



State of Idaho

DEPARTMENT OF WATER RESOURCES

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C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

December 2, 2011

Proventus III, LLC and Lakeshore Farms 2, LLC
c/o Farmland Management Services
301 East Main Street
Turlock, CA 95380

RE: Notice of Change in Water Right Ownership for Proventus III, LLC (Rights 31-2314, 31-2315A, 31-7278A, 31-7279A, 31-7280A, 31-12214, 31-12215, 31-12217, 31-12219)
Notice of Change in Water Right Ownership for Lakeshore Farms 2, LLC (Rights 31-7004, 31-7087, 31-7253, 31-7283, 31-7284, 31-7312, 31-10665, 31-12216, 31-12217, 31-12218, 31-12219)

Dear Sir or Madam:

On April 28, 2011, you filed two Notices of Change in Water Right Ownership ("ownership changes"). One was for Proventus III, LLC and sought to update the ownership of nine ground water rights near Mud Lake, Idaho. (The other was for Lakeshore Farms 2, LLC and sought to update the ownership of eleven ground water rights in the same area. The ownership changes included maps and a water right summary prepared by a local water consultant, Jason Helms. A filing fee of \$375 (Receipt E036606) was included with the Proventus ownership change. A filing fee of \$425 (Receipt E036604) was included with the Lakeshore ownership change.

An initial review of the ownership changes revealed that certain water rights (31-2314, 31-12215, 31-12217 and 31-12219) overlapped both properties and would need to be split between Proventus and Lakeshore. Mr. Helms's summary included a proposal of how these "overlap" rights should be split. Unfortunately, the split proposed by Mr. Helms does not agree with the legal conveyance documents provided (the warranty deeds between BLF Land / Larsen Farms and Proventus / Lakeshore).

The department can only update the ownership of water rights to match legally binding conveyance documents. In August 2011, we notified Mr. Helms of the discrepancy and asked him to have the parties execute supplemental conveyance documents to effectuate the splits set forth in his summary page. We have never received any additional conveyance records from Mr. Helms or Farmland Management Services.

We have decided to complete the ownership changes on all of the non-split rights. Summary reports for these rights are enclosed. **The overlap rights (31-2314, 31-12215, 31-12217 and 31-12219) have not been split or updated.** We have decided, at this point, to

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refund the fees associated with the overlap rights to allow you more time to work out the ownership issues pertaining to these rights. A total of \$450 will be refunded (\$250 for the Proventus ownership change and \$200 for the Lakeshore ownership change). A refund check from the state of Idaho should arrive in the next couple of weeks. Feel free to file another ownership change on the overlap rights once deeds are executed accomplishing the ownership split you desire. Please contact me with any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Cefalo', written over the printed name.

James Cefalo
Water Resources Program Manager

Cc: Jason Helms, 6755 North Albert Lane, Idaho Falls, ID 83401

Encl: Water right reports