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January 3, 2007

RECEIVED

JAN 05 2007

Department of Water Resources
Eastern Region

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

Re: Mickelsen Properties, LLC

Dear Ladies & Gentlemen:

We are enclosing with this letter an Application for Transfer of Water Right and a Notice of Change of Water Right Ownership on behalf of Mickelsen Properties, LLC, together with attachments and our check in the amount of \$460.00 for the filing fees. We will attempt to explain the notice and application.

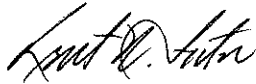
Mickelsen Properties purchased several properties in Butte County from Cannon-Shelley Property Limited Partnership (which had previously purchased such properties from Acors in 1999) in 2003. Because there was a good deal of activity (including an Application for Transfer) regarding the water rights on several of the pieces of property, the water rights for one of the farms were overlooked. The enclosed Notice of Change is to cover those water rights, numbers 34-10028 and 34-10826. \$50.00 of the enclosed check is to cover the filing fees for these two rights. Copies of the deeds from Acors to Cannon and from Cannon to Mickelsen, as well as a map showing the place of use, are also enclosed.

As you are aware, a fairly complex transfer proceeding, number 71254, was recently completed on behalf of Mickelsen Properties, LLC. In that process, it was discovered that IDWR records for water right no. 34-618 may not conform to the actual use of the water diverted pursuant to this right which has persisted for many years, since Acors owned the land, long before it was acquired by either Cannons or Mickelsens. Water diverted from Big Lost River pursuant to this right has, for many years, been transported through the Big Lost River Irrigation District's Moore Canal to the "Crossover Ditch", thence to the Timberdome Canal and on out to the properties actually irrigated. In fact, Acors had a transport agreement with BLRID to

formalize this arrangement, which was redone in 1999 after Cannon acquired the land and the water right. A copy of the current "Water Pumping and Transport Agreement" with BLRID is enclosed. It may be possible to read the partial decree for right number 34-618, as including in the place of use for this right, the 2,124 acres which was the combined place of use for the combined rights listed in "Conditions of Approval", number 2. But, applicant uses the right as proposed in the application for transfer and desires to have the record revised to clearly reflect the actual use.

Additional colored maps are enclosed for reference. If we may be of any assistance, please contact us at your convenience. Thank you for your kind assistance in this matter.

Yours very truly,



Kent W. Foster

Enclosures