

TRANSFER PRELIMINARY PROCESSING AGREEMENT

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SEP 22 2006

WATER RESOURCES
WESTERN REGION

As regular processing of your transfer application has been delayed due to the completion of the Snake River Basin Adjudication (SRBA), the Idaho Department of Water Resources (IDWR) agrees to preliminary process the attached transfer application under the following applicant's name(s):

CARL F Reynolds + Sons.

Agreement Conditions

1. IDWR will complete a cursory review of the application and advertise it in the legal notices of the appropriate newspaper.
2. If a protest(s) is filed against the application, the application will return to "delay status" without further processing.
3. . Construction of a new well(s) is not authorized by the preliminary process.
4. Regular processing of the transfer application will resume after completion of the SRBA. The application may need to be amended and/or re-advertised if deemed by regular processing.
5. Preliminary processing of this transfer application in no way confirms the validity or elements of the water rights listed.
6. The applicant agrees to remove IDWR from all liability actions regarding the preliminary processing of this application.
7. Failure of the applicant to comply with the conditions of this agreement are cause for the Director to rescind the agreement.

I (We) accept the conditions of this agreement dated this 22nd day of Sept. 2006.

X. Steve Reynolds, Applicant

- Advertised late October Date Schedule.