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May 21, 2009

Ernie Carlsen
Idaho Department of Water Resources
900 N. Skyline Dr., Ste. A
Idaho Falls, ID 83402

Re: Application for Transfer for Water Right Nos. 31-10405A, 31-10415B, and
31-4117.

Dear Ernie:

Enclosed is the Application for Transfer and related documents we discussed by phone today which we had filed on behalf of Michael Ferguson. They were returned to us in 2008 by Dave Carlson, where he indicated we had provided the wrong fee, and wanted some additional documents resolving a potential ownership dispute of a portion of the above water rights. Dave indicated it would be best to get a release from Wendy Doschades for the acres in question, and my clients have diligently sought to do so over the last year, but without any success. Wendy Doschades' mother, Edna Marie Ellis, has provided the enclosed statement which clearly indicates that when Ms. Doschades' property was split off of the farm, it was never the intention of her or her husband to leave any of the irrigation water rights to Wendy. The intent was for all of the water rights for the farm to go to the Hansons, and my client, Mr. Ferguson, has purchased property from the Hansons. We believe the statement is quite clear as to what the intent of the parties was, and we therefore believe that this adequately evidences the fact that no irrigation water was intended to be split off to Ms. Doschades. We therefore request that the transfer be processed as we have submitted. To the extent the Department may be concerned about Ms. Doschades, we have attempted to contact her and discuss this issue with her, but she refuses to even listen to our request. We have simply done everything we can do, and at this point, wish to avoid any type of quiet title action with her. Please review the enclosed documentation, and let us know if it is acceptable to the Department.

Additionally, we have provided the correct filing fee for rearranging of the water rights. While it is submitted on the old form, as you can see from the documentation, it was submitted over a year ago, and we are not quite sure why it was not data entered. Rather than

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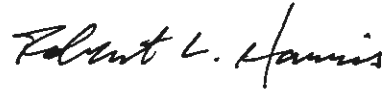
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Department of Water Resources
Eastern Region

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redo the form, we simply wish to keep it the same as we had initially submitted. If you have any questions or concerns, please let me know.

Best Regards,



Robert L. Harris
HOLDEN, KIDWELL, HAHN & CRAPO, P.L.L.C.

Enclosures