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July 3, 2008

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RECEIVED

JUL 07 2008

DEPARTMENT OF
WATER RESOURCES

Craig L. Saxton
Water Rights Supervisor, Adjudication Bureau
Idaho Department of Water Resources
322 East Front Street
PO Box 83720
Boise, ID 83720-0098

**Re: Settlement Proposal for 67-460 and 67-461
(Wallach IX, LLC)**
MTBR&F File No. 23058.0000

Dear Craig:

I am writing in response to your letter to Scott Campbell of June 11, 2008, in the above-referenced matter. Scott has asked me to review your letter and respond on behalf of Wallach IX, LLC. For ease of reference, I will discuss the issues in the same order as you presented them in your letter.

67-460

- 1) Name and address: Because the change of ownership has been processed, Wallach IX will withdraw this objection.
- 2) Point of diversion: Wallach IX agrees that removing the reference to the 10-acre tract is appropriate and that the point of diversion should be designated as T14N, R1W, S4, NESW, as reflected in the draft recommendation attached to your letter.
- 3) Place of use: Wallach IX agrees to the permissible place of use and acreage limitation reflected in the draft recommendation attached to your letter.
- 4) Explanatory material: Because this has been corrected to refer to the Little Weiser Irrigation District, Wallach IX will withdraw this objection.

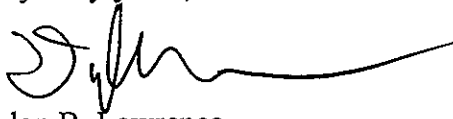
67-461

- 1) Name and address: Because the change of ownership has been processed, Wallach IX will withdraw this objection.
- 2) Point of diversion: I agree that the point of diversion in the recommendation matches the point of diversion in Wallach IX's objection. However, upon further research, that point of diversion appears to be incorrect. After purchasing the property to which this water right is appurtenant, Wallach IX hired Scott King of SPF Water Engineering, LLC to conduct a survey of all of Wallach IX's water rights. During a site visit, Mr. King determined that the point of diversion for this right is in reality located in T14N, R1W, S15, SESE -- over three miles upstream of the point of diversion specified in the recommendation (S4, SWNWSE). My suspicion is that the reference to the recommended point of diversion in the objection was a clerical error. Therefore, please consider this information and correct the point of diversion if you agree. Also, please feel free to contact Scott King directly if you need additional information regarding his identification of the point of diversion.
- 3) Place of use: Wallach IX agrees to the permissible place of use and acreage limitation reflected in the draft recommendation attached to your letter.
- 4) Explanatory material: Because this has been corrected to refer to the Little Weiser Irrigation District, Wallach IX will withdraw this objection.

Wallach IX is certainly interested in pursuing settlement of its objections prior to the initial hearing. Based on the above, it appears that the only issue left to resolve is the point of diversion for 67-461. If you agree with the point of diversion identified by Scott King, then please go ahead and prepare the SF5 and revised recommendations as you suggested in your letter.

Please do not hesitate to contact me with any questions or to discuss this matter further. Thank you for your attention to this matter.

Very truly yours,



Dylan B. Lawrence

DBL/llw

cc: Bob Elias
Scott King
Scott L. Campbell