

MEMORANDUM

To: File 63-31194

From: Cynthia Bridge Clark

Date: December 30, 2005

Re: Applications to Sell or Lease a Water Right to the Water Supply Bank Held

I spoke with Darwin McKay's attorney, Jon Gould, today regarding the applications filed to lease the above referenced right to the water supply bank (received by the department on November 19, 2004 and July 27, 2005). Both applications were being held due to questions regarding ownership of the right. I previously discussed the need for additional information regarding the applicant's authority to lease the right to the bank both with Jon Gould and Scott King of SPF Water Engineering, LLC who filed the second application on behalf of Mr. McKay. Today, Jon mentioned he was pursuing resolution of the issues surrounding the right through the Snake River Basin Adjudication. He mentioned that they hoped to accommodate protection of the right against forfeiture as well as the question of ownership.

We discussed the pending applications to the water supply bank. I notified him that I planned to return the applications since documentation regarding the question of ownership had not been provided.