NORTHWEST FARM CREDIT SERVICES

1305 Albion Avenue
P.O. Box 1168
Burley, Idaho 83318
(208) 678-6650 / Fax (208) 678-6653

May 27, 2004

Corey Skinner, P.E.
Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, Id. 83301-3380

RE: Shoulder 3 Ranches, Inc.

Dear Mr. Skinner:

We have in our receipt a copy of an Application for Transfer of Water Right regarding Shoulder 3 Ranches, Inc. The application transfer number is 71275. The transfer request is to allow Shoulder 3 Ranches to tie two existing wells together for the purpose of a having a backup water source should either one of the wells go down. The transfer request does not increase existing diversion rights of .36 cfs nor existing volume of 98.6 acre feet of water.

Farm Credit Services, as mortgage holder on the real property describe, does not object for customer's request for the transfer. By combining the existing wells together actually enhances our mortgage position with Shoulder 3 Ranches. Please accept this letter as Farm Credit's consent to the proposed transfer.

Should there be any questions, please give me a call.

Sincerely,

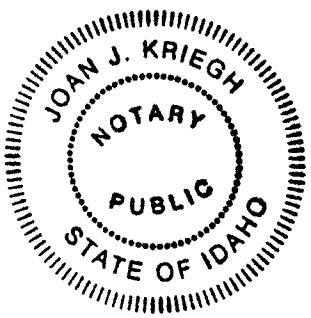
Robert E. Blakeslee
Burley Branch Manager
NW Farm Credit Services

CC: Shoulder 3 Ranches

RECEIVED
JUN 0 2 2004
Department of Water Resources
Southern Region

STATE OF IDAHO)
)ss.
County of Cassia)

On this 27 day of May 2004, before me personally appeared Robert E. Blakeslee, known to me to be an authorized agent of the Northwest Farm Credit Services, FLCA that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and ~~on oath~~ stated that Robert E. Blakeslee was authorized to execute said instrument.



Joan J. Kriegh
Notary Public for the State of Idaho
Residing at Burley, ID
My commission expires 01/01/2010

Transfer No. 71275
Receipt No. 5026794

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR TRANSFER OF WATER RIGHT

PART 1

1. Applicant Information SHOULDER 3 RANCHES INC
PO BOX 218
OAKLEY ID 83346
(208)862-3377

Will this transfer result in an ownership change? _____ Yes ___√___ No

2. Current Water Right **Part 2 Attached for Each Right**

	Origin/Basis	Rate	Volume	Acre Limit	Total Acres	Source
45-10454	AJC/Beneficial Use	0.04				GROUND WATER
45-2434B	AJC/License	0.32	74.8			GROUND WATER
45-12909B	AJC/Beneficial Use	0.04	9.2			GROUND WATER

3. Purpose of Transfer (Change Proposed) **Part 3A Attached for Each Proposed Right**
Part 3B Attached for Each Split Right

Right	Split	POD	POU	Add POD	Period of Use	Nature of Use
45-10454	NO	NO	NO	YES	NO	NO
45-2434B	NO	NO	NO	YES	NO	NO
45-12909B	NO	NO	NO	YES	NO	NO

Describe the reason for the proposed changes
The well for the feedlot (45-10454) and the well for the dairy have been tied together for backup purposes. Transfer is being filed to add an existing well to each of the rights involved with the application. The feedlot also receives stock water from Oakley Valley Water Company under different water rights.

4. FOR CHANGES IN NATURE OF USE ONLY

A. Describe the expected quantity of the return flows and location of discharge after the proposed Change

B. Describe the effects on other water uses resulting from the proposed change

5. Total Amounts Transferred

	Rate	Acre Limit	Total Acres	Volume
45-10454	0.04 cfs			14.6 af
45-2434B	0.32 cfs			74.8 af
45-12909B	0.04 cfs			9.2 af
TOTAL	0.36 cfs			98.6 af

Transfer No. 71275
Receipt No. 5026794

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR TRANSFER OF WATER RIGHT

PART 1

I hereby assert that no one will be injured by such change and that the change does not constitute an enlargement in use of the original right. The information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in voiding its approval.

