

Farmland Reserve, Inc.

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Salt Lake City, UT 84111-1103
(801) 715-9195

RECEIVED

June 14, 2010

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DEPT. OF WATER RESOURCES
SOUTHERN REGION

Allen Merritt
Regional Manager
Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, ID 83301-3380

RE: Application for Transfer of Water Right No. 76116

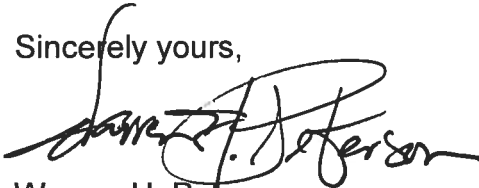
Dear Mr. Merritt:

Thank you for your letter of May 11, 2010, regarding the administrative procedures related to the protest filed by Oak Valley Dairy, LLC and Oak Valley Land Company, LLC regarding Application for Transfer of Water Right No. 76116.

This letter is to let you know that Mike Aardema, representing the protestants, and Farmland Reserve, Inc. representatives have been in discussions to resolve the issues raised in the protest. Different options are being considered and we are hopeful that a satisfactory outcome can be reached. Mr. Aardema and I verbally agreed that we should postpone any further activity on the application and the protest while we evaluate other alternatives. On behalf of the applicant, I request that further proceedings on the application be suspended until further notice, or until such time as you may determine.

If you have any questions, please contact Frank Judd (801-715-9157) or me. My direct number is (801) 715-9109.

Sincerely yours,



Warren H. Peterson
Vice President

Cc: Mike Aardema
Timothy J. Stover, Worst, Fitzgerald & Stover
Bruce Findlay, Kirton & McConkie



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Attorneys for Oak Valley Dairy, L.L.C., and
Oak Valley Land Company, L.L.C.

**BEFORE THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF IDAHO**

IN THE MATTER OF APPLICATION	)	
FOR TRANSFER NO. 76116	)	NOTICE OF JOINT PROTEST
in the name of Farmland Reserve, Inc.	)	
		Protest Fee: \$25.00

OAK VALLEY DAIRY, L.L.C. and OAK VALLEY LAND COMPANY, L.L.C.

(hereinafter "Protestants"), by and through their attorneys of record, WORST, FITZGERALD & STOVER, PLLC, hereby file this *Notice of Joint Protest* to the approval of the above-numbered application for transfer filed by Farmland Reserve, Inc. ("Applicant"). The initial bases for the protest is as follows:

1. The Applicant has failed to provide sufficient evidence to fully evaluate the application for transfer; and
2. Approval of the transfer without adequate mitigation will result in injury to the Protestants' senior water rights; and