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June 13, 2008

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RECEIVED

JUN 16 2008

DEPARTMENT OF
WATER RESOURCES

Aaron Marshall
Idaho Department of Water Resources
322 E. Front St
PO Box 83720
Boise, Idaho 83720-0098

Re: Signed Water Supply Bank Rental Agreement (37-415)
MTBR&F File No. 16845.0013

Dear Mr. Marshall:

Thank you for your letter of June 9, 2008, which encloses a Water Supply Bank Lease Acceptance and a Water Supply Bank Rental Agreement for the above-referenced water right. On behalf of Sinclair Oil Corporation d/b/a Sun Valley Company, I have enclosed with this letter a signed copy of the rental agreement and a check payable to the Idaho Department of Water Resources in the amount of \$251.44 for the annual rental fee.

I would also like to briefly clarify a particular issue with you regarding the Water Supply Bank Lease Acceptance. As you may recall, Sun Valley Company's lease application specifies that the water right is only available for rental by Sun Valley Company. Obviously, this is already the case for the 51.3 acres that Sun Valley Company is renting from the Water Supply Bank pursuant to the enclosed rental agreement.

In this regard, I would like to confirm with you that the remaining 8.6 acres being leased to the Water Supply Bank are also rentable only by Sun Valley Company. The reason I bring this up is that there is no reference in the lease agreement to this restriction. Because the lease application contains this restriction, I will assume that it is IDWR's intent to rent the remaining 8.6 acres only if requested by Sun Valley Company. However, if you feel it is necessary to memorialize this understanding in the lease agreement itself in order to be effective, then please re-issue the lease agreement with an additional Condition of Approval that addresses this issue.

Aaron Marshall
June 13, 2008
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Please contact me if you have any questions or need anything else from us to finalize the Water Supply Bank agreements. Thank you for your attention to this matter.

Very truly yours,



Scott L. Campbell

SLC/dll

Enclosures

cc: Wallace Huffman
Kevin Lakey
Allen Merritt
David R. Tuthill Jr.