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RECEIVED
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Department of Water Resources

October 30, 2003

VIA FACSIMILE
208-327-7866

Mr. Karl Dreher, Director
Idaho Department of Water Resources
1301 North Orchard St.
Boise, ID 83706-2237

RE: Distribution of Water to Water Right Nos. 36-02551, 36-07694, and
36-15501, said Water Rights owned by Rangen, Inc.

Dear Mr. Dreher:

This letter is in response to your October 17, 2003 letter which was received in my office on October 20, 2003. In that letter you indicate that you are initiating a response to our delivery call. In that process you say that you must first make findings that material injury is occurring and also make a determination of reasonableness of water diversions under those listed water rights pursuant to Rule 42 of the Conjunctive Management Rules. You then indicate that you do not have sufficient information to make the findings required by the Conjunctive Management Rules and that you need additional information from us.

It is Rangen's position that the Conjunctive Management Rules were not promulgated with the requisite authority and therefore our call should not be administered under the jurisdiction of those Conjunctive Management Rules. We believe those Rules are unconstitutional both in their creation and in their application by the Department. We therefore believe that much of the information requested by you is irrelevant to administering our call under the constitutional and statutory directives given to you as the Director of the Department of Water Resources. As you know those Rules along with

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their promulgation and application among other things are presently in litigation; a case in which we soon hope to be a party.

Be that as it may, on an administrative level (to preserve our rights in that venue) we wish to provide the requested information to you where we feel it is appropriate. You first of all asked for the amount of water available to supply the listed water rights from the surface water sources from which the right is diverted. We do not presently have that information nor do we believe it is the responsibility and burden of the senior water right holder (in this case Rangen, Inc.) to supply a list of the individual water rights that impact Rangen's above-referenced water rights. It is our understanding (based on what you said to me at our last meeting) that you already have compiled such a list and we believe that the burden is the Departments or at the very least would be the burden of the junior water right holder(s) who should be curtailed in order to supply our water rights as appropriated under the Prior Appropriation Doctrine.

You also asked for a configuration of the diversion works used to deliver water under the listed water rights. We are in the process of trying to put together such a configuration. You asked the amounts of water being diverted at the present time as well as amounts of water historically diverted under the water rights listed above. Those records have been kept by Rangen since approximately 1966. We have a summary that has been prepared and are at the present time going through numerous boxes to find the underlying documents (from which the summary was prepared) which we will provide. However, in furnishing those records, we believe that the past records are irrelevant to the present call; Rangen, Inc. is not receiving its full appropriated right as appropriated; the past records would seem inappropriate for any necessary administration based on a present call.

You also asked for a configuration of water measuring and recording devices. We are trying to get that configuration put together and will furnish it to you under the same protest set out in the preceding paragraph.

You have asked what the potential is for supplying water under an alternate reasonable means of diversion or alternate points of diversion. We do have some suggestions that we are compiling at the present which could be used by junior water right holders and when we have fleshed out those alternatives those also will be provided to you.

We would welcome the site visits you suggest which would involve the Department, District 130's Water Master, as well as representatives of Rangen. We will make those arrangements with Cindy Yenter (whom I have recently talked with), the Water Master for Water District 130, in the near future once we have determined our own

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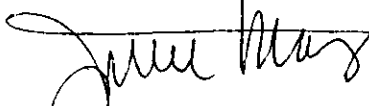
schedules. When it is determined when such a site visit could be set up between all participants my secretary, Marilyn, will try and coordinate such site visit(s).

Lastly, you ask that we provide you with historical records as to the amount of water diverted under the Rangen water rights as soon as practicable. Again, we will provide those records but are doing so under protest in that we do not feel that that historical recordation is relevant to the present call made by Rangen. The fact remains that presently Rangen is not receiving its appropriated water and what has happened in the past really has no relevancy or value. It is the present that we are dealing with now and under the present situation Rangen certainly is not receiving its full appropriation as outlined in previous correspondence.

We will try and get the requested information to you as set out above as quickly as possible and appreciate your courtesy in that regard realizing that there are several boxes of materials which must be perused, separated and correlated in order to provide the material in a form that would be understandable to all parties. We thank you for your patience in that regard and will be getting back to you very shortly.

Very truly yours,

MAY, SUDWEEKS & BROWNING, LLP

A handwritten signature in cursive script, appearing to read "J. Dee May", written over a horizontal line.

J. DEE MAY

JDM:mab
cc: Wayne Courtney
Dan Steenson
John Simpson
Jason Miciak