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DEPT. OF WATER RESOURCES
SOUTHERN REGION

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October 17th, 2007

Allen D. Merritt
Department of Water Resources
1341 Filmore St., Suite 200
Twin Falls, Idaho 83301-3380

Re: Millenkamp, Application for Transfer No. 73557

Dear Allen,

To follow up our Pre-Hearing Conference of October 11th, 2007, I have had an opportunity to review Mr. Matthews' proposals for resolution of his protest with Mr. and Mrs. Millenkamp. Based upon those conversations I have the following proposal to present to resolve the protest:

- My clients will install a Seiman Magmeter on the new well to be drilled;
- Two other wells currently exist to provide the stock water and commercial water under the transfer. Both of those wells already have Magmeters installed.
- All Magmeters will each contain a digital readout.
- Each of the Magmeters will be password protected with availability for access to the Department of Water Resources and the North Snake Groundwater District.
- All readings of the meters will be reported through the Department of Water Resources to the North Snake Groundwater District;

My clients are willing to abide the foregoing conditions in exchange for Mr. Matthews dismissing his protest to the Water Transfer Application.

Please review this proposal with Mr. Matthews. I am copying him with this letter to expedite his review and contact with you.

Based upon our discussion at the Pre-Hearing Conference I thought it advisable to clarify some issues. The current water rights identified in the transfer application authorize a total of four (4) points of diversion. Three (3) points of diversion currently exist. One (1) of those points of diversion, as represented at the Pre-Hearing Conference, will be abandoned when the new well identified by the transfer is drilled. A fourth point of diversion is authorized under the existing water rights but has not yet been drilled. If the other point of diversion is acquired in the future by drilling the well at the authorized point of diversion, that well will also have a Magmeter with digital capability installed and will be subject to the password protection and other provisions stated above.

I will await your response. In the unlikely event that Mr. Matthews does not find these terms acceptable, I understand that you'll contact Gary Spackman for a hearing date to be set immediately after the first of the year.

Please contact me if you have any questions.

Very truly yours,

FREDERICKSEN WILLIAMS MESERVY & LOTHSPREICH, LLP



ROBERT E. WILLIAMS

REW/mmb

C: Client

Gary Funderburg

Steve Matthews

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