



State of Idaho

DEPARTMENT OF WATER RESOURCES

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July 5, 2012

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

Paul L. Arrington
BARKER ROSHOLT & SIMPSON LLP
PO Box 485
Twin Falls, Idaho 83303-0485

Re: Water Supply Bank Applications in the Name of Lance Funk

Dear Mr. Arrington:

Thank you for your letter dated June 25, 2012 regarding the applications referenced above. In your letter, you inquired about the Department's review of the applications and expressed concern about injury to senior water rights resulting from Lance Funk's water use. Additionally, you asked if the Department is currently investigating any unauthorized use of water on Mr. Funk's proposed place of use.

As stated in your letter, Mr. Funk filed five Water Supply Bank rental applications in April 2012 for irrigation of the same lands described by five pending applications for permit currently protested by your clients and others. The rental applications included proposals to offset or mitigate for depletions to the Snake River caused by ground water pumping. Two of the rental applications proposed rental of ground water rights formerly in the name of FMC. The Department recently received correspondence from Mr. Funk's representative stating that at least one of those proposals will be modified to exclude the FMC rights. The Department reviewed the remaining three rental applications and found that the proposals to mitigate for depletions to the Snake River are complete. However, the Department is providing notice to your clients and others before taking further action on the rental applications. Please contact the Department as soon as possible, if you have concerns or need additional information regarding those applications.

The Department recently issued a Cease and Desist Order to Mr. Funk for unauthorized use of water on the place of use proposed in the rental applications. The Department will continue to investigate any unauthorized use of water on those lands and take action as appropriate under the law.

Mr. Arrington
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Please contact me, if you have questions regarding this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gary Spackman". The signature is fluid and cursive, with the first name "Gary" being more prominent and the last name "Spackman" written in a continuous, flowing script.

Gary Spackman
Interim Director

cc: Eastern Region, IDWR
Randy Budge for IGWA
John Simpson for Idaho Power Co.
Paul Arrington for Burley Irrig. Dist., A&B Irrig. Dist., Milner Irrig. Dist., North Side
Canal Co., Twin Falls Canal Co.
Kent Fletcher for Minidoka Irrig. Dist.
Greg Sullivan, Brockway Engineering
Lance Funk and/or Lisa Funk Partnership