

Law Offices
HOLDEN, KIDWELL, HAHN & CRAPO, P.L.L.C.

KENT W. FOSTER
ROBERT E. FARNAM
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DALE W. STORER
MARIE T. TYLER
FREDERICK J. HAHN, III
KARL R. DECKER
SHAN B. PERRY
DeANNE CASPERSON**
AMELIA A. SHEETS
ROBERT L. HARRIS
DEBORAH S. O'MALLEY

1000 RIVERWALK DRIVE, SUITE 200
P.O. BOX 50130
IDAHO FALLS, IDAHO 83405

TELEPHONE (208) 523-0620
FACSIMILE (208) 523-9518
E-MAIL KFOSTER@HOLDENLEGAL.COM

Arthur W. Holden
(1877-1967)
Robert B. Holden
(1911-1971)
Terry L. Crapo
(1939-1982)
William S. Holden
(1907-1988)

Of Counsel
Fred J. Hahn

**Also Licensed in Missouri & Kansas

July 5, 2006

Randall Foster, President
Fox Creek Canal Company
402 S. 200 E.
Driggs, ID 83422

Dear Randall:

We received the draft letter you prepared to be sent to Stockholders claiming water rights that you desire to have conveyed to the company. We think the letter is a good letter just the way you have written it.

The correct method for such a shareholder to convey his claim to a water right to the canal company is for him to first sign a Quitclaim Deed for such right, deeding the right to the company. We are enclosing a form of a Quitclaim Deed that could be used. Each deed needs to be completed to show the names of the people claiming the right, as well as the number and description of the right. The deed needs to be signed by the parties conveying the right, in the presence of a notary public, and their signatures need to be notarized. Then the deed needs to be recorded in the County Recorder's office.

If a shareholder agrees to convey his interest in the water right to the company, and signs a Quitclaim Deed, after the deed is recorded, a Notice of Change of Ownership form needs to be prepared and filed with the Idaho Department of Water Resources.

If there is a mortgage holder on the shareholder's property where the water right is currently used, we will also need the formal written consent of the mortgage holder to the conveyance. That consent could be placed on the same deed document, but we have not attempted to add such language to the deed form because we do not know if anyone will agree, or if so, whether there is a mortgage holder, or if so, who the mortgage holder is, or whether the mortgage holder will agree to the conveyance.

Randall Foster, President
Fox Creek Canal Co.
July 5, 2006
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Once you get all the deeds you can, we will also need to examine whether the Idaho Department of Water Resources will require a transfer proceeding to adjust the place of use and/or the point of diversion.

You may want to consider sending the letter without a deed form. Although it seems that it could be helpful for the shareholder to have a form he could just sign and send in, the requirements are fairly strict for a valid deed, and each situation will be just enough different that you may need to customize each one. If someone responded positively to the letter, and contacted a board member, we could then obtain the necessary details and prepare the right deed form.

Please let us know how we might be of further assistance.

Yours very truly,



Kent W. Foster

Enclosure - QuitClaim Deed Form

**QUITCLAIM DEED
FOR
WATER RIGHTS**

THIS INDENTURE is made this ____ day of _____, 200____,
between _____, referred to herein as the "GRANTOR" and Fox Creek
Canal Company, Inc., whose principle place of business is 494 S. 50 W., Victor, Idaho
83455, referred to herein as the "GRANTEE",

WITNESSETH, that the GRANTOR, for an in consideration of the sum of Ten and
No/100 Dollars (\$10.00) lawful money of the United States of America and other good and
valuable consideration to GRANTOR, in hand paid by the GRANTEE, the receipt whereof
is hereby acknowledged, does by these presents remise, release and forever QUITCLAIM
unto the GRANTEE, and to GRANTEE's successors and assigns forever, all right, title and
interest now owned or hereafter acquired by the Grantor in all the following described water
rights or portions thereof in the County of _____, State of Idaho, to-wit:

Water Right No.: _____
Priority Date: _____
Amount: _____

TOGETHER, with the tenements, hereditaments and appurtenances thereunto
belonging or in any wise appertaining, and any reversions, remainders, or rents, issues and
profits therefrom.

TO HAVE AND TO HOLD the said water rights unto the GRANTEE, and to
GRANTEE's successors and assigns forever.

In construing this Quitclaim Deed and where the context so requires, the singular
includes the plural.

IN WITNESS WHEREOF, the GRANTOR has executed the within instrument the day and year first above written.

STATE OF IDAHO)
)ss.
County of Teton)

On the ____ day of _____, 200____, before me, the undersigned, a notary public in and for said State, personally appeared _____ known or identified to me to be the person(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

(seal)

Notary Public for Idaho
Residing at: _____
My Commission Expires: _____

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Shareholders of FCCC

This letter is regarding the Adjudication of Water Rights belonging to FCCC and decreed water owned by some shareholders that has been delivered by FCCC.

As was explained by Nick Olson and Allen Rueberry at the General Shareholders meeting it is in the best interest of FCCC Shareholders to retain the current water we are receiving to put all decreed water under the name of FCCC. This is the way FCCC filed for water being delivered by the canal company for adjudication.

It has come to the attention of FCCC Board members that the only way FCCC can retain having all water put under the umbrella of FCCC is to have legal documentation showing ownership of these decrees.

To those of you not understanding these issues, here is a brief explanation: In order for decreed water right to be retained, the water must be used. If this water is not used for five years, it is subject to loss through forfeiture or abandonment. As property in FCCC service area is being developed, there are areas where older decreed water is not being used or the full amount of the decree is not being used. This water is subject to being lost. If lost, IDWR will not deliver this water from Fox Creek into our canal system. During the drought experienced in recent years, these older decrees are the only reason FCCC has had water to deliver.

If all personal decrees are deeded to FCCC, the water can be used anywhere in our service area. To those of you who are afraid of losing your decreed water, FCCC has traditionally carried your decreed water. You will not lose any of your water as long as it is reaching your property under the guidelines set forth by IDWR and being used for beneficial use mandated by the By-laws and Articles of Incorporation of FCCC/

It is imperative that those of you who own decrees respond to this letters immediately. If you have any questions, please contact one of the Board Members listed below or Trent Galbraith at IDWR.