

September 17, 2008

James E. Stanton
Sr. Water Resource Agent
State of Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, Idaho 83301-3380

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SEP 19 2008
DEPT. OF WATER RESOURCES
SOUTHERN REGION

RE: App For Transfer 74345 East Ridge Milk LLC

Dear Mr. Stanton;

This Letter is in response to your letter dated August 29, 2008 in regards to the above referenced water transfer. I am formally requesting that you put this application on hold. With the current situation in the Dairy industry of declining milk price and high feed costs we are not comfortable with moving forward on our project of building a new Dairy at this time. The County has given us five years to begin construction without having to reapply on our current permit.

I would ask that the Department put this application on hold for the same time period as the County as given us, or until we notify the Department that we are ready to move forward. This would allow us to continue to irrigate the farm ground until we are ready to begin construction of the new Dairy. Our intentions are to build the new Dairy, but conditions have prompted this delay. Thank you for your consideration in this matter.

Sincerely,



Paul Duncan