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MAR 02 2011
DEPT. OF WATER RESOURCES
SOUTHERN REGION

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
LAWRENCE G. WASDEN

March 1, 2011

Arden Cranney
250 Land Ranch Rd
Oakley, Idaho 83346

CERTIFIED MAIL

RE: Notice of Violation and Cease and Desist Order

Dear Mr. Cranney,

The Idaho Department of Water Resources (Department) has contacted this office requesting that legal action be commenced for the unauthorized use of water on lands located in Cassia County.

The Department issued a notice of violation citing a violation of Idaho law under I.C. § 42-351 for irrigating up to 65 acres of land without a water right. The Notice of Violation dated September 28, 2010 required that you immediately cease any further diversion of water to the lands in question until valid water rights are obtained or transferred. Additionally, the Notice of Violation also required that you pay a civil penalty in the amount of \$19,500.00 no later than November 1, 2010.

It is my understanding that you contacted the Department on October 13, 2010 to delay discussion of this matter at a time convenient to you in early November of 2010. The Department sent correspondence to you on January 3, 2011 asking that you contact the Department immediately to schedule a compliance conference. The Department advises me that you have not responded to its January 3, 2011 notice.

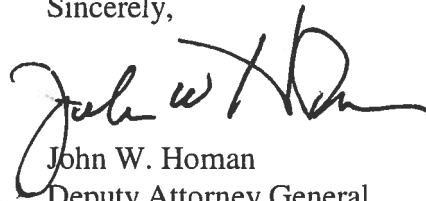
Mr. Cranney, the purpose of this letter is to give you a final opportunity to request a compliance conference with the Department to resolve the outstanding violations of Idaho water law. I am hesitant at this point to proceed ahead and file a lawsuit until I am convinced that you completely understand the urgency of the situation. You have been ordered to cease and desist any further diversion of water onto lands not authorized by a water right and the state intends to seek the maximum civil penalty allowed under the law if the matter goes to court. Please contact Tim Luke at the Department's State Office at (208) 287-4959 no later than Friday, March 11 2010 to schedule a compliance conference. Failure to contact the Department prior to the March

11th deadline shall result in this office filing a complaint in district court.

Finally, I want to strongly emphasize and discourage you from any future diversion of water not in conformance with your existing water rights. Although it is foreseeable that you and the Department may be able to come to some arrangement in the compliance conference to resolve the outstanding violations concerning the unauthorized diversion and the civil penalty, you must stop any unauthorized diversion of water until the water issues are resolved.

Please feel free to contact me at (208) 287-4812 should you have any questions.

Sincerely,



John W. Homan
Deputy Attorney General
Natural Resources Division

- c. Tim Luke, IDWR State Office
✓ Allen Merritt, IDWR Southern Region
- e. Copy of Department Correspondence Dated January 3, 2011
Copy of Department Correspondence Dated September 28, 2010