



Holden Kidwell
Hahn & Crapo P.L.L.C.
L A W O F F I C E S

1000 Riverwalk Drive, Suite 200
PO Box 50130
Idaho Falls, Idaho 83405

Tel: (208) 523-0620
Fax: (208) 523-9518
www.holdenlegal.com

E-MAIL rharris@holdenlegal.com

March 11, 2008

Idaho Department of Water Resources
ATTN: Dave Carlson
900 N. Skyline Dr., Ste. A
Idaho Falls, ID 83402

Re: Transfer Application Involving DeMott Farms, LLC

Dear Dave:

Enclosed is a transfer application we have prepared on behalf of DeMott Farms, LLC. The transfer was necessary because of a letter received by the applicant on May 7, 2007, from Water District 120 Watermaster Ernie Carlson. A copy of this letter is attached. This is a transfer I had discussed with you on one occasion wherein the only changes which we propose relate to the place of use. We have simply shifted authorized acres which were not irrigated, and used them to cover unauthorized, but irrigated, acres on the property. Because this is simply a re-arranging of the place of use, you had communicated to me earlier that it was not necessary to describe the portion of the right being transferred which is generally required in a transfer application. We have also enclosed a GIS map which indicates the proposed changes. As you can see on the map, the old place of use for the three water rights involved in this transfer is indicated in cross-hatching. The new place of use is indicated in bright red. If you would like me to email you the new place of use shape file, please let me know and I will be happy to do so.

You will note that the calculated acres on the shape file are not the same as the acres listed in the water right report. Based upon previous conversations I have had with the Department, the acres listed on the water right report govern. Therefore, I have compared the two shapes (the old place of use shape with the new place of use shape) and attempted to determine the change in acres in each quarter-quarter based on the change in acres on the shape file. I have then subtracted these acres from the acres listed in each quarter-quarter on the water right report. In the process of doing so, I noticed that in the NENW of T2N., R36E., Section 4, the water right report lists the authorized acreage amount of 35 acres. After reviewing the shape, it appears to me that there is actually more than 35 acres irrigated in the NENW. You will note on the transfer that the acreage amount has been increased to 38 acres. The reason I bring this to your attention is because in comparing the new place of use with the old place of use, it does not

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appear that any additional acres have been added, but the actual transfer application does add three additional acres.

Please note that the property to which the water rights are appurtenant is subject to a mortgage from Northwest Farm Credit Services. We have provided them a copy of the transfer, which they have reviewed and are supportive of the proposed changes. We have enclosed a notarized statement from them agreeing to the changes.

As stated above, this transfer application only attempts to change the place of use to cover unauthorized acreage. It is my understanding that because there will not be a change in the point of diversion, this transfer will not have to be advertised. Therefore, we will wait to hear from you regarding the status of the processing of this application. We appreciate very much your assistance in this matter. Please let us know if you have any questions.

Sincerely,



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

Enclosures

c: DeMott Farms, LLC

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