificate issued on February 2, 1983. Today frost protection is practiced, via over-tree sprinklers, on a combined total of 18 acres within Blocks 5 and 9. The irrigation system is installed such that, if necessary, frost protection water could be applied via under-tree sprinklers to the entirety of Blocks 5 and 9. The frost protection portion of Certificate No. G4-26626C remains in force for Orchard Blocks 5 and 9.



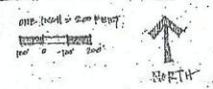
Authority	Irrigation	Frost Pro.	Domestic
GWC 3674-A	Bl 1, 2, 3, 4, 5	None	Single
GWC 4347-A	Bl 6 (ex E. 4 ac)	None	None
G4-26626C	Bl 9	Bl 5, 9	None
G4-29324	Bl 6 (E. 4 ac only)	Bl 1, 2, 3	Community
G.W.I.D.	Bl 7, 8	Bl 7, 8	None



- Legend**
- Single Family
 - Multi Family
 - Resort Village/Lodge/Retail
 - Recreation/golf/open space

UNIT COUNT

100 from - Lodge
 200 lots - Single Family
 500 lots - Multi Family
 100 Total





December 19, 2007

RH2 ENGINEERING, INC

http://www.rh2.com
mailbox@rh2.com
1.800.720.8052

Mr. Don Dimmit
Jeffers, Danielson, Sonn & Aylward
PO Box 1688
Wenatchee, WA 98807-1688

Sent Via: US Mail and Email

WESTERN WASHINGTON

12100 NE 195th St., Suite 100
Bothell, WA 98011
(tel) 425.951.5400
(fax) 425.398.2774

Subject: Revised Estimate of Twin W Project Water Right Requirements

Dear Don:

454 West Horton Road
Bellingham, WA 98226
(tel) 360.676.0836
(fax) 360.676.0837

As requested, we have revised our estimate of the water right requirements for the Twin W Golf Course project based on the current proposal of 500 residential units and a 100-unit hotel. We have also reviewed the past assumptions for the project as summarized in your April 4, 2006 letter and have made revisions to these assumptions to reflect our current understanding of the water right policies and Department of Ecology rules for water reuse.

One Pacific Building
621 Pacific Avenue, Suite 104
Tacoma, WA 98402
(tel) 253.272.3059

In developing the revised estimate, it became apparent that the individual wastewater treatment assumptions for the single-family and multi-family residential units were no longer valid given the additional 205 residential units and the hotel. Therefore, we contacted Mr. Roger Erlandsen for information regarding the planned dwelling densities and wastewater treatment options that were discussed at the Douglas County pre-application meeting. Based on our discussion with Roger, we have prepared a revised scenario based on a community wastewater collection and treatment system that would allow treated effluent to be reused for irrigation. We have based the community domestic requirements on Washington State Department of Health planning and design guidelines and policies. Our assumptions used to estimate the water right requirements for the project are listed in the attached exhibit.

EASTERN WASHINGTON
300 Simon Street SE, Suite 5
East Wenatchee, WA 98802
(tel) 509.886.2900
(fax) 509.886.2313

The other issue we discussed with Roger was the planned dwelling density for the project. The prior water right estimate was based on approximately 17,000 square feet of irrigated landscaping with each residential unit. However, given the new number of planned residential units and the planned community wastewater collection and treatment system, we have assumed a higher density type development and have reduced the maximum irrigated area to 5,000 square feet for each of the detached units and assumed 20,000 square feet of common area irrigated landscaping for every 20 attached units planned for the project.

KITSAP PENINSULA
600 Kitsap Street, Suite 101
Port Orchard, WA 98366
(tel) 360.876.7960
(fax) 360.876.7988

Under this scenario, treated wastewater could be used for irrigation of the golf course or other common areas, thereby reducing the total quantity of water rights required for the project. As part of this scenario, it is estimated that a 60 acre foot storage pond would be needed for capture of the treated effluent during the non-irrigation season. Approximately 527 acre-feet of water rights would be needed for the project, of which 353 acre-feet would be allocated to irrigation and 174 acre-feet would be allocated to year-round community domestic use. Of



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the 174 acre-feet of community domestic water right, approximately 105 acre-feet would be reused for irrigation under this scenario. Please note that this estimate is based on our current understanding of the project and our assumptions listed on the attached exhibit. We would anticipate that these numbers will need to be revised as the project undergoes future planning and development.

If you have any questions regarding our estimates or the assumption used in preparing the scenarios, please do not hesitate to contact me.

Sincerely,

RH2 ENGINEERING, INC.

Randy Asplund, P.E.

RA/jw/kj

Enclosure: Scenario 1

cc: Mr. Roger Erlandsen, Erlandsen & Associates



EXPIRES 3/19/08

Scenario 1

Estimate of Water Right Requirement - Wastewater Treatment Facility with Reuse

revised: 12/19/2007

Housing Units	No. of Units	Annual Use per Unit (afy/unit)	Total Use (afy)	Consumptive Use (afy)	Return Flow	
					Available for Reuse (afy)	Not Available for Reuse (afy)
Single Family Residences						
Indoor Domestic Use (based on 200 units)	200	0.32	64	10	38	16
Outside Irrigation Use (based on 5,000 sf/unit)	200	0.46	92	73		19
Condominiums - 2 bedroom						
Indoor Domestic Use (based on 300 units)	300	0.32	96	15	57	24
Common Area Irrigation Use (per building)	15	2	30	24		6
Hotel						
Indoor Domestic Use	100	0.14	14	3	8	3
Common Area Irrigation Use	Included as part of Golf Course					
Club House & Pro Shop						
Indoor Domestic Use			3.4	1	2	0.4
Common Area Irrigation Use	Included as part of Golf Course					
Golf Course - Irrigation (based on 104 acres)	104	3.2	333	300		33
Total:			632	426	105	101
LESS: Reuse of treated domestic wastewater:			105			
Total Water Right Required:			527			

Assumptions:

Residential indoor use calculated based on WSDOH requirements of 350 gpd for May -September and 250 gpd for October - April,
 Single Family Residential irrigation based on 5,000 sf of irrigated area per residence and a total irrigation requirement of 4 ac-ft per acre,
 Condo building common area based on 20,000 sf of irrigated area per building and a total irrigation requirement of 4ac-ft per acre,
 Hotel domestic water use based on 2.5 persons per room, 50 gal per person, and 100% occupancy,
 Hotel and Club House irrigation usage assumed included in Golf Course irrigated area,
 Golf Course irrigation requirement based on 3.2 afy per acre based on a crop requirement of 2.5afy and an sprinkler efficiency of 80%
 Reuse assumes a wastewater collection and treatment system with a 60 af storage pond for storage of wastewater during the non irrigation season,
 Return flow available for reuse assumes a 25 percent loss during collection and treatment