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RECEIVED

AUG 03 2004
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DEPARTMENT OF WATER RESOURCES FAX NO. (208) 878-0146

pss@pmti.org

July 30, 2004

Idaho Department of Water Resources
1341 Filmore Street, Suite 200
Twin Falls ID 83301-3380

RECEIVED
AUG 02 2004
Department of Water Resources
Southern Region

RE: 45-07727 and 45-07360

Dear Department of Water Resources Representative:

Sometime ago, particularly in September of 1996, a stipulation was entered into between Oakley Canal Company, Shoulder Three Ranches and Antone R. Thompson, relative to the above-referenced water numbers. Mr. Thompson no longer has an interest in the property by virtue of a bankruptcy and we believe that the property is in the name of Victor Family Trust and that some of the parties receiving copies of this letter may have an interest or attempting to acquire an interest in the property.

The purpose of this letter is to seek your assistance in making a determination as to whether or not the stipulation has been complied with in so far as the Department of Water Resources is concerned. It is the opinion of the Oakley Canal Company and Shoulder Three Ranches that there has not even been a scintilla of compliance with the stipulation to entitle the parties to continue to use the water.

It would be the intent of Oakley Canal and Shoulder Three Ranches to seek a quiet title or other appropriate action relative to the property and the use of the water, however, we first believe you need to tell us whether or not there has been compliance in so far as the department is concerned.

Your earliest response to this would be appreciated.

Yours Very Truly,

PARSONS, SMITH & STONE, LLP



William A. Parsons

WAP/nj
cc: Edward Leon Noland
R. A. Foss
Oakley Canal Company
Shoulder Three Ranches