

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Milton A. Slavin, Esq.
Slavin Law Office
116 N. Center St.
Salmon, ID 83467

(Space Above for Recorder's Use)

WATER RIGHTS SETTLEMENT AGREEMENT

Subcase Nos: 75-63A, 75-10061E, 75-10061G, 75-10062E, 75-10178, 75-14637 & 75-14704

THIS WATER RIGHTS SETTLEMENT AGREEMENT (the "Agreement") is made and entered into this 29th day of December, 2011, by and among Derrold Slavin of P.O. Box 41, Carmen, Idaho 83462 and William G. and Barbra Slavin, of P.O. Box 255, Carmen, Idaho 83462 (hereinafter together referred to as "Slavins"), and Bruce McFarland, of P.O. Box 124, Salmon, Idaho 83462 and Dave McFarland, of P.O. Box 125, Carmen, Idaho 83462 and Thomas McFarland, of P.O. Box 127, Carmen, Idaho 83462 (hereinafter referred to as "McFarlands"). The foregoing parties are sometimes referred to herein individually as a "Party" or collectively as the "Parties."

RECITALS:

- A. The water rights of the Parties have been adjudicated or are being adjudicated in the District Court of the Fifth Judicial District of the State of Idaho, in and for the County of Twin Falls, Case No. 39576 in the Matter of the Snake River Basin Adjudication (the "SRBA").

- B. The McFarlands submitted a water right claim in the SRBA for Water Right Nos. 75-63A, and have received a Partial Decree, to which a Motion to Set Aside Partial Decree has been filed by the Slavins.
- C. The Slavins have submitted water right claims in the SRBA for Water Right Nos. 75-10061E, 75-10061G, 75-10062E, 75-10178 & 75-14637, and have received Partial Decrees for 75-10061E, 75-10061G, 75-10062E, 75-10178, to which the McFarlands have filed a Motion to Set Aside Partial Decree. There currently is no objection pending for Water Right No. 75-14637.
- D. The Parties' cross motions to set aside partial decrees are currently set for trial in the SRBA on January 11, 2012.
- E. The Parties have come up with a way to settle their disagreement. The Parties have agreed to work together to develop a ground water irrigation system for the Slavins. However, the Parties will not find out about the main contingency related to the agreement, namely federal funding for the project, until after the January 11, 2012 trial and the SRBA court will not move the trial date.
- F. Because the SRBA court will not move the trial date, and to avoid the cost and expense of going to trial when the Parties believe they have a way to resolve their disagreement, the Parties agree to settle their claims before the SRBA court and allow the water rights to be decree in accordance with this agreement.
- G. The Parties have therefore negotiated with each other and now desire to enter into this Agreement for the purpose of fully compromising and settling all of their pending claims related to Water Rights Nos. 75-63A, 75-10061E, 75-10061G, 75-10062E, 75-10178, 75-14637 & 75-14704.

AGREEMENTS:

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED among the Parties as follows:

1. **RESOLUTION OF MOTIONS TO SET ASIDE PARTIAL DECREES.** The Parties hereby agree to resolve their respective Motions to Set Aside Partial Decree to Water Right Nos. 75-63A, 75-10061E, 75-10061G, 75-10062E, 75-10178, and shall sign the

necessary Standard Form 5s prepared by IDWR in order to settle their pending water rights according to the terms of this Agreement.

