

May 6, 2010

To: Idaho Dept. of Water Resources
900 N Skyline Drive
Idaho Falls, ID 83402

From: Blaine County Canal Company
1480 Hwy 33
Howe, ID 83244

We are forwarding the following information to you in regards to transfer #69786. As we stated in our letter to Mr. & Mrs. Tom Hejtmanek we consulted with your office a couple of weeks ago to assist us in understanding the condition placed on the transfer, and are going to continue to recognize their full stock and shares in BCCC until we are instructed otherwise by them or IDWR.

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Department of Water Resources
Eastern Region

May 3, 2010

Mr. & Mrs. Tom Hejtmanek
1395 W 3900 N
Howe, ID 83244

This letter is in response to your concern that Blaine County Canal Company was cutting your water right. We felt that we were following through on condition # 2 page 5 of transfer #69786. We should have waited to get this direction from IDWR or you. We have consulted with IDWR on this condition and we have no intention of being the enforcer or interpreter of conditions placed on the transfer. As far as BCCC is concerned until we have been directed by either you or IDWR we will continue to recognize your 240 shares of stock and deliver all of the water associated with these shares as to your wishes.

We see this as a issue between you, Aaron Romrell and IDWR. We strongly suggest that you try to resolve this issue so it doesn't come up in the future. Be aware that ~~the~~ IDWR is aware of this matter and have asked us to send a copy of this letter to them.

Blaine County Canal Company
1480 Hwy 33
Howe, ID 83244

Bill Stauffer (chairman)

Bill Stauffer

Wade Williams (director)

Wade Williams

Rory Pancheri (director)

Rory Pancheri

cc: Marty R Anderson
James Cefelo (IDWR)

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Eastern Region

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**THOMPSON • SMITH
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A Professional Limited Liability Company

April 15, 2010

*Licensed in Idaho
and Wyoming

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Blaine County Canal Co., Ltd.
1480 Hwy 33
Howe, ID 83244

To Whom It May Concern:

Our office represents Mr. and Mrs. Tom Hjetmanek. As you are aware, you recently delivered a Notice of Annual Assessment to the Hjetmaneks regarding their shares in the Blaine County Canal Company. As you may also be aware, the Notice purported to limit their shares to 200. The Hjetmaneks own 240 shares in the Blaine County Canal Company, and, accordingly, tendered \$600 for water assessment.

Ms. Isham put a sticky note indicating that the Hjetmaneks had relinquished forty (40) shares in a transfer with Mr. Stauffer. That is not accurate. The subject transfer occurred in 2002. At the time, Hjetmaneks did not own any shares in the Blaine County Canal Company. To the contrary, it was Mr. Stauffer who was required to surrender shares in the Blaine County Canal Company related to forty acres in Section 24 that he transferred 1 cfs of groundwater from to the Hjetmaneks. IDWR required that he dry up the forty acres "including use and disposition of associated Blaine County Canal Company Shares." I enclose a copy of the letter from Pamela Skaggs, IDWR Sr. Water Rights Agent regarding the transfer. I believe Mr. Stauffer used 24 shares related to that particular piece of ground.

Please be advised that any attempt to curtail the Hjetmaneks shares in the Blaine County Canal Company will be vigorously contested. We hope that litigation will not be necessary, and invite you to provide written confirmation that the Hjetmaneks have 240 shares in the Blaine County Canal Company within thirty (30) days.

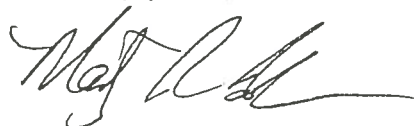
We look forward to your prompt response to this matter.

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Department of Water Resources
Eastern Region

Very truly yours,



Marty R. Anderson

MRA/ll
C: client