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DEPARTMENT OF
WATER RESOURCES

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March 22, 2012

Via U.S. Mail and Email (john.homan@idwr.idaho.gov)

Mr. John Homan
Deputy Attorney General
Idaho Department of Water Resources
322 East Front Street
P.O. Box 83720
Boise, Idaho 83720-0098

Re: Ownership of Water Rights 61-2188, 61-7151 and Portions Thereof Re-designated
as 61-12272 and 61-12273

Dear John:

I represent Jay and Christine Brown, who are the decreed owners of Water Right Nos. 61-2188 and 61-7151. In January of 2007, the Browns conveyed to Ms. Augusta Greenheart sixty acres of land out of a 320-acre decreed permissible place of use for Water Right Nos. 61-2188 and 61-7151. At the time of conveyance the sixty acres were dry land, and were not susceptible to irrigation. The Brown's sales contract with Ms. Greenheart, their express representations to her at the time, and her subsequent admissions and actions confirm that the parties understood that no portion of Water Right Nos. 61-2188 or 61-7151 were to be conveyed to Ms. Greenheart with the sixty acres. Subsequent to the closing of the sale of the sixty acres to Ms. Greenheart, she has repeatedly confirmed her agreement with the Browns that she purchased the land without water rights. Such confirmations include representations she has made to the Elmore County Board of Equalization to obtain a change to the classification of her land to "dry grazing" and more favorable tax treatment.

Despite their agreement, and Ms. Greenheart's subsequent admissions that she did not acquire her property with any water rights, Ms. Greenheart filed a Notice of Change of Ownership with the Department on February 17, 2012 representing that she in fact did acquire

Mr. John Homan
Deputy Attorney General
Idaho Department of Water Resources
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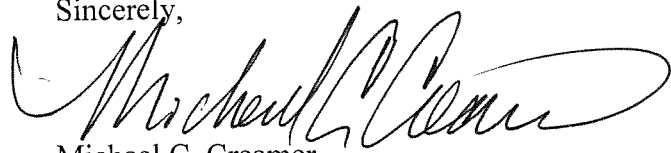
her property with a proportionate share of Water Right Nos. 61-2188 and 61-7151. The Browns emphatically disagree that Ms. Greenheart owns any portion of Water Right Nos. 61-2188 and 61-7151, including those portions now designated in the Department's database as Water Right Nos. 61-12272 and 61-12273.

The Browns have directed me to file suit against Ms. Greenheart in the district court for Elmore County to quiet their title in their Water Rights. Until that matter is concluded the Browns demand that the Department not take or allow any action that would prejudice them with respect to ownership or their ability to rent their Water Rights from the IWRB water supply bank.

The Department's initial allocations of all of the above-referenced rights in response to Ms. Greenheart's Notice of Change of Ownership, including the allocations of irrigated acres, diversion rates and volumes and combined use limits were in error, and the Department subsequently has revised its water right database. The Browns in no way concede or agree that either the Department's original allocations or the revised allocations are appropriate, nor do they waive their asserted ownership to the entirety of Water Rights 61-2188 and 61-7151 as originally decreed to them by the SRBA Court.

I will appreciate it if you will please arrange for me to be copied on all correspondence or notices concerning any of the above-referenced water rights pending a conclusion of these issues. I will, of course, advise the Department of the outcome of the Brown's quiet title lawsuit.

Sincerely,



Michael C. Creamer

MCC:jss
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cc: Jay and Christine Brown
Augusta Greenheart