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DEPARTMENT OF WATER RESOURCES

November 26, 2002

Cynthia Bridge Clark
Idaho Department of Water Resources
1301 N. Orchard St.
Boise, Idaho 83706

RE: Payment #1 for Rental of Water from High-Lift Pumpers, Squaw Creek Farms

Dear Cynthia

This letter is in response to the Idaho Department of Water Resources (IDWR) preliminary review of the acres eligible for payment for rental of water from high-lift pumpers from the Snake River to the Water Supply Bank (Memorandum of Agreement (MOA) No. 1425-02-MA-10-3460). Specifically, this letter addresses questions of eligibility regarding the Squaw Creek Farms LLC portion.

Background

Squaw Creek Farms LLC (Sid Wing) filed an application to lease a water right to the water supply bank on June 7, 2002 pursuant to the MOA. This information was then compiled with the other South Elmore Irrigation Company's (SEIC) participants into a single application that was received by the Department on June 27, 2002.

In addition to other lands, Mr. Wing described 102.8 acres in Sec 15, T5S, R6E and 26.8 acres in Sec 22, T5S, R6E as being part of the land he intended to dry up during the 2002 irrigation season. The GIS estimate of this particular field totaled 121.9 acres.

Ownership

The attached warranty deed shows that Mr. Wing owns approximately 1920 acres, which includes the land in question (Tract IV on warranty deed). Also, based on recent imagery from IDWR, the majority of this land has been regularly irrigated.

Mr. Wing owns 1064 shares of SEIC water as shown on the attached letter. These water shares allow Mr. Wing to irrigate up to 1064 acres of land with SEIC water. Mr. Wing has historically operated his farm within the bounds of his land and within the allocation of his SEIC water shares.

Boundary Dispute

The dispute comes from the boundary definition of the SEIC. In 1996, a transfer was filed with IDWR to move 100 acres of water rights within the SEIC boundary. The entire SEIC boundary was not fully scrutinized for that 1996 transfer and as a result, the land in this current dispute amongst others was not included in the SEIC boundary. This oversight has revealed itself by causing the present situation where this land is

outside of the place of use listed for SEIC and therefore its eligibility to receive payment through the MOA is questioned.

Proposed Resolution to the Problem

To resolve this issue, the following is proposed. The board of SEIC has agreed to adjust the boundary of the irrigation company's Place of Use to include the disputed lands as long as the new boundary does not result in an increase in either the rate of flow diverted or in the total number of acres irrigated under the water right and does not cause injury to other water rights.

The signed letter from SEIC offering this solution is attached. Mr. Wing and SEIC are looking forward to creating a general boundary for their irrigation company in which they can operate and Mr. Wing can receive full compensation under the MOA for the 2002 irrigation season.

If you have any questions, please call Steven R. Hannula.

Regards.

Steven R. Hannula

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