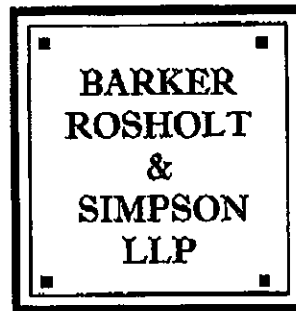


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December 5, 2008

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County of Twin Falls - State of Idaho

DEC - 8 2008

VIA ELECTRONIC MAIL

Nick Spencer
Deputy Attorney General
Idaho Department of Water Resources
322 E. Front St., 6th Fl.
Boise, ID 83720
Nick.Spencer@idwr.idaho.gov

VIA ELECTRONIC MAIL

Special Master Ted Booth
Snake River Basin Adjudication Court
253 3rd Ave. N., P.O. Box 2707
Twin Falls, ID 83303
tbooth@srba.state.id.us

Deputy Clerk

Re: Reynolds Irrigation District Claim Nos. 63-306, 63-359 and 63-2420

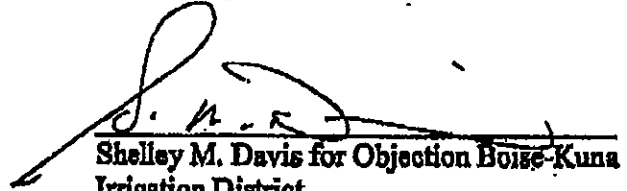
Dear Mr. Spencer and Special Master Booth:

The Claimant of the water rights identified by the numbers listed above, Reynolds Irrigation District, the Objectors, Boise-Kuna Irrigation District and participants, the Bureau of Reclamation, have agreed to resolve the objections of BKID by the inclusion of the following remark in the partial decrees issued for water right nos. 63-306, 63-359 and 63-2420:

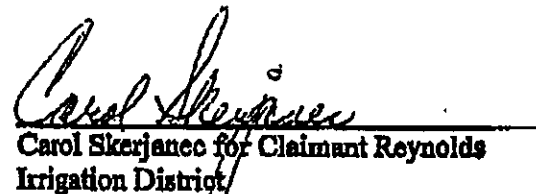
"The source of this right lies within the boundaries of the Boise-Kuna Irrigation District. To the extent any waste waters of the Boise-Kuna Irrigation District enter the irrigation system of the Reynolds Irrigation District, the continued provision of those waste waters may be discontinued at any time."

The Claimant, Objector and Participant request that the Department prepare a Standard Form 5 encompassing the agreement of the parties and circulate it among the parties for signature. The Claimant, Objector and Participant agree by their signatures in this letter, that the inclusion of the remark set forth above in the final partial decree will resolve this matter, and furthermore, request that the court vacate the status conference currently set for December 9, 2008. Thank you for your assistance in this matter.

Very truly yours,



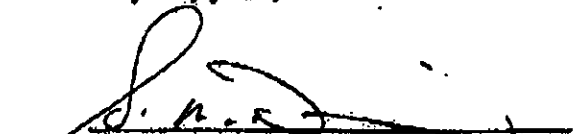
Shelley M. Davis for Objection Boise-Kuna
Irrigation District

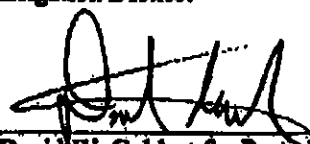


Carol Skerjanec for Claimant Reynolds
Irrigation District

David W. Gehlert for Participant U.S. DOJ
For US Bureau of Reclamation

Very truly yours,


Shelley M. Davis for Objection Boise-Kuna
Irrigation District

Carol Skerjanc for Claimant Reynolds
Irrigation District
David W. Gehlert for Participant U.S. DOJ
For US Bureau of Reclamation