(Signature of Applicant)

President Shoulder 3 Ranches, Inc.
(Title or Office) of ACME Dairy Inc.

Subscribed and sworn to before me this 26th. day of May, 2004

Jeanie Robertson
(Notary Public)

My commission expires 9-23-06

JEANIE ROBERTSON NOTARY PUBLIC STATE OF IDAHO

Transfer No. 71275
Receipt No. _____

IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 2

Current Water Right No. 45-10454

Priority Date: January 01, 1955
Origin: Adjudication Recommendation
Basis: Beneficial Use
Status: Active

Source: GROUND WATER

Beneficial Use	From	To	Diversion Rate	Volume	Subuse Code
STOCKWATER	01/01	12/31	0.04 CFS		
	Total Diversion		0.04 CFS		

Source and Point(s) of Diversion:

GROUND WATER SWSWSE Sec. 31 Twp 13S Rge 22E CASSIA County

PLACE OF USE: STOCKWATER

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31															X		
14S 22E 6		X L2		X													

Conditions/Remarks:

1. This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

2. The quantity of water decreed for this water right is not a determination of historical beneficial use.

3. The quantity of water under this right shall not exceed 13,000 gallons per day.

Documentation of Ownership of the Current Place of Use

IDWR RECORDS

Is this property subject to any liens, deeds of trust, mortgages, or contracts or other encumbrances?

YES

Describe the effect on the current place of use for this water right if the place of use is changed pursuant to this transfer

n/a

To your knowledge, has any portion of the water right undergone a period of five(5) or more consecutive years of non-use?

NO

Transfer No. 71275
Receipt No. _____

IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 2

Current Water Right No. 45-2434B

Priority Date: January 27, 1953
Origin: Adjudication Recommendation
Basis: License
Status: Active

Source: GROUND WATER

Beneficial Use	From	To	Diversion Rate	Volume	Subuse Code
COMMERCIAL	01/01	12/31	0.32 CFS	74.8 AFA	
STOCKWATER	01/01	12/31	0.32 CFS	74.8 AFA	
	Total Diversion		0.32 CFS	74.8 AFA	

Source and Point(s) of Diversion:

GROUND WATER SWNWSW Sec. 32 Twp 13S Rge 22E CASSIA County

PLACE OF USE: COMMERCIAL

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31			X	X					X				X	X	X	X	

PLACE OF USE: STOCKWATER

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31									X								

Conditions/Remarks:

1. THIS PARTIAL DECREE IS SUBJECT TO SUCH GENERAL PROVISIONS NECESSARY FOR THE DEFINITION OF THE RIGHTS OR FOR THE EFFICIENT ADMINISTRATION OF THE WATER RIGHTS AS MAY BE ULTIMATELY DETERMINED BY THE COURT AT A POINT IN TIME NO LATER THAN THE ENTRY OF A FINAL UNIFIED DECREE. SECTION 42-1412(6), IDAHO CODE.

2. USE OF THIS RIGHT WITH RIGHT NO. 45-12909B IS LIMITED TO A TOTAL COMBINED DIVERSION RATE OF 0.32 CFS.

3. THIS RIGHT IS A SPLIT FROM FORMER RIGHT 45-2434.

4. Commercial use is for a dairy located in the NESW, S31, T13S, R22E.

5. The place of commercial use authorized by this approval includes land upon which wastewater may be applied for irrigation purposes to satisfy water quality requirements. Water diverted under this approval shall not be used for irrigation unless the water is first used in the dairy as authorized by these water rights.

Documentation of Ownership of the Current Place of Use

IDWR RECORDS

Is this property subject to any liens, deeds of trust, mortgages, or contracts or other encumbrances?

