

Douglas J. Balfour, Chartered

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June 1, 2017

James Cefalo
Water Master
Idaho Department of Water Resources
900 N. Skyline Drive, Suite A
Idaho Falls, ID 83402-1718

james.cefalo@idwr.idaho.gov

RE: Recision of Location Transfer, Water Rights Nos.: 35-14014 and 35-14015

Dear Mr. Cefalo:

This office represents Power County Idaho concerning their recently purchased Water Rights, numbers 35-14014 and 35-14015. We have filed with the Idaho Department of Water Resources a Notice of Change in Water Right Ownership. A copy of that Application with attachments is attached to this letter. By separate letter I am sending you, by USPS, check #7390 in the amount of \$25.00 for the Change. Please process the Change.

Another purpose of this letter is to rescind the requested transfer of location, 35-14014 and 35-14015. This request to transfer was made by Magnolia Nitrogen Idaho, LLC, (Magnida) successor in interest to Southeast Idaho Energy, Inc. We are informed that the Transfer number is 75417.

Magnida intended to use the Water Rights as part of a major ammonia plant to be constructed in the industrial park in Power County Idaho. Therefore they requested a transfer of the location of those Water Rights to the proposed site of the plant. That plant was never begun, the funding failed, and Power County purchased those Water Rights.

It has been the recommendation of water rights attorneys as well as the Idaho Department of Water Resources that the location of those Water Rights be moved back to the FMC site, and that is the purpose of this letter.

Those Water Rights were never used at the Magnida site. The attached Affidavit of Ric Sorbo explains that.

SUPPORT DATA

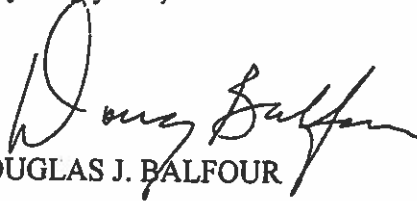
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Power County therefore requests the rescission of that application for a transfer. It is our understanding that the transfer was never granted, as the Water Rights were not used at the new site.

Please contact me if you have any questions regarding this.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Douglas J. Balfour".

DOUGLAS J. BALFOUR

DJB/eg
attachments
c BOCC w/out attachments
Sharee Sprague
Anson Call

AFFIDAVIT OF RIC SORBO

STATE OF NC)
COUNTY OF Wake)

ss.

I, Ric Sorbo, first being first duly sworn, state:

1. I am the CEO of Magnolia Nitrogen Idaho, LLC ("Magnolia") and have held this position since December 2013.
2. That Magnolia acquired the assets of Southeast Idaho Energy in the fall of 2012, including ownership in water rights nos. 35-14014 and 35-14015.
3. That these water rights have a point of diversion and place of use near the town of American Falls, Idaho as a result of Transfer No. 75147, which moved the proposed water use down to the present place of use.
4. That this Transfer was initiated as a part of the proposed development of Magnolia, said development which was never completed.
5. That in fact because of financial issues the water right transfer was never completed and a well was never drilled; nor water pumped at the new place of use.
6. That Magnolia did lease the water rights to Lance Funk for three years but terminated the lease in 2016.
7. That as a result of abandoning the project, Magnolia has now sold the water rights to Power County, Idaho.

DATED this 13th day of March, 2017.



RIC SORBO, Chief Executive Officer
Magnolia Nitrogen Idaho, LLC

Subscribed and sworn to before me this 13th day of March, 2017.

KRISTINA C. STEGALL
Notary Public
Wake Co., North Carolina
My Commission Expires Sept. 29, 2018

Notary Public 

Residing at

My commission expires: 9/29/2018

401 Brewster Dr Holly Springs, NC 27540

PAGE 1
Mar-16-2004

PAGE 1
Mar-16-2004