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DEPARTMENT OF
WATER RESOURCES

PORTNEUF IRRIGATING COMPANY

c/o Arimo Corporation
925 West 100 North, Suite F
P.O. Box 540478
North Salt Lake, UT 84054

February 11, 2011

Ms. Monica Van Bussum
Coordinator, State Water Supply Bank
Idaho Department of Water Resources
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

VIA CERTIFIED MAIL, RRR
#7002 0460 0002 9610 9390

RE: *Substitute Application To Sell Or Lease A Water Right To The Water Supply Bank* (the "Bank Application") and *Application To Rent Water From The Water Supply Bank* (the "Rental Application")

Dear Ms. Van Bussum:

Please consider this letter and its accompanying attachments in full substitution for Portneuf Irrigating Company's ("PIC") previous transmittal letter to you dated December 29, 2010, including that certain *Application To Sell Or Lease A Water Right To The Water Supply Bank* thereto attached, first received by the Idaho Department of Water Resources ("IDWR") by email on December 30, 2010, and accepted into the Water Supply Bank by IDWR in a letter to PIC dated January 25, 2011.

PIC intends that this substitute letter and accompanying applications be deemed submitted for and accepted by IDWR effective as of the same date (December 30, 2010) as the original letter and application.

PIC, an Idaho non-profit corporation operating an irrigation canal to deliver water to its shareholders, desires to collectively lease, through the State of Idaho Water Resources Board Water Supply Bank (the "Bank"), 10.5 CFS of water for the full irrigation of 600 acres to Portneuf Marsh Valley Canal Company Limited ("PMVCC"), an Idaho non-profit corporation operating an irrigation canal to deliver water to its shareholders. To that end, please find attached PIC's Bank Application and PMVCC's Rental Application (collectively, the "Applications").

The undersigned, PIC and PMVCC (collectively, the "Applicants") share a joint canal into which they divert their respective water rights from the Portneuf River at the point of diversion described in the Applications. The Applicants desire that these Applications be considered as "companion" applications and therefore that they be considered, processed,

and approved together as a package. The Applicants hereby designate Christopher F. Robinson as their representative for that purpose.

PIC's water rights as shown on the Bank Application provide for the irrigation of 3,117.6 acres by a flow of 55 CFS from the Portneuf River. Because the place of use under the PIC Water Rights is merely 3,117.6 acres within a much larger digitized polygon, we are not providing a detailed listing of the current place of use before taking into account the proposed Bank Application. However, in satisfaction of Section A (4) of the Bank Application, please find attached an aerial photograph which outlines the approximately 2,518 acres that PIC will continue to irrigate once the Bank Application is approved.

Likewise, the place of use for PMVCC's water rights as described in the Rental Application is 5,301.2 acres within a much larger digitized polygon. In satisfaction of Section A(4) of the Rental Application, the place of use for the 10.5 CFS AF of leased water to be used within PMVCC's existing digitized polygon to provide up 600 acres worth of water to be used as additional supply to supplement PMVCC's irrigation of its 5,301.2 acres contained within its service area.

As provided in Section D(2) of the Bank Application, the Applicants have agreed upon a pre-negotiated rental rate of \$1.00 per year, not including any fees assessed by IDWR or the Idaho Water Resource Board.

Please let us know if there is a problem in processing these Applications as "companion applications". If they cannot be approved as a package, please let us know, and we may withdraw both Applications. If you need any other information or have any questions, please contact Christopher F. Robinson either by email (crobinson@theensigngroup.com) or cell phone (801-599-4397).

Respectfully submitted,

Portneuf Irrigating Company, an Idaho non-profit corporation

By: Randy Morris
Randy Morris
Vice-President

Portneuf Marsh Valley Canal Company Limited,
An Idaho non-profit corporation

By: Vere Daniels
Vere Daniels
Vice-President

Attachments: Bank Application and Rental Application