

MEMORANDUM

Date: June 17, 2010

To: File No. 65-4001

From: Emalee Rushing

Re: Ownership of water right no. 65-4001

On this date, Robert and Gerri Pottenger met with me to discuss the recent change in water right ownership for water right no. 65-4001. They did not understand how the department could change the ownership of the water right as the previous water right holder of record was his mother, Fern I. Howard, and there was not chain of title from her to the current owner, Alpha Mortgage Fund I, LLC, Trustee for the Benefit of all Variable 30-year Series 1-A Debenture Holders.

I provided Mr. & Mrs. Pottenger with a copy of the Administrator's Memorandum Records #9. I directed them to section 2 – Change in Ownership. I explained that since there was no specific language in the deed which excluded the water right, that the water right was considered conveyed as an appurtenance to the property. I also explained that if they had documentation that indicated that the water right was withheld, that they could submit it and we would review the document(s).

I also explained that we do not have the authority to make a determination of water right ownership; we base our decisions on how to update the ownership of a water right on the conveyance document(s) submitted. I told them if there was a question in ownership, that they should seek legal counsel and perhaps pursue the matter through the court.

Mr. Pottenger had a written statement which he wanted placed in the file. No action or reply is needed. The Pottengers may seek legal counsel to pursue the matter.

I did provide the Pottengers with an application for permit and the instructions on how to file an application for permit.

Cc: File nos. 65-3259 and 65-3275