

MEMORANDUM

Date: June 22, 2005

To: Water Right File 63-31194

From: Jeff Peppersack

Re: Phone Call from Bob Johnson of Turf Co.

Bob Johnson of Turf Co. called to discuss the ownership dispute between Darwin McKay and Sundance Investments for 63-31194. Mr. Johnson indicated that he spoke to Phil Rassier to clarify when a water right could be considered separate from the land ownership. He said that Phil indicated that a water right would be considered separate if a lease agreement provided for ownership of a developed right by the lessee.

Mr. Johnson explained that he plans to review the lease agreement between Mr. McKay and the landowner (Mr. McKay also owns a small percentage of the land in a joint venture agreement). Mr. Johnson also indicated that Mr. McKay did not sign the purchase agreement that was used for sale of the property including water rights.

I told Mr. Johnson that IDWR would review any information that he provides to clarify ownership of the water right. I also explained that written agreement with Sundance Investment would help expedite the matter. If Sundance still maintains ownership, the matter may still need resolution through litigation.