



State of Idaho

DEPARTMENT OF WATER RESOURCES

Eastern Region, 900 North Skyline Drive, Suite A • Idaho Falls, Idaho 83402-1718

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C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

February 10, 2011

Randy Budge
Racine Olson Nye Budge & Bailey
201 East Center Street
Pocatello, ID 83204

Re: Whiskey Creek Ranch – Transfer No. 77048

Dear Mr. Budge:

We have started reviewing the transfer application you submitted on behalf of Whiskey Creek Ranch, LLC and have come across a few items that need to be addressed. We may come across other items in the future, but I think it's best to make you aware of what we have found so far so you can start collecting the additional information.

The first item is really a housekeeping matter. The transfer application was filed in the name of Whiskey Creek Ranch, LLC. However, the last deed in the chain of ownership is in the name of Nathan S Hale and Stacy N Hale (2006). Our Caribou County GIS taxlot layer shows that part of the NENE of Section 19 is in the name of Whiskey Creek Ranch. A map provided with the application shows that water right 13-761 has been used to irrigate this specific property. If the applicant wishes to change the name of all of the water rights to Whiskey Creek Ranch LLC, he needs to provide a warranty deed conveying the water rights (and/or property) from Nathan and Stacy Hale to Whiskey Creek Ranch. Otherwise, the transfer approval will update ownership according to the current evidence of ownership. If no changes are made, 13-761 will probably end up in the name of Whiskey Creek Ranch and the remaining rights would be in the name of Nathan and Stacy Hale. If you decide to execute additional deeds conveying water or property, please provide us a copy of the documents.

Second, the decree for water rights 13-687A, 13-688, 13-728, 13-729 and 13-761 includes the NESE of Section 18, T11S, R41E. Taxlot records show that Steven Harrison owns a 2-acre parcel in that quarter-quarter. The decrees for water rights 13-728, 13-729 and 13-761 include the SESE of Section 18. Taxlot records show that Ralph Olorenshaw owns a 2-acre parcel in that quarter-quarter. In addition, Daniel Mickelson still owns about 12 acres in both of

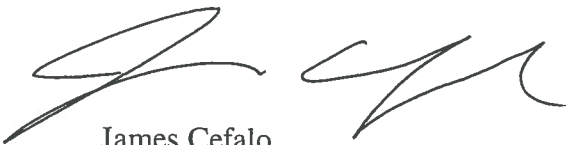
these quarter-quarters. It is unlikely that Mr. Mickelson will claim any portion of the water rights transferred because he was willing to sign affidavits supporting elements of the transfer. The other two owners, Harrison and Olorenshaw, may not be aware of the transfer and may be entitled to a small portion of the listed water rights. We will send a letter to all of these individuals notifying them of the transfer and of their right to protest. If no protests are received, we will move forward assuming that Whiskey Creek Ranch has full ownership of the rights. You don't need to take any steps on this issue. I just wanted to make you aware that letters will be sent to Olorenshaw and Harrison.

Third, the application states that a portion of the property has been under a set-aside program. Please provide a copy of the CRP contract and a map showing where the dried-up acres are located.

Finally, could you please provide a map showing where the 348 acres will be irrigated after the transfer process is complete. If we approve the permissible place of use, the water user must identify the location of the acres being irrigated within the PPU. As the irrigated acres are adjusted in the future, the water user will need to update the department's shapefile of irrigated acres.

Thank you for addressing these items. We will continue to update you on the status of the application and notify you if there is any more information needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Cefalo', with a stylized, flowing script.

James Cefalo
Water Resources Program Manager
IDWR – Eastern Region

Cc: Whiskey Creek Ranch, LLC