



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street, P.O. Box 83720, Boise, ID 83720-0098

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JAMES E. RISCH
Governor

KARL J. DREHER
Director

December 27, 2006

ANNE M GILHULY
HC 67 BOX 725
CLAYTON ID 83227

RE: Decreed Water Right Nos. 72-2088E, 72-4182, 72-4183, 72-10415, and
Permit No. 72-7555

Dear Ms. Gilhuly:

This letter and its enclosures are in response to our telephone conversation on December 22, and are provided to assist you with filing the appropriate document(s) or evidence to complete the change of ownership of the decreed rights and to maintain the active status of the permit (72-7555). I understand the reason you filed the notice of change of ownership was because you were awarded the Custer County property in your divorce from William A. Knight. Enclosed with this letter are forms and their instructions, in addition to printouts of the department's database information for all of the water rights referenced above.

Also enclosed is a Proof Due Notice letter dated November 30, 2006, to William A. Knight. According to this letter a response is requested on or before February 1, 2007, which either an acceptable Proof of Beneficial Use or a Request for Extension of Time is required to maintain the active status of the referenced permit. However, because this permit is solely in the name of your ex-husband, William A. Knight, it may be difficult to file the appropriate form without his involvement. By filing proof of beneficial use you can maintain this permit until the department recognizes you as the current owner.

During our phone conversation we spoke about filing proof of beneficial use, however, because of your question about completing the commercial uses you may want to consider filing a Request for Extension of Time. If you decide to file the request form, you may need to resolve the ownership of the permit before the extension can be accepted, if you determine that you can complete commercial uses within five-years.

I am enclosing an Assignment of Permit form for your convenience, which is the appropriate document to file for changes of ownership when a water right is in a permit stage. I understand that you are unable to contact Mr. Knight, but if you can contact him and he is willing to sign this document it would make acceptance of an extension much simpler. There is a \$25.00 filing fee required with this assignment form.

If you determine it is not feasible to complete the heating and commercial uses, then file the Proof of Beneficial Use form on behalf of Mr. Knight and yourself. The fee to accompany the proof form is based on the maximum diversion rate you are using. The fee schedule is attached to the proof instructions. The next step, after the department's acceptance of the proof, is to

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arrange a time and date to conduct an examination of the water right. The final step will be the issuance of a licensed water right. This license will be issued in Mr. Knights name unless you are able to obtain an assign of the permit. Upon such time you may file a second Notice of Change of Water Right Ownership for 72-7555, with the divorce documents to change the ownership of this water right into your name. It is important to maintain your mailing address with the department to avoid missing these valuable steps through the processing this water right.

Secondly, I spoke to Jeff Peppersack, the supervisor of the processing of ownership changes; about the difficulty you were experiencing acquiring the department's acceptance of the documents you filed. He reviewed these documents and gave me the following recommendations:

1. The Divorce Decree (or court order) and the Property Settlement Agreement as accepted by the court can provide the department proof of your ownership since the divorce. The evidence the department is looking for is the exact wording of how the water rights were granted in the division of the community property. You are welcome to black-out any information that does not specifically address the real property and the water rights in these documents. Please provide me with a copy of these documents and I will forward it to Mr. Peppersack for his consideration.
2. Schedule A to the Deed of Trust (Instrument no. 0217785), dated March 4, 1999, is of poor quality and cannot be read. Do you have a better copy? If so, please provide it to department.
3. Quitclaim Deed (Instrument no. 0219736), dated October 11, 1999, references Exhibit A as being attached. However the attachment is identified as "Schedule C." If that is the correct attachment to that deed, please provide the department with a certified copy of the document from the County Recorders' records.
4. Water right no. 72-2088E does not appear to be addressed in the documents you provided. The department's records reflect that this right is in the name of Robert and Kari Lind. Please provide the department a deed, or other legal document(s) that reflect the change of ownership from the Linds to you or William.

If you need more information or have additional questions, please let me know. Again, my direct phone number is 208-287-4942.

Sincerely,



Deborah J. Gibson
Admin. Assistant
Water Allocation Bureau

Enclosures: (Proof Due Notice letter dated November 30, 2006, Proof of Beneficial Use and Request for Extension of Time (forms, instructions and fee schedule), Assignment of Permit, and database reports.