2. **WATER RIGHT NO. 75-10061E, 75-10061G, 75-10062E, 75-10178, 75-14637 & 75-14704¹**. The Parties shall execute Standard Form 5 documents stipulating to the elements of the Slavin water rights set forth on Exhibit A attached hereto.
3. **WATER RIGHT NO. 75-63A**. The Parties shall execute a Standard Form 5 document stipulating to the elements of Water Right No. 75-63A set forth on Exhibit A attached hereto. In recognition that the parties believe it likely that funding will come through for the ground water irrigation system project described above, the Slavins agree to resolve their objections to Water Right No. 75-63A now, but should funding for the project not come through, the parties agree that Slavins can renew their motion to set aside the partial decree for Water Right No. 75-63A by executing this Agreement, the Parties do not waive or surrender any of their prior legal arguments or positions. William and Barbara Slavin agree not to pursue any future objections of McFarland's Partial Decree for Water Right #75-63A, regardless of the outcome of the proposed ground water project. The McFarlands reserve the right to challenge the motion on its merits. The Parties realize that any such future motion would not necessarily be granted by the SRBA court and may be opposed by some other party to the SRBA. In the Partial Decree for 75-63A, this Agreement shall be specifically referenced by an assigned Instrument Number after this Agreement is executed by all of the Parties and recorded in the records of Lemhi County, Idaho as set forth on the attached Exhibit B. The Parties specifically agree and acknowledge that McFarlands' obligation under this Agreement is to assist in order to obtain funding for the ground water irrigation system project, and that McFarlands have no obligation or responsibility with regards to the filing, approval, or defense of protest to a water right permit application or other filing with IDWR by Slavins to receive a water

¹ William and Barbara Slavin originally filed claim 75-10178 in the SRBA for the full allotment of decreed right 75-75 and a share of the 1882 exchange water. The Idaho Department of Water Resources desires to split those shares out for easier administration and understanding. Water Right No. 75-10178 is now for the full allotment of decreed right 75-75. 75-14704 is now William and Barbara Slavin's 1882 exchange water.

diversion of ground water for the Slavin's irrigation purposes. McFarlands agree not to challenge or protest any application made by Slavins, or encourage or support others to protest such applications.

4. **WATER RIGHT NO.** If funding becomes available for the project, Derrold Slavin agrees not to unreasonably deny the project. Acceptance of the project can be determined by a system that provides a minimum of one (1) inch per acre of water and approval by the local SCS board to have a reasonable system of delivery for that particular area.
5. **GOVERNING LAW.** The Parties agree that this Agreement shall be governed by, and be construed in accordance with the laws of the State of Idaho.
6. **ENTIRETY OF AGREEMENT.** This Agreement sets forth all the covenants, promises, provisions, agreements, conditions, and understandings between the Parties, and there are no covenants, provisions, promises, agreements, conditions, or understandings, either oral or written, between them other than are herein set forth.
7. **WAIVER.** The failure or any delay on the part of any Party to exercise any right, remedy, power or privilege under this Agreement shall not operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise of the same or of any other right, nor shall any waiver of any right with respect to any occurrence be construed as a waiver of such right with respect to any other future occurrence.
8. **BINDING EFFECT.** This Agreement shall bind and inure to the benefit of the respective successors and assigns of the Parties.
9. **RECORDING.** This Agreement shall be recorded in the records of Lemhi County, Idaho. Slavins and McFarlands agree to each pay 1/2 of the cost of recording this Agreement.

SIGNATURE PAGES TO FOLLOWS

Dated this 30th day of December, 2011.

Bruce A. McFarland
Bruce McFarland

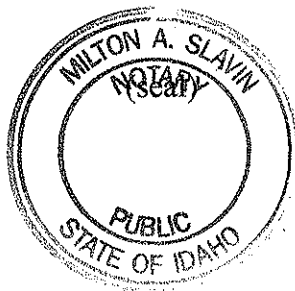
Thomas M. Farland
Thomas McFarland

David McFarland
David McFarland

STATE OF IDAHO)
)ss.
County of Lemhi)

On the 30 day of December, 2011, before me, the undersigned, a notary public in and for said State, personally appeared Bruce McFarland, Thomas McFarland, and David McFarland, known or identified to me to be the persons who executed the instrument, and acknowledged to me that 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.



Milton A. Slavin
Notary Public for Idaho
Residing at SALMON, Idaho
My Commission Expires:

Dated this ____ day of December, 2011.

Derrold Slavin
Derrold Slavin

Madge Slavin

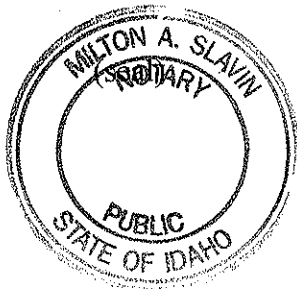
William G. Slavin
William G. Slavin

Barbara K. Slavin
Barbara K. Slavin

STATE OF IDAHO)
)ss.
County of Lemhi)

On the 28th day of December, 2011, before me, the undersigned, a notary public in and for said State, personally appeared Derrold and Madge Slavin and William G. and Barbara K. Slavin, known or identified to me to be the persons who executed the instrument, and acknowledged to me that 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.



