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DEPARTMENT OF
WATER RESOURCES

American Falls Office
127 Idaho Street — P.O. Box 300
American Falls, Idaho 83211
208.226.5251 or 1.800.831.5143
Fax: 208.226.5063
www.idahoagcredit.com

May 11, 2011

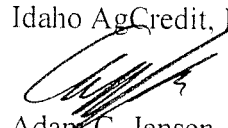
IDWR
900 N. Skyline Dr., Suite A
Idaho Falls, ID 83402-1718

To Whom It May Concern:

This letter is to inform you that Idaho AgCredit, FLCA, a wholly owned subsidiary of Idaho Agricultural Credit Association, no longer has an interest in Water Right No's. 35-14001 and 35-14002.

If you have any questions on this matter please contact us at the above telephone number or address.

Sincerely,
Idaho AgCredit, FLCA


Adam C. Jensen
Branch Manager/Assistant Vice-President

COPY



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

REC'D MAY 11 2011

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

May 10, 2011

PEP LLC
1356 S 3000 W
ABERDEEN ID 83210

RE: Water Supply Bank Lease for 35-7246C and 35-8864
Water Right Nos.: 35-7246C, 35-8864, 35-14001, 35-14002, 35-14003 and 35-14004

Dear Lessor:

This letter is to update you on the status of your water rights, 35-8864 and 35-7246C, for irrigation in Bingham County. Portions of these water rights were leased into the Water Supply Bank beginning May 7, 2009. Transfer 76265 was approved in March 2010, resulting in split of each water right into two parts. 35-8864 split into 35-14001 and 35-14002. 35-7246C split into 35-14003 and 35-14004. You retained ownership of all parts. However, we are unable to determine what should now be leased to the Bank. Without this information, we will be unable to rent these water rights.

Please contact me at (208) 287-4907 or send a written description of what should be leased to the Bank. If you like, you can use our lease application forms, available on our website, to describe the lands to be leased.

Sincerely,

Monica Van Bussum
Sr. Water Resource Agent

C: Idaho Ag Credit FLCA – Security Interest Holder – PO Box 300; American Falls, ID 83211