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DEPARTMENT OF
WATER RESOURCES

U.S. Department of Justice

Environment and Natural Resources Division

PCM

90-6-2-63

Denver Field Office
1961 Stout Street
8th Floor
Denver, CO 80294

Telephone (303) 844-1884
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September 25, 2009

Dwight E. Baker, Esquire
Baker & Harris
266 Bridge Street
Blackfoot, ID 83221

Re: Snake River Basin Adjudication; Dennis Lake, Subcase 27-2069

Dear Dwight:

Thank you for your letter dated September 3, 2009 (copy enclosed) regarding your client Dennis Lake and his claimed water right 27-2069. I have had a chance to review your proposal with my technical experts, and am writing to inform you that the United States has no objection to Mr. Lake's claimed water right quantity of 2.4 cfs to irrigate 89.2 acres, under the unique circumstances presented here. This position is, of course, subject to your client executing the "side agreement" regarding not moving this right off of the place of use.

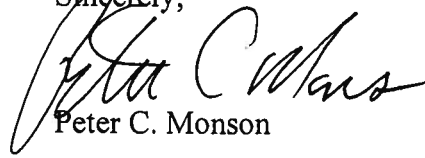
In that regard, our technical review revealed a minor error in the legal description contained in the "side agreement". The version which you presented recently to Mr. Lake erroneously included a portion of land owned by the Bureau of Land Management. Therefore, we have revised the "side agreement" as follows:

- a. Deleted NE1/4SE1/4 and NW1/4SE1/4 from ownership description, as this is BLM land
- b. Changed item 1 in the stipulation to read that the spring "enters" rather than "arises on" the Claimant's property. The spring arises on BLM land. See HKM maps previously sent you.
- c. Left open the month for the notaries to sign
- d. Changed the effective date of the agreement from June 8, 2009, to the "date of execution."

I have taken the liberty of signing and notarizing this revised agreement in order to expedite the resolution of this matter. It is enclosed. Please review the agreement, and if you and your client find it acceptable, please have Mr. Lake sign and notarize it. If you would also be so kind as to record it in the county property records, that would be much appreciated. Of course, if you notice any errors, please contact me and we will endeavor to correct them as quickly as possible.

Thank you very much for your assistance in this matter. I trust that counsel for the Idaho Department of Water Resources, the State of Idaho, and the Shoshone-Bannock Tribes will also find this resolution to be satisfactory.

Sincerely,



Peter C. Monson

Enclosures

c: w/enc.

Andrea Courtney, Esquire
Jeanette Wolfley, Esquire
Duane Mecham, Esquire
Ron Billstein & Dale Cunningham, HKM

WATER RIGHT AGREEMENT

This Agreement is to be effective upon the date of execution, by and between Dennis M. Lake, the "Claimant", and the United States Department of Justice.

WITNESSETH:

1. Lake is the owner of the NE1/4 SW1/4; SE1/4 SW1/4; SW1/4 SE1/4 and SE1/4 SE1/4 of Section 9, Township 6 South, Range 42 East, Caribou County, Idaho; and
2. Lake is the owner of water right 27-2069 which is appurtenant to a portion of the above described property; and
3. Certain issues have been raised in the Snake River Basin Adjudication between the parties pertaining to said water right; and
4. The parties have reached an agreement with respect to said issues.

IT IS THEREFORE Stipulated as follows:

1. The parties acknowledge the current source of water right 27-2069 is from a spring which enters the Claimant's property, and sinks back into the ground before ever reaching a waterway as such.
2. The parties agree this water right, from these sources, may never be conveyed, sold, transferred or used other than in the place of use described in this water right.

CLAIMANT

Dennis M. Lake

State of Idaho)
) ss:
County of Bingham)

On this ____ day of _____, 2009, before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared Dennis M. Lake, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

Notary Public for Idaho
Residing at Blackfoot
My Commission Expires _____

UNITED STATES OF AMERICA

By:

Peter C. Monson
Peter C. Monson

STATE OF COLORADO)
) ss:
County of DENVER)

On this 25TH day of SEPTEMBER, 2009, before me, the undersigned, a Notary Public in and for the said State, personally appeared Peter C. Monson, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same as the attorney for United States of America.

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



My Commission Expires 8/27/2012

Eileen Gall Rutherford

Notary Public

Residing at: 1961 STOUT STREET, 8TH FLOOR

My Commission Expires 8/27/2012

90-6-2-63
C:P

U.S. DEPT. OF JUSTICE
ENV. & NAT. RES. DIV.
DENVER, CO

Law Offices of
BAKER & HARRIS

Dwight E. Baker
Jared M. Harris *
Jonathan W. Harris
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September 3, 2009

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Peter C. Monson
Managing Attorney Denver Field Office
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Rogers Federal Building
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Re: Snake River Basin Adjudication
Dennis Lake/Subcase 27-2069
B & H Matter No. 5354

Dear Andrea and Peter:

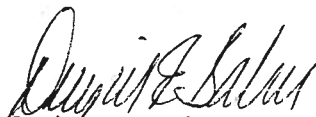
I presented the draft of the agreement we are to record in Caribou County to Dennis Lake; he is not willing to transfer the water right until he has some assurance that his claimed diversion right of 2.4 cfs will be recognized. He is of the opinion that the decreased diversion right may create significant delivery problems, which may necessitate consideration of a change in point of diversion.

Is there anyway we can resolve the two issues simultaneously, the issues being acknowledgment of the 2.4 cfs right of diversion in exchange for the agreement not to move the water right to a different location? As a practical matter, it is my understanding the overflow, if any, simply returns to the Blackfoot Reservoir, which should not be an issue with increasing the water right, provided there is a corresponding agreement not to move the water right.

Your consideration of this issue will be appreciated.

Very truly yours,

BAKER & HARRIS



Dwight E. Baker

DEB/ljs

cc: Dennis Lake