Milton A. Slavin
Notary Public for Idaho
Residing at SALMON, Idaho
My Commission Expires: 11/14/17

Exhibit A

05/26/2011

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 75-10061E

NAME AND ADDRESS: WILLIAM G SLAVIN
PO BOX 255
CARMEN ID 83462

BARBARA K SLAVIN
PO BOX 255
CARMEN ID 83462

SOURCE: CARMEN CREEK TRIBUTARY: SALMON RIVER

QUANTITY: 0.390 CFS 0.882 CFS

This right when combined with all other rights shall provide no more than 0.04 cfs per acre at the field headgate for irrigation of the place of use.

PRIORITY DATE: 05/01/1875

POINT OF DIVERSION:

T22N R22E S9 S4WWSW Within LEMHI County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
IRRIGATION	04/01 10/31	0.882 CFS 0.390 CFS

PLACE OF USE: IRRIGATION in LEMHI County

T22N R22E S05	SWNE	13.00	T22N R22E S05	SENE	0.50
T22N R22E S05	NESE	0.60	T22N R22E S05	NWSE	24.00
T22N R22E S05	SWSE	15.00	T22N R22E S08	NWNE	16.00

69.1 ACRES TOTAL

The rights listed below are limited to the irrigation of a combined total of 69.1 acres in a single irrigation season. Combined Right Nos.: 75-10061E, 75-10062E, 75-14421 and 75-14637.

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Decreed

This water recommended under this right is commonly known as exchange water.

05/26/2011

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 75-10061G
NAME AND ADDRESS: DERROLD SLAVIN
PO BOX 41
CARMEN ID 83462
MADGE SLAVIN
PO BOX 41
CARMEN ID 83462

SOURCE: CARMEN CREEK TRIBUTARY: SALMON RIVER
QUANTITY: 0.190 CFS ~~0.151 CFS~~
PRIORITY DATE: 05/01/1875
POINT OF DIVERSION:

T22N R22E S9 NWSW Within LEMHI County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
IRRIGATION	04/01 10/31	0.151 CFS <u>0.190 CFS</u>

PLACE OF USE: IRRIGATION in LEMHI County

T22N R22E S05 Lot 1 NENE	13.00	T22N R22E S05 Lot 2 NWNE	6.80
T22N R22E S05 SWNE	6.70	T22N R22E S05 SENE	6.00

32.5 ACRES TOTAL

The rights listed below are limited to the irrigation of a combined total of 32.5 acres in a single irrigation season. Combined Right Nos.: 75-74A, 75-4340A, 75-10061G, and 75-10178.

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Decreed

This water recommended under this water right is commonly known as exchange water.

05/26/2011

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 75-10062E

NAME AND ADDRESS: WILLIAM G SLAVIN
PO BOX 255
CARMEN ID 83462

BARBARA K SLAVIN
PO BOX 255
CARMEN ID 83462

SOURCE: CARMEN CREEK TRIBUTARY: SALMON RIVER

QUANTITY: 0.220 CFS 0.248 CFS

This right when combined with all other rights shall provide no more than 0.04 cfs per acre at the field headgate for irrigation of the place of use.

PRIORITY DATE: 05/01/1882

POINT OF DIVERSION:

T22N R22E S9 SWNWSE Within LEMHI County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
IRRIGATION	04/01 10/31	0.248 CFS 0.220 CFS

PLACE OF USE: IRRIGATION in LEMHI County

T22N R22E S05	SWNE	13.00	T22N R22E S05	SENE	0.50
T22N R22E S05	NESE	0.60	T22N R22E S05	NWSE	24.00
T22N R22E S05	SWSE	15.00	T22N R22E S08	NWNE	16.00

69.1 ACRES TOTAL

The rights listed below are limited to the irrigation of a combined total of 69.1 acres in a single irrigation season. Combined Right Nos.: 75-10061E, 75-10062E, 75-14421 and 75-14704.

