

Aasa, Kent

From: Bryce Farris <bryce@sawtoothlaw.com>
Sent: Monday, February 28, 2022 12:18 PM
To: Aasa, Kent
Cc: Graves, Lori; King, Scott; Baxter, Garrick; Stephen Bauchman
Subject: Letter regarding Stephens Gulch Water Association
Attachments: image001.wmz; SKM_C45822022811580.pdf

Kent:

Please see the attached letter and call me should you have any questions. FYI I will be out of the office the rest of this week so if you have any immediate questions you can contact Lori Graves or Scott King at HDR Inc.

Thanks,

S. Bryce Farris

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SUPPORT DATA
IN FILE # 72-16888

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RECEIVED

FEB 28 2022

DEPT OF WATER RESOURCES
SOUTHERN REGION

RE: Change of Ownership for Water Right Nos. 72-16996, 72-16997 and 72-16998
previously held in the name of Stephens Gulch Water Association.

Dear Mr. Aasa:

I am writing to you on behalf of the Stephens Gulch Water Association (hereinafter "Association"). This letter is in regards to a Change in Water Right Ownership filed by Chad W. Malcolm and Shawn D. Malcolm and which you/Idaho Department of Water Resources (IDWR) approved on or about May 6, 2021. For your ease of reference, I am enclosing herewith a copy of your letter and the Notice of Change in Water Right Ownership (hereinafter "Notice").

As you can see from the Notice, the Malcolms sought to change the ownership for water right nos. 72-16721, 72-16723, 72-16725 and 72-10152 as the successors in interest to water rights previously held in the name of Beth N. Stephens. However, the approval of the change in ownership included water rights which are held in the name of the Association. More specifically, the approved change of ownership purports to change the ownership of water right nos. 72-16996, 72-16997 and 72-16998, previously held in the name of Association, to the Malcolms (these were split off from the Association's water right nos. 72-16888, 72-16889 and 72-16890).

It appears that the change to the Association's water rights was a clerical error or oversight as the approval letter dated May 6, 2021 does not mention water right nos. 72-16996, 72-16997 and 72-16998, and while the letter appears to copy Beth N. Stephens, it clearly does not include

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or provide any notice to the Association of the change in ownership or of the split of the water rights that it holds in trust for its users.

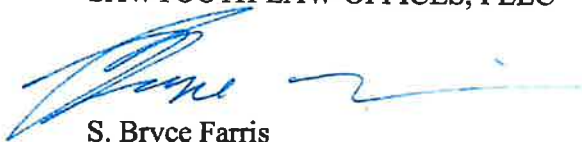
Accordingly, the Association contends that the change of any Association held water rights, including water right nos. 72-16996, 72-16997 and 72-16998 in the name of the Malcolms, was improper and needs to be corrected. Please advise as to how to best proceed to correct/reverse these changes.

The Association is also concerned that this could happen in the future as lots/parcels are sold and thus it would like to understand and confirm how this could be prevented in the future. I do not think a "security interest" is proper form or mechanism but do think something in the file would be helpful to prevent this from occurring in the future.

Please contact me once you have had an opportunity to review this matter to discuss.

Very truly yours,

SAWTOOTH LAW OFFICES, PLLC



S. Bryce Farris

Encl.

cc: Client, w/ encl.
Garrick Baxter via E-mail
Lori Graves via E-mail
Scott King via E-mail