State of Idaho
DEPARTMENT OF WATER RESOURCES
1341 Fillmore Street, Suite 200, Twin Falls ID 83301-3380
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SOUTHERN REGION

August 4, 2006

JAMES E. RISCH
Governor

KARL J. DREHER
Director

John and Kathryn Schorzman
3298 E 1400 S
Malta, ID 83342

RE: Transfer applications 72160 and 72162

Dear John & Kathryn:

I received you fax and now have had time to look over all the details of the ownership documents and have discussed these documents and transfers with staff in Boise. Our review has identified a couple of issues that you may need to consider and/or address as follows:

-Our review finds that the right being split and moved to the other two farms was decreed to John & Kathryn Schorzman and the farm where it is coming from is owned by John & Kathryn Schorzman. Since the transfers are in the name of Schorzman Ranch, Inc. we need to have clarified whether this right is intended to be changed into the name of Schorzman Ranch, Inc. or left in the name of John & Kathryn Schorzman. If the ownership is to be changed to Schorzman Ranch, Inc. please have Kathryn sign and have notarized the enclosed page 2's for each transfer and return to our office. If the intent is to keep the ownership of these rights in John & Kathryn Schorzman's name then let me know in writing.

-Our review also finds that the ownership record for the land in S36, T12S, R27E is still in the name of "Mark E. Henery, Et. Al.". The document you faxed me is your purchase agreement with Henery's. Cassia County also shows ownership in Henery's name. Your transfer can be completed but you must be aware of the risk that transferring your water to these lands makes them appurtenant to this property so who ever owns the land is assumed to own the water rights; unless there is some written agreement that clarifies that the ownership of the land and water rights are separate. You might consider getting such an agreement with the Henery's or finalize the transfer of ownership of the land into Schorzman Ranch, Inc.; otherwise you are taking a risk. Please let me know in writing how you wish to address this issue and proceed with this transfer.

If you have any questions please feel free to contact this office.

Sincerely,

Allen Merritt, PE
Southern Region Manager