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MAY 20 2005

Department of Water Resources
Eastern Region

John D Ipsen
May 19, 2005

Roger Warner
IDWR State of Idaho
Eastern District Office

Dear Mr. Warner:

At the hearing, April 8th, everyone I have talked to said that your mind had already been made up as to granting transfer of 71529. I, myself, do not believe that to be true. I have a lot of faith in the IDWR. They do not act hastily before they have been able to digest all the facts. Unfairness that leads to legal battles is not their stock in trade. However, IDWR is the agency in charge of administering Idaho Water laws. The legislature is the only one who can change the law and the only one who can override a law is the Governor.

Although there were many more issues to be brought up, Randy Budge, a man of conscience, recommended that the meeting be brought to a close and all agreed. The legal fee clock was ticking away and nothing was being accomplished. Nevertheless, I believe that I am within my rights to put in writing some of the factual events that were presented at the hearing and add some germane issues that didn't get the light of day.

Randy Budge alluded to some water shares that he encountered in settling the Lyle Stephens estate in which those water shares were willed to his son Rodger. Mr. Budge indicated that these shares should be part and parcel of transfer 71529. What Randy failed to be aware of is that these shares were in the Bennington Irrigation Company and are now being delivered in a gravity flow sprinkler irrigation pipe. Many of us feel that water should not be taken from the heart of the Montpelier Irrigation Company to be delivered outside the Company's confines simply because Roger Stephens was able to buy 113 shares from Larry Kelley on behalf of Larry's brother James who lives in Delta Utah.

Water in this Company is perennially short. According to Stephen Kunz, official county weatherman, our precipitation in 2004 was 14" which is right on average. My son and I with 264 shares were only able to irrigate 20 acres.

There are 3,372 shares of water in our company. There are 5,614 decreed acres. It is obvious that there are many acres that have decreed water but do not possess shares. Those with shares have had their surface water delivered to them in a consistent and dependable manner and have paid yearly assessments. Those that have gotten water sporadically and some times not at all do not own shares or pay assessments. Nevertheless they are tied in to the 5,614 acres. Their water table is fed, their wells are fed, water rises to the surface for stock water and they sometimes get run off surface water. One thing they do not have is storage rights. Only those with shares contributed to the construction of a Reservoir along with ditches and rights of ways. Only the due paying shareholders have been considered to have storage. Apparently some of the 237 acre transfer is from acres that haven't any shares or storage rights.

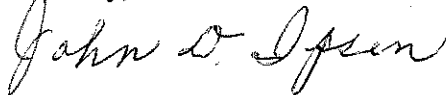
There is something that should be investigated before water rights are moved from here to there. Utah Power has the off season water rights to Montpelier Creek. Utah Power verbally agreed to give the Irrigation Company all of their storage water to be used for irrigation. They refused to put anything in writing. The Federal Government

under the "Small Watershed Act" would not go for this arrangement and for a time construction was stopped. The power company then said, "You are our valued customers and we know that there will be surface and underground water that will find its way into lower Montpelier Creek and the north drain from thence into Bear River at a time when we need it most for power generation and down stream irrigators." The Government finally agreed to go forward. As of today there isn't a formal agreement among the parties. The federal government, the Irrigation Co, the Fish and Wildlife Service, and Pacific Corp. How this will set with Pacific Corp when water is transferred outside the parameters of the Irrigation Company for sprinkler irrigation in an area where there is no chance of any of this water getting back into Bear River is questionable. As you well know Pacific Corp is much harder to deal with than Utah Power was.

Since our meeting I have looked into a couple of transfers that occurred some time ago. Transfer 2118 involved sending water down Bear River to sprinkler irrigate an area on the west foothills. All but a few shares are now back inside the parameters of the company. There are 12 shares still down there that haven't been in use for some time. There seems to have been a transfer in 1995 involving 40 acres or more. These acres are outside the 5,641 acre decree. This was done quite secretly and as far as I can discover was not advertised as required by law.

One thing that everyone at our hearing was in agreement on: you, me, Mr. Carlson, Randy Budge, Daryl Sparks, and Marden Phelps were that none of the 237 acres as of April 8 2005 ever had water rights in the Montpelier Irrigation Company. As my protest stated 71529 is a black and white decision. Either the water laws in effect will be upheld or water law will be compromised in order to please less than 1% of the company's stock holders in order to make circumventing the law legal.

Yours truly,

A handwritten signature in cursive script that reads "John D. Ipsen". The signature is written in dark ink and is positioned below the "Yours truly," text.

John D Ipsen