YES

Describe the effect on the current place of use for this water right if the place of use is changed pursuant to this transfer

n/a

To your knowledge, has any portion of the water right undergone a period of five(5) or more consecutive years of non-use?

NO

Transfer No. 71275
Receipt No. _____

IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 2

Current Water Right No. 45-12909B

Priority Date: April 01, 1961
Origin: Adjudication Recommendation
Basis: Beneficial Use
Status: Active

Source: GROUND WATER

Beneficial Use	From	To	Diversion Rate	Volume	Subuse Code
STOCKWATER	01/01	12/31	0.04 CFS	9.2 AFA	
COMMERCIAL	01/01	12/31	0.04 CFS	9.2 AFA	
	Total Diversion		0.04 CFS	9.2 AFA	

Source and Point(s) of Diversion:

GROUND WATER	SWNWSW	Sec. 32 Twp 13S Rge 22E CASSIA County

PLACE OF USE: STOCKWATER

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31									X								

PLACE OF USE: COMMERCIAL

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31			X	X					X				X	X	X	X	

Conditions/Remarks:

1. THIS PARTIAL DECREE IS SUBJECT TO SUCH GENERAL PROVISIONS NECESSARY FOR THE DEFINITION OF THE RIGHTS OR FOR THE EFFICIENT ADMINISTRATION OF THE WATER RIGHTS AS MAY BE ULTIMATELY DETERMINED BY THE COURT AT A POINT IN TIME NO LATER THAN THE ENTRY OF A FINAL UNIFIED DECREE. SECTION 42-1412(6), IDAHO CODE.

2. USE OF THIS RIGHT WITH RIGHT NO. 45-2434B IS LIMITED TO A TOTAL COMBINED DIVERSION RATE OF 0.32 CFS.

3. THIS RIGHT IS A SPLIT FROM FORMER RIGHT 45-12909.

4. Commercial use is for a dairy located in the NESW, S31, T13S, R22E.

5. The place of commercial use authorized by this approval includes land upon which wastewater may be applied for irrigation purposes to satisfy water quality requirements. Water diverted under this approval shall not be used for irrigation unless the water is first used in the dairy as authorized by these water rights.

Documentation of Ownership of the Current Place of Use

IDWR RECORDS

Is this property subject to any liens, deeds of trust, mortgages, or contracts or other encumbrances?

YES

Describe the effect on the current place of use for this water right if the place of use is changed pursuant to this transfer

n/a

To your knowledge, has any portion of the water right undergone a period of five(5) or more consecutive years of non-use?

NO

Transfer No. 71275
Receipt No. _____

IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 3A

Proposed Water Right No. 45-10454

Priority Date: January 01, 1955
Origin: Adjudication Recommendation
Basis: Beneficial Use
Status: Active

Source: GROUND WATER

Beneficial Use	From	To	Diversion Rate	Volume	Subuse Code
STOCKWATER	01/01	12/31	0.04 CFS	14.6 AFA	
	Total Diversion		0.04 CFS	14.6 AFA	

Source and Point(s) of Diversion:

GROUND WATER	SWSWSE	Sec. 31 Twp 13S	Rge 22E	CASSIA County
GROUND WATER	SWNWSW	Sec. 32 Twp 13S	Rge 22E	CASSIA County

Describe the proposed diversion system

PLACE OF USE: STOCKWATER

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31															X		
14S 22E 6		X L2	X														

Transfer No. 71275
Receipt No. _____

IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 3A

Proposed Water Right No. 45-2434B

Priority Date: January 27, 1953
Origin: Adjudication Recommendation
Basis: Beneficial Use
Status: Active

Source: GROUND WATER

Beneficial Use	From	To	Diversion Rate	Volume	Subuse Code
COMMERCIAL	01/01	12/31	0.32 CFS	74.8 AFA	
STOCKWATER	01/01	12/31	0.32 CFS	74.8 AFA	
	Total Diversion		0.32 CFS	74.8 AFA	

Source and Point(s) of Diversion:

