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August 17, 2006

RECEIVED
AUG 21 2006
DEPARTMENT OF
WATER RESOURCES

Cynthia Bridge-Clark
Associate Engineer, Water Allocation Bureau
Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

Re. *Water Right Nos. 29-2284, 2301, 11342*
Lessor: FMC Idaho, L.L.C.
Lessee: American Falls-Aberdeen, Bingham and Bonneville-Jefferson
Ground Water Districts

Dear Cynthia:

This letter is written pursuant to your request regarding the above-referenced matter. For your convenient reference I am enclosing copies of the Lease of Water Rights entered into on May 22, 2002, between the Lessor FMC Idaho, L.L.C., and the Lessee Ground Water Districts. The Lease has been automatically renewed and extended on a year-to-year basis and will continue to be unless and until terminated by either party upon not less than 90 days written notice. The leased water rights have been placed into the Water Supply Bank by the Districts and I am enclosing a copy of the most-recent Application dated May 23, 2005.

This letter is for the purpose of amending the Application, paragraph 5, to provide that the Lease is for an "indefinite" period, rather than a one-year period. It is my understanding that this will make it unnecessary to annually complete and submit Applications to the Water Supply Bank. If and when either party chooses to give notice and terminate the underlying Lease, we will advise IDWR so that these rights can be simultaneously withdrawn from the Water Supply Bank.

Cynthia Bridge-Clark
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At the time the original Lease Agreement was entered into, I represented both parties, with the conflict of interest fully disclosed and waived. The Idaho Ground Water Appropriators, Inc. ("IGWA"), as you know, has been representing the Ground Water Districts for purposes of these Water Supply Bank Applications and I am IGWA's general counsel and secretary. By copy of this letter, I am advising FMC, IGWA and the Districts of the foregoing.

I trust this will address any concerns you may have so that these water rights can continue to be placed into the Water Supply Bank and leased from the Bank for mitigation purposes.

Sincerely,



RANDALL C. BUDGE



RCB:rr

Enclosures

cc: IGWA

Tim Deeg, President

Lynn Tominaga, Executive Director

FMC Idaho, L.L.C.

Rob L. Hartman

American Falls-Aberdeen Area GWD

Bingham GWD

Bonneville-Jefferson GWD