



STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
LAWRENCE G. WASDEN

May 26, 2006

Craig D. Hobdey
Hobdey Law Office, PLLC
PO Box 176
Gooding, ID 83330-1076

Re: Water Right Claim No. 1-6

Dear Mr. Hobdey:

RECEIVED

JUN 02 2006

Department of Water Resources
Eastern Region

This letter is written in response to your letter to Michael Holliday at the Idaho Department of Water Resources' ("Department" or "IDWR") Eastern Region Office dated May 17, 2006. I am the Deputy Attorney General representing the Department in the Snake River Basin Adjudication ("SRBA") in Basin 01.

In your letter, you are inquiring about the Department's basis for recommending the quantity remark for the above listed water right. During the preliminary reporting process, the Department provided you a copy of the preliminary Director's Report that contained a different quantity remark. As this draft was a preliminary there was further review of this water right and the Department concluded that the proper remark was the one the Director recommended in the Director's Report for claim number 1-6. The Department concluded that the quantity remark as currently worded more accurately describes the historical delivery practice for this water right, helps better define the water right and is more administrable than the previous remark.

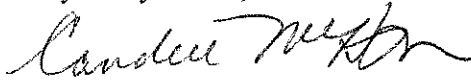
If your client disagrees with this remark, it may file an objection as set forth in the notice that accompanied the Director's Report. Once the Director's Report is filed with the SRBA District Court, the Director will not change the recommendation absent an objection and subsequent resolution of the matter either through settlement or judicial decision.

Once the objection and response deadlines have passed, I would anticipate an initial hearing in this matter to be set sometime in the spring of 2007. Settlement discussions between the Department and your client can commence prior to the initial hearing, and if the matter is resolved, then a Standard Form 5 settlement document may

be prepared and filed with the SRBA District Court. If the matter is resolved, then the initial hearing can be vacated.

If you have any further questions concerning this matter, please feel free to contact me at (208) 287-4810.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Candice M. McHugh". The signature is fluid and cursive, with a large initial "C" and a stylized "M".

Candice M. McHugh
Deputy Attorney General, IDWR

cc: Michael Holliday