

August 12, 2008

Anchor Inc.
P.O. Box 1025
Hailey, Id 83333

Ed Terrazas and Jackie Weseloh
109 Ridgeview Dr.
Bellevue, Id 83313

Gary and Mari Mc Stay
P.O. Box 777
Bellevue, Id 83313

RE: Split of water rights 37-313 & 37-314

To: All concerned parties,

This letter is a request for additional information regarding the sale of water rights 37-313 & 314 appurtenant to Willow Creek Ranch and the corresponding split of those rights. A Notice of Change in Water Right Ownership was submitted to the Department in 2006 which included a copy of an agreement that outlined how water rights 37-313 & 37-314 were to be divided. This agreement indicated that 83.33% of the water rights were to be retained by Terrazas/Weselon, and 16.67% of the water rights were to be conveyed to the Mc Stay's. The Department proceeded to split water rights 37-313 & 314 according to the information submitted with the ownership change. During a recent review of a pending application for transfer (transfer #74712) various deeds were discovered relating to the division of property and water rights. The agreement submitted with the ownership change and the various deeds submitted with the transfer are in disagreement relating to the description of the portions of the water rights to be split. The sales agreement suggests the water rights are to be split on a percentage basis. However, according to the deeds submitted with the transfer, the Mc Stay land was sold with appurtenances, which would result in a proportionate split of the water rights based on the percentage of the place of use of the water rights that is located on the Mc Stay land. A Quit Claim Deed was also included with the transfer that indicates that the Mc Stays are to receive 16.67% of the water rights described in a purchase agreement with a place of use on the Terrazas/Weselon property. These documents describe different splits of the water rights to the parties involved.

Page 2, Split of water rights 37-313 & 37-314

I request your cooperation in providing direction on how the water rights are to be split up between the properties and parties involved. Keep in mind that currently the various documents (agreement, deeds, etc.) are not consistent with each other and documents may need to be corrected in order to describe the actual intent of the splitting of the water rights. **It should also be noted that the portions of the rights involved with the properties are currently pending in the Snake River Basin Adjudication court so resolving this matter as soon as possible (before the court issues decrees on the rights) would be in your best interest.**

If you have any questions, or if I can be of any further assistance, feel free to contact me at your convenience.

Sincerely,

Benny Walker
Water Resource Agent
Idaho Department of Water Resources