



State of Idaho

DEPARTMENT OF WATER RESOURCES

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C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

July 13, 2012

Re: Water Right Nos. 63-3134B and 63-3275B

Sun Ridge Dairy, LLC
4890 Dry Lake Road
Nampa, ID 83686

Dear Water Right Holder:

This letter concerns Water Right Nos. 63-3134B and 63-3275B, both of which are currently held in your name. The Idaho Department of Water Resources ("Department") recently discovered errors in the place of use legal descriptions for both of these rights. Specifically, 18 acres in the SESE, Section 1, Township 1N, Range 3W, were erroneously included in the partial decrees for both of these rights issued by the Snake River Basin Adjudication Court ("SRBA") in 2008. As explained further below, the Department now seeks to correct this error.

The original Water Right Nos. 63-3134 and 63-3275 were claimed in the SRBA on 2/28/1990 in the name of Elmer Tiegs. On 3/16/1999, the Department received a change of ownership for both of these rights. The change resulted in splits of these rights; Water Right Nos. 63-3134A and 63-3275A went to Elmer Tiegs and Water Right Nos. 63-3134B and 63-3275B to Desert Sun Farms, Charles and Carol Pintler ("Desert/Pintler"). In 2004 Desert/Pintler sold the land underlying 63-3134B and 63-3275B (including the lands in the SESE of Sec. 1) to Paul and Marilyn Rasgorshek.

In August 2007, the Department received a change of ownership for 63-3134B and 63-3275B from the Rasgorsheks to Stagecoach and Rim LLC, Vielgluck Limited Partnership and Mt Olympus Investments LLC ("Stagecoach"). The deed submitted with the change in ownership did not include the lands in the SESE of Sec. 1. However, the Department apparently did not notice this when it changed the rights' ownership. As a result, on 10/6/2008 the SRBA Court issued partial decrees for these rights to Stagecoach that included the 18 acres in the SESE of Sec. 1. In September 2011, the Department received a change of ownership from Stagecoach changing the name to Sun Ridge Dairy, LLC. The error concerning the 18 acre parcel went unnoticed, even though the deed from Stagecoach to you also does not include any lands in the SESE of Sec. 1. Attached is a map which might help illustrate the discrepancy.

The Department recently discovered the error and now proposes, based on the deeds in our records, to correctly readjust the 18 acres in the SESE, Sec. 1, by putting them back into the Rasgorsheks' name, along with the corresponding proportionate diversion rate (in cubic feet per second or "cfs") and volume (in acre feet per annum). The correction will amount to .18 cfs from 63-3134B and .03 cfs from 63-3275B for a total of .21 cfs and 81 acre feet per annum (4.5

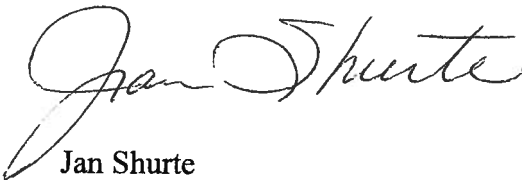
af/ac for 18 acres). After the correction, 63-3134B and 63-3275B will provide for 9.29 cfs and 3501 acre feet per annum to irrigate 778 acres (4.5 af/ac for 778 acres).

These corrections are necessary under the law because a water right is generally appurtenant to the underlying land and thus should be in the landowner's name. In other words, the 18 acres in the SESE of Sec. 1 belong to the Rasgorsheks so the water right appurtenant to those acres should be in the Rasgorsheks' name, too. The proposed changes reflect the reality that the 18 acres in the SESE of Sec. 1 were never appropriately part of 63-3134B and 63-3275B.

Accordingly, the Department plans to submit a Request for Correction of Error to the SRBA Court for these water rights under Rule 60(a), Idaho Rules of Civil Procedure, and request issuance of amended partial decrees. You will receive a copy of the Department's Request. The Request will specify the changes necessary to correct the error (as discussed above, changes to the place of use legal description, number of irrigable acres, and quantity). The Court will likely set a hearing date upon receipt of the Department's Request. You may wish to participate, and the Court does allow telephonic appearances. However, if you do not object to the error correction, then you can either alert the SRBA Court of such or opt not to appear. If you choose the latter course, the Court may proceed with adopting the Department's proposed recommendations for the amended partial decrees.

If you have any questions or problems concerning this letter, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jan Shurte".

Jan Shurte
Adjudication Technical Analyst
Idaho Department of Water Resources

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QQ