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Decreed

This water recommended under this water right is commonly known as exchange water.

05/26/2011

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 75-10178

NAME AND ADDRESS: DERROLD SLAVIN
PO BOX 41
CARMEN ID 83462

MADGE SLAVIN
PO BOX 41
CARMEN ID 83462

SOURCE: CARMEN CREEK

TRIBUTARY: SALMON RIVER

QUANTITY: 0.300 CFS ~~0.381 CFS~~

PRIORITY DATE: 05/01/1882

POINT OF DIVERSION:

T22N R22E S9 NWSW Within LEMHI County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
IRRIGATION	04/01 10/31	0.381 CFS <u>0.300 CFS</u>

PLACE OF USE: IRRIGATION in LEMHI County

T22N R22E S05 Lot 1 NENE	13.00	T22N R22E S05 Lot 2 NWNE	6.80
T22N R22E S05 SWNE	6.70	T22N R22E S05 SENE	6.00

32.5 ACRES TOTAL

The rights listed below are limited to the irrigation of a combined total of 32.5 acres in a single irrigation season. Combined Right Nos.: 75-74A, 75-10061G, 75-10178 and 75-4340A.

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Decreed

This right is a split from former right 75-75.

05/26/2011

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 75-14637

NAME AND ADDRESS: WILLIAM G SLAVIN
PO BOX 255
CARMEN ID 83462

BARBARA K SLAVIN
PO BOX 255
CARMEN ID 83462

SOURCE: CARMEN CREEK TRIBUTARY: SALMON RIVER

QUANTITY: 0.750 CFS

This right when combined with all other rights shall provide no more than 0.04 cfs per acre at the field headgate for irrigation of the place of use.

PRIORITY DATE: 05/01/1896

POINT OF DIVERSION:

T22N R22E S9 NWSW Within LEMHI County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
IRRIGATION	04/01 10/31	0.750 CFS

PLACE OF USE: IRRIGATION in LEMHI County

T22N R22E S05	SWNE	13.00	T22N R22E S05	SENE	0.50
T22N R22E S05	NESE	0.60	T22N R22E S05	NWSE	24.00
T22N R22E S05	SWSE	15.00	T22N R22E S08	NWNE	16.00

69.1 ACRES TOTAL

The rights listed below are limited to the irrigation of a combined total of 69.1 acres in a single irrigation season. Combined Right Nos.: 75-10061E, 75-10062E, 75-14421 and 75-14637.

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Decreed

This right is a split from former right 75-74.

05/27/2011

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 75-14704

NAME AND ADDRESS: DERROLD SLAVIN
PO BOX 41
CARMEN ID 83462

MADGE SLAVIN
PO BOX 41
CARMEN ID 83462

SOURCE: CARMEN CREEK

TRIBUTARY: SALMON RIVER

QUANTITY: 0.100 CFS

PRIORITY DATE: 05/01/1882

POINT OF DIVERSION:

T22N R22E S9 NWSW Within LEMHI County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
IRRIGATION	04/01 10/31	0.100 CFS

PLACE OF USE: IRRIGATION in LEMHI County

T22N R22E S05 Lot 1 NENE	13.00	T22N R22E S05 Lot 2 NWNE	6.80
T22N R22E S05	SWNE 6.70	T22N R22E S05	SENE 6.00

32.5 ACRES TOTAL

The rights listed below are limited to the irrigation of a combined total of 32.5 acres in a single irrigation season. Combined Right Nos.: 75-4340A, 75-10061G, 75-10178, and 75-14704.

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Decreed

The water recommended under this right is commonly known as exchange water.

MEMORANDUM

To: Files: William & Barbara Slavin (75-10061E, 75-10062E, 75-14421, 75-14637)
Derrold & Madge Slavin (75-74A, 75-4340A, 75-10061G, 75-10178 and
75-14704)

From: Monica Van Bussum

Date: May 26, 2011

Re: Rewriting recommendations pursuant to SRBA Mandatory Settlement
Conference on May 18, 2011

On May 18, 2011, at the request of the Snake River Basin Adjudication (SRBA) District Court, the parties met for a mandatory settlement conference. I attended as a representative of the Department. There are two primary issues for the parties: 1) the distribution of exchange water to the Slavins) and 2) the allocation and transfer of a decreed water right 75-63. This memo will discuss issue 1 and its potential resolution.

