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APR 29 2014

DEPARTMENT OF
WATER RESOURCES

April 28, 2014

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Via Facsimile and U.S. Mail

Jeff Peppersack
Bureau Chief – Water Allocation Bureau
Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

Steve Clelland
Senior Water Resource Agent
Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

Re: Water Right Nos. 37-7268, 37-7454, 37-7602 and 37-8679

Dear Mr. Peppersack and Mr. Clelland:

I appreciate the opportunity to have met with you and Steve Clelland, along with Idaho Deputy Attorneys General Meghan Carter and Emmi Blades, on April 7, 2014, to discuss the surface water remarks in the SRBA Director's Report Recommendations for Water Right Nos. 37-7268, 37-7454 and 47-7602. As you know, Steve Clelland has confirmed that those remarks originated from Transfer No. 70444, which involved the creation of a 489 acre permissible place of use for ground water Right Nos. 37-7454, 37-7602, 37-7268 and 37-8679 and the addition of approximately 31 acres in Lot 8 of Section 19, Township 6 South, Range 19 East, B.M. to the place of use for these rights.

It was through the approval process for Transfer No. 70444 that the following two (2) remarks became associated with these water rights due to the Big Wood Canal Company shares associated with the approximately 31 acres added to these water rights' place of use:

The right holder shall make full beneficial use of all surface water rights available to the right holder for irrigation of the lands authorized to be irrigated under this right. The right holder shall limit the diversion of ground water under this right to those times when the surface water supply is not available or the surface water supply is not reasonably sufficient to irrigate the place of use authorized under this right.

If the surface water right(s) appurtenant to the place of use is abandoned, forfeited, sold, transferred, leased or used on any other place of use, this right to divert ground water shall not be used without an approved transfer pursuant to Section 42-222, Idaho Code, or approval of the Department if a transfer is not required.

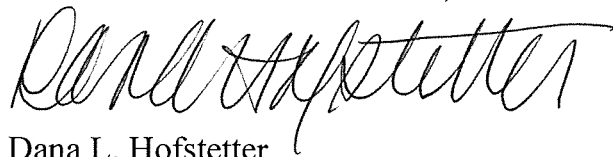
Based on Transfer No. 70444, the Idaho Department of Water Resources ("IDWR") now has included these two remarks in its SRBA Director's Report Recommendations for Water Right Nos. 37-7268, 37-7454 and 37-7602. I enclose a copy of Big Wood Canal Company Stock Certificate No. 12816 provided to me by the Huysers which confirms that the only Big Wood Canal Company shares held by the Huysers are associated with the approximately 31 acres in Lot 8 of Section 19, Township 6 South, Range 19 East, B.M. As you will note from the enclosed certificate, the Huysers have only 25 shares in the Big Wood Canal Company which the certificate indicates corresponds to 1/80 of a cubic foot per second ("cfs") per share, or about 0.31 cfs for 25 shares.

As discussed at the April 7, 2014, meeting, the Huysers are concerned that the two remarks quoted above could be misinterpreted to apply to more of the 489 acre permissible place than just the 31 acres in Lot 8 of Section 19, Township 6 South, Range 19 East. At the April 7, 2014, meeting Mr. Peppersack explained that these two remarks are only intended to apply to the portion of the permissible place of use that also has surface water rights associated with it. Accordingly, Mr. Peppersack further explained that under the wording of these remarks, ground water Right Nos. 37-7268, 37-7454, 37-7602 and 37-8679 may be used on any acreage of the permissible place of use not having surface water rights, whether or not surface water is available for the approximately 31 acres having surface water rights.

For the record, I would request that IDWR includes copies of this letter in both IDWR's adjudication and water right files for all four of the above-referenced water right numbers. Thank you for your attention to this matter.

Sincerely,

HOFSTETTER LAW OFFICE, LLC

A handwritten signature in black ink, appearing to read "Dana L. Hofstetter", written over a horizontal line.

Dana L. Hofstetter

Enclosure

cc: Emmi Blades w/ enclosure *via facsimile and U.S. Mail*
Meghan Carter w/ enclosure *via facsimile and U.S. Mail*

INCORPORATED UNDER THE LAWS OF THE STATE OF IDAHO

Number 12816

-25.00- Shares

Big Good Canal Company
Capital Stock \$150,000.00

This is to Certify, That *Alton and Paula Huyser* *is the owner of*
 *-25.00-* *Shares of the Capital Stock of the Big Wood Canal Company, transferable on the books of the*
Company by endorsement hereon.

Each share entitles the owner thereof to receive one-eightieth of a cubic foot of water per second of time for the irrigation of and domestic uses of the following described land: (Pt. Lt. 8)

Part of Lot Eight (8)

Section 19, Township 6, South of Range 19, East, B.M., in the County of Lincoln and State of Idaho, and this certificate also entitles the owner to a proportionate interest in the dam, canal, reservoir, water rights and all other rights, and franchises of this Company, based upon the number of shares finally sold, in accordance with the contract between the Idaho Irrigation Company, Limited, and the State of Idaho, dated August 21st, 1907, as amended.

IN WITNESS WHEREOF, The Big Wood Canal Company, has caused this Certificate

to be sealed with its Corporate Seal and signed by its duly authorized officers this
21..... day of..... January..... 2009

Big Wood Canal Company

By J. May Secy. &
President.

Attest: Jane M. Sabala Secretary.