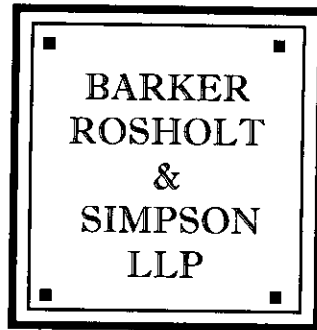


*John A. Rosholt
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RECEIVED

AUG 02 2004

Department of Water Resources

July 30, 2004

Mr. Phil Rassier
Deputy Attorney General
Idaho Department of Water Resources
1301 N. Orchard St.
Boise, Idaho 83706

RE: Rental Agreements / Temporary Water Exchange Agreement Clarification

Dear Phil:

As discussed earlier this morning, I am providing a letter of clarification regarding the water bank agreements signed today by Twin Falls Canal Company (TFCC) and North Side Canal Company (NSCC)(hereinafter collectively referred to as "TFNS").

First, attached to the rental agreement for a portion of Bell Rapids Mutual Irrigation Company's (BRMIC) water right no. 02-10205 is a copy of the July 20, 2004 *Water Lease Agreement* between BRMIC and TFNS. That agreement does not reflect the actual volume of water rented, and was entered into before the season of use condition (April 10th to August 31st) was included. With the season of use condition, as required by the United States Bureau of Reclamation (Reclamation), and as calculated by the Department, TFNS is only renting 26,458.9 acre-feet from BRMIC, not 32,807.6 acre-feet. This change in the actual water rented (26,458.9) should be carried over to the *Temporary Water Exchange Agreement* between TFNS and Reclamation as well.

Second, due to the changed season of use for the BRMIC rental agreement, TFNS is now renting 23,652.1 acre-feet from other Snake River water right holders, not 17,303.4 acre-feet as indicated in the *Temporary Water Exchange Agreement*. The actual numbers are reflected in the rental agreements that were signed by TFCC and NSCC today. Per your request, I have enclosed the signed originals of those agreements.

In addition to providing this clarification, I have enclosed a color copy of an exhibit map for the BRMIC water right rental agreement. This map highlights 3,063.7 acres (2,750.2 + 313.5) that are not being irrigated this season and are part of the rental agreement. The other

Mr. Phil Rassier
July 30, 2004
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5,413 acres that are not being irrigated and which are part of the rental agreement are identified on a separate map that was previously provided to Jeff Peppersack.

Finally, I have enclosed checks from TFCC and NSCC to cover the 10% water bank administrative fee for the lease between BRMIC and TFNS (total \$21,167.12). Thank you for your assistance in this matter and please call me at (208) 733-0700 if you have any questions.

Sincerely,

BARKER ROSHOLT & SIMPSON LLP

A handwritten signature in black ink, appearing to read 'T. Thompson', with a long horizontal flourish extending to the right.

Travis L. Thompson

Enc.

cc: Rich Rigby (U.S. Bureau of Reclamation)
Ted Diehl, NSCC
Vince Alberdi, TFCC
Robert Lipskoch, BRMIC