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September 12, 2012

James Cefalo
Jonie Barg
State of Idaho, Department of Water Resources
Eastern Region
900 North Skyline Drive, Suite A
Idaho Falls, Idaho 83402-1718

RECEIVED

SEP 14 2012

Department of Water Resources
Eastern Region

RE: Water Right Nos. 34-322 & 34-323

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SEP 14 2012

Department of Water Resources
Eastern Region

Dear James and Ms. Barg:

I represent Lynn and Velma Metcalf. Until earlier this month, they were listed on the records of the Department as the owners of Water Rights Nos. 32-322 and 34-323. The ownership of these Water Rights is in litigation in the District Court of the Seventh Judicial District of the State of Idaho, in and for the County of Butte, Case No. CV 2010-100. The Plaintiffs in the litigation, Paul Lanier, Marianne Lanier, Russell Hanks, and Virginia Hanks, are represented by Nathan Olsen, an attorney in Idaho Falls. I represent the Metcalfs, who are the Defendants.

On July 18, 2012, the Court entered a Partial Summary Judgment that stated "water rights 34-322 and 34-323 were reserved by Hanks notwithstanding a transfer of property to Defendants by deed on July 3, 1997, Instrument No. 31479." This Partial Summary Judgment is an interlocutory order and is not a final judgment. The matter remains in litigation, and the Court in its opinion on summary judgment listed several issues that need to be resolved.

Apparently, Hankses and/or Laniers approached the Department since the time of the entry of the Partial Summary Judgment, and provided a copy of that Judgment to the Department along with a Quitclaim Deed from Hankses to Laniers describing the water rights. Based upon those documents, it is my understanding that the Department has now changed ownership of these water rights into the name of the Laniers. Laniers are now threatening to sell these water rights to unnamed third parties.

Apparently the Department did not realize that this Partial Summary Judgment is an interlocutory order and is not final.

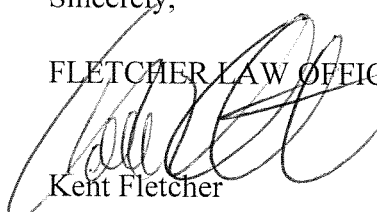
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The purpose of this letter is to put the Department on notice that the ownership of these water rights is in litigation and until the parties reach a settlement, or until the Court enters a final order, the ownership should not have been changed from the names of the Metcalfs into the names of the Laniers. Please cease any further transfer of these water rights until the Department receives notice of a settlement or of a final judgment resolving this issue.

Thank you for your attention to this.

Sincerely,

FLETCHER LAW OFFICE



Kent Fletcher

KF/brd

pc: Lynn and Velma Metcalf
Nathan M. Olsen