According to the McFarlands, the Slavins should have 35 inches of so-called "exchange water" from the McNutt v. Palmer decree (commonly called the McNutt decree, or the Carmen Creek decree). The Slavins had been recommended 68 inches of exchange water, along with more typical decreed water. The table on the next page shows the original breakdown of the recommended rights.

Claimant	Right No.	Priority Date	Diversion Rate	Notes
Bill & Barbara Slavin	75-10061E	5/1/1875	0.882 cfs	44 inches of exchange water only
	75-10062E	5/1/1882	0.248 cfs	12.5 inches of exchange water only
	75-14421	4/1/1915	1.63 cfs	High water
Derrold & Madge Slavin	75-74A	5/1/1896	0.25 cfs	Decreed water
	75-10061G	5/1/1875	0.15 cfs	7.5 inches of exchange water only
	75-10178	5/1/1882	0.38 cfs	Combination of 4 inches of exchange water and decreed right 75-75 (15 inches, or 0.30 cfs)
	75-4340A	4/1/1915	0.17 cfs	High water

After the director's report, Bill & Barbara Slavin filed claim 75-14637 for a portion of water right 75-74. Derrold & Madge Slavin claimed a portion of this decreed right as 75-74A (see table above). Bill & Barbara Slavin claimed the remainder, or 0.75 cfs, under 75-14637. The original decreed right 75-74 was for 50 inches, or 1.0 cfs.

Adding up the amounts of exchange water in the table above (44 inches plus 12.5 plus 7.5 plus 4), the two Slavin groups together were recommended 68 inches of exchange water.

A full share of exchange water is 45 inches, as understood from the details of the McNutt v. Palmer decree. The Slavins had contended through their arguments before the court that they were entitled to 2 shares, or 90 inches, of exchange water. The McFarlands, who count several former watermasters in their numbers, argued the Slavins had never been delivered 2 shares of exchange water. The deeds the Slavins produced as part of their evidence were thoroughly discussed in the 706 report for this matter. Essentially, this became a discussion of deeds versus delivery.

At the settlement conference of May 18, 2011, the parties indicated an amicable solution would be for the Slavins to have one full share, or 45 inches of exchange water, along with their share of decreed water. The parties indicated I should draw up SF5 recommendations indicating this agreement. The table below shows the new amounts.

There is one important change to note from the earlier director's report to these recommendations. Previously, claim 75-10178 was for the full allotment of decreed right 75-75 and a share of the 1882 exchange water. I have now split those shares out for easier administration and understanding. 75-10178 is now for the full allotment of decreed right 75-75. 75-14704 is now Derrold and Madge Slavin's 1882 exchange water.

I have highlighted the new claim numbers (75-14637 and 75-14704) in yellow below.

Claimant	Right No.	Priority Date	Diversion Rate	Notes
Bill & Barbara Slavin	75-10061E	5/1/1875	0.39 cfs	19.5 inches of exchange water only
	75-10062E	5/1/1882	0.22 cfs	11 inches of exchange water only
	75-14637	5/1/1896	0.75 cfs	LATE CLAIM – Based on decree 75-74
	75-14421	4/1/1915	1.63 cfs	High water – NO CHANGE
Derrold & Madge Slavin	75-74A	5/1/1896	0.25 cfs	Decreed water – NO CHANGE
	75-10061G	5/1/1875	0.19 cfs	9.5 inches of exchange water only
	75-10178	5/1/1882	0.30 cfs	Based on decree 75-75
	75-14704	5/1/1882	0.10 cfs	5 inches of exchange water only
	75-4340A	4/1/1915	0.17 cfs	High water – NO CHANGE

Adding up the exchange water (19.5 plus 11 plus 9.5 plus 5) equals 45 inches of exchange water, or one full share, as agreed upon by the parties.