GROUND WATER	SWSWSE	Sec. 31	Twp 13S	Rge 22E CASSIA County
GROUND WATER	SWNWSW	Sec. 32	Twp 13S	Rge 22E CASSIA County

Describe the proposed diversion system

PLACE OF USE: COMMERCIAL

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31			X	X					X				X	X	X	X	

PLACE OF USE: STOCKWATER

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31									X								

Transfer No. 71275
Receipt No. _____

IDAHO DEPARTMENT OF WATER RESOURCES
APPLICATION FOR TRANSFER OF WATER RIGHT
PART 3A

Proposed Water Right No. 45-12909B

Priority Date: April 01, 1961
Origin: Adjudication Recommendation
Basis: Beneficial Use
Status: Active

Source: GROUND WATER

Beneficial Use	From	To	Diversion Rate	Volume	Subuse Code
STOCKWATER	01/01	12/31	0.04 CFS	9.2 AFA	
COMMERCIAL	01/01	12/31	0.04 CFS	9.2 AFA	
	Total Diversion		0.04 CFS	9.2 AFA	

Source and Point(s) of Diversion:

GROUND WATER	SWSWSE	Sec. 31	Twp 13S	Rge 22E CASSIA County
GROUND WATER	SWNWSW	Sec. 32	Twp 13S	Rge 22E CASSIA County

Describe the proposed diversion system

PLACE OF USE: STOCKWATER

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31									X								

PLACE OF USE: COMMERCIAL

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13S 22E 31			X	X					X				X	X	X	X	

T13S
T14S
R22E
3
6
dairy
dairy
commercial
POD
POD
feedlot

No. C 39043

Return to:
SECRETARY OF STATE
700 WEST JEFFERSON
PO BOX 83720
BOISE, ID 83720-0080

NO FILING FEE IF RECEIVED BY DUE DATE

Due no later than December 31, 2003
Annual Report Form

SHOULDER 3 RANCHES, INC.
ROBERT WHITELEY
P O BOX 218

OAKLEY, ID 83346

2. Registered Agent and Office NO PO BOX

ROBERT WHITELEY
2000 S 700 W

OAKLEY, ID 83346

3. New Registered Agent Signature

4. Corporations: Enter Names and Business Addresses of President, Secretary and Directors.

Office held	Name	Street or P.O. Address	City	State	Zip
PRESIDENT	ROBERT WHITELEY	700W 2000S	OAKLEY	ID	83346
SECRETARY	W. GARY WHITELEY	P.O. BOX 211	OAKLEY	ID	83346

5. Organized Under the Laws of:
IDAHO
C 39043

6. Signature _____ Date 10-8-03
Name (Typed or Printed) ROBERT WHITELEY Title PRESIDENT

Issued 10/01/2003

Do Not Tape or Staple

3355

No. C 128874

Return to:
SECRETARY OF STATE
700 WEST JEFFERSON
PO BOX 83720
BOISE, ID 83720-0080

NO FILING FEE IF
RECEIVED BY DUE DATE

Due no later than May 31, 2004
Annual Report Form

1. Mailing Address - Correct on the back if applicable
AMERICAN COW MILKING ENTERPRISE DAI
PO BOX 189
OAKLEY, ID 83346

2. Registered Agent and Office NO PO BOX
ROBERT WHITELEY
2000 S 700 W
BURLEY, ID 83318

3. New Registered Agent Signature

4. Corporations: Enter Names and Business Addresses of President, Secretary and Directors.

Office held	Name	Street or P.O. Address	City	State	Zip
Pres	Robert Whiteley	P.O. Box 189	Oakley	ID	83346
VP	Trent Robinson	"	"	"	"
Sec	Randy Robinson	"	"	"	"
Treas	Gary Whiteley	"	"	"	"

5. Organized Under the Laws of:
IDAHO
C 128874

6.
Signature [signature] Date 4-5-04
Name (Typed or Printed) Robert E. Whiteley Title President

Issued 03/02/2004

Do Not Tape or Staple

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