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Department of Water Resources

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December 13, 1996

Idaho Department of Water Resources
Attention: Gary Spackman
1301 North Orchard Street
Statehouse Mail
Boise, ID 83720-9000

Dear Mr. Spackman:

I am the attorney who has represented Rangen, Inc. with regard to their water rights at their fish hatchery just below the Curren Tunnel in Hagerman, Idaho. I am writing this letter with reference to the letter dated November 21, 1996, directed to George Lemmon, the Watermaster in District 36A concerning the calls for delivery of water from Aqua Life after the irrigation season has closed. In reading your November 21, 1996, letter to Mr. Lemmon it appears that you still are instructing Mr. Lemmon not to curtail any non-consumptive water rights (whether for fish propagation or otherwise) that bear a date of priority later than the priority dates of the rights owned by Aqua Life "if the water diverted returns to the source stream of the Aqua Life points of diversion". Rangen's facility, of course, lies up stream of the Aqua Life points of diversion and is a non-consumptive use and pursuant to the terms of that letter, which are not changed by your subsequent letter with added instruction dated November 27, 1996, I am assuming that Rangen's water right would not be curtailed unless there is a showing that the non-consumptive use is significantly degrading the quality of water for Aqua Life use and in that regard I would assume that there would have to be some showing made by Aqua Life.

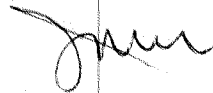
Based on this assumption Rangen will not plan on removing their fish from their raceways by December 6th or the later deadline of two weeks from receipt of the written call from Aqua Life. If my assumption is incorrect and I am misreading the letter in some fashion, could you please let me know immediately so I can discuss the matter with you so that I have the proper knowledge with which to adequately advise my clients.

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Thank you very much for your help in this matter.

Very truly yours,

ELLSWORTH, MAY, SUDWEEKS, STUBBS,
IPSEN & PERRY

A handwritten signature in cursive script, appearing to read "J. Dee May".

J. DEE MAY

JDM:mab