The 45 inches had to be divided between the two Slavin parties. To determine how much of each exchange right, I consulted with the watermaster, who indicated a 45-inch share of exchange water is generally divided as 29 inches of 1875 exchange water and 16 inches of 1882 exchange water. Barbara & Bill Slavin own 68% (69.1 acres) of the Slavin irrigated ground, so I recommended 68% of the available exchange water under each priority date (19.5 and 11 inches, respectively). Derrold & Madge Slavin own 32% (32.5 acres) of the Slavin irrigated ground, so I recommended 32% of the available exchange water under each priority date (9.5 and 5 inches, respectively).

There is one more important note regarding the allocation of the exchange water. In the original director's report, Barbara & Bill Slavin received 56.5 inches of exchange water and Derrold & Madge Slavin received 11.5 inches of exchange water. It does not appear the exchange water was split proportionally between the two Slavin groups in the director's reports. If it had been split proportionally (as indicated in the previous paragraph, with 68% going to Bill & Barbara Slavin and 32% going to Derrold & Madge Slavin), Barbara & Bill Slavin would have received less exchange water and Derrold & Madge Slavin would have received more. I believe the earlier director's reports are in error regarding the allocation of exchange water. I have tried to correct that in this set of recommendations.

Derrold & Madge Slavin are now recommended more exchange water than they were previously, which could be confusing to someone unfamiliar with the situation. At first glance, it would appear Barbara & Bill Slavin were severely cut and Derrold & Madge benefitted. However, upon further review, it should be clear there is a disproportionate split in the first director's reports and this latest round corrects that mistake.

For ease for future agents, I have included some additional remarks in the recommendations about water right lineage. The exchange water rights got remarks indicating they were for exchange water and the decreed right recommendations got remarks indicating their decreed parents.

Exhibit B

12/29/2011

IDAHO DEPARTMENT OF WATER RESOURCES
RECOMMENDED WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 75-63A

NAME AND ADDRESS: BRUCE A MC FARLAND
PO BOX 124
CARMEN ID 83462

THOMAS MC FARLAND
PO BOX 124
CARMEN ID 83462

DAVID MC FARLAND
PO BOX 124
CARMEN ID 83462

SOURCE: CARMEN CREEK

TRIBUTARY: SALMON RIVER

QUANTITY: 1.300 CFS
371.00 AFY

PRIORITY DATE: 05/01/1884

POINT OF
DIVERSION: T23N R22E S13 SWSWSE Within LEMHI County
PURPOSE AND
PERIOD OF USE:

	PURPOSE OF USE	PERIOD OF USE	QUANTITY
	IRRIGATION	04/01 10/31	1.300 CFS 371.00 AFY
PLACE OF USE:	<u>IRRIGATION in LEMHI County</u>		
	T23N R22E S23 NESE	9.70 T23N R22E S23 SESE	19.00
	T23N R22E S24 NENW	12.00 T23N R22E S24 NWNW	11.00
	T23N R22E S24 SWNW	34.00 T23N R22E S24 SENW	11.00
	T23N R22E S24 NESW	14.00 T23N R22E S24 NWSW	40.00
	T23N R22E S24 SWSW	40.00 T23N R22E S24 SESW	19.00
	T23N R22E S25 NENW	11.00 T23N R22E S25 NWNW	39.00
	T23N R22E S25 SWNW	28.00 T23N R22E S25 NWSW	0.30
	T23N R22E S26 NENE	28.00 T23N R22E S26 SENE	10.00

326 ACRES TOTAL

Place of use does not include federal public lands.

This right is limited to the irrigation of 106 acres within the place of use described above in a single irrigation season.

The rights listed below are limited to the irrigation of a combined total of 326 acres in a single irrigation season. Combined Right Nos.: 75-63A, 75-77B, 75-2002, 75-2128, 75-4341, 75-10061AN & 75-10923.

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This water right is subject to a private water right agreement effective
2011, between Derrold and Madge Slavin, William and Barbara
Slavin, Bruce McFarland, Thomas McFarland, and David McFarland, and recorded in the
Lemhi County Recorder's Office as Instrument No.

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Decreed