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WATER RESOURCES
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**BEFORE THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF IDAHO**

IN THE MATTER OF APPLICATION
FOR TRANSFER NO. 73811 IN THE
NAME OF IDAHO WATER COMPANY

**IDAHO WATER COMPANY'S PETITION
FOR RECONSIDERATION OF
PRELIMINARY ORDER REJECTING
CONTESTED APPLICATION FOR
TRANSFER**

Applicant Idaho Water Company ("IWC" or "Applicant"), by and through its counsel of record, Givens Pursley LLP, hereby petitions the Idaho Department of Water Resources ("IDWR" or "Department") to reconsider and revise its February 15, 2011 *Preliminary Order Rejecting Contested Application for Transfer* ("Order"). IWC respectfully requests that the Department rescind the Preliminary Order rejecting Application for Transfer No. 73811.

PETITION FOR RECONSIDERATION

IWC requests reconsideration of the Department's decision rejecting the Application for Transfer for the reason that IWC and its transferee, Shekinah Industries, have obtained authorization from Bernard Brown, the current owner of the water right which is the subject of the Transfer Application, to continue processing the Application in contemplation of obtaining transfer approval from IDWR and completing the purchase and sale of the water right between Mr. Brown and Shekinah Industries. A true and correct copy of the letter of intent with respect

to the purchase and sale of the water right and of Mr. Brown's authorization for IWC to continue to pursue Transfer 73811 is attached hereto as Exhibit A.

As the Department is aware, significant economic changes have affected numerous water right applications in Idaho, including the instant application. These economic factors have affected the timing of review and processing applications and water right purchase agreements with contingencies that include transfer application approval. Nevertheless, in the instant case, substantial dollars have been expended, and continue to be expended by IWC and its intended transferee, Shekinah Industries, to move the Application along and to maintain the contractual ability to close the purchase and sale of the water right, as and when transfer approval might be obtained. These substantial expenditures include initial and extended option payments, consultant and legal expenses, and the development of a Groundwater Development and Transfer Report by Brockway Engineering in support of the Application.

Since the water right purchase option with Mr. Brown expired on December 30, 2010, and in response to IDWR's request for additional information, IWC and Shekinah have diligently explored the opportunity to maintain the ability to purchase the subject water right to complete the transfer as proposed by the Application. This has produced an agreement in principle on the material terms that would allow the Application to be processed and for the water right to be purchased for Shekinah's use at the new place of use. Given these diligent efforts under less than optimum circumstances, and the potential that the efforts and expense of all parties, including the Department, expended on the transfer will be fruitful, IWC respectfully requests that the Department reconsider its preliminary order, reinstate the Application, and proceed to schedule the matter for hearing.

Respectfully submitted this 1st day of March, 2011.

GIVENS PURSLEY LLP

A handwritten signature in black ink, appearing to read "Michael C. Creamer", written over a horizontal line.

Michael C. Creamer

Attorneys for Idaho Water Company

Holzer♦Edwards, Chartered

Attorneys and Counselors at Law

Kurt Holzer
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Idaho Water Company, LLC
c/o Michael Creamer
Givens Pursley, LLP
601 W. Bannock Street
Boise, ID 83701

March 1, 2011

Re: Non-Binding Letter of Intent
Givens Pursley File No. 6131-28

Dear Mike:

As you know, I represent Brown Farms, LLC and Bernard Brown ("Seller") with regard to the sale of water rights held by my client that were the subject of that Option Agreement – Purchase and Sale of Water Rights (the "Option") to Idaho Water Company, LLC.

In light of the lapse of the Option, we have been negotiating with Mike Preston on behalf of Idaho Water Company for the execution of a new Purchase and Sale Agreement for those water rights. The parties have agreed upon a price and a closing date which would occur within 120 days from the date of this letter. Further terms and conditions of the sale are pending review by the Seller's water rights counsel.

This is a non-binding letter of intent of the Seller. The Seller does authorize Idaho Water Company to take the necessary steps to continue the processing of Transfer Application 73811 with the Idaho Department of Water Resources pending execution of the Agreement between Seller and Idaho Water Company, LLC

Sincerely yours,


Clifford L. Brown

CLB/cb
Mike Preston



CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of March, 2011, I caused to be served a true and correct copy of the foregoing by the method indicated below, and addressed to the following:

Idaho Water Company LLC
c/o Del Kohtz
1135 Valley Road South
Eden, ID 83325

- U.S. Mail, postage prepaid
- Express Mail
- Hand Delivery
- Facsimile
- Email

Brockway Engineering
Attn: Erick Powell
2016 N. Washington St., Ste. 4
Twin Falls, ID 83301

- U.S. Mail, postage prepaid
- Express Mail
- Hand Delivery
- Facsimile
- Email

City of Mountain Home
Attn: Wayne Shepherd
PO Box 10
Mountain Home, ID 83647

- U.S. Mail, postage prepaid
- Express Mail
- Hand Delivery
- Facsimile
- Email

G3 LLC
Attn: Craig Haynes
2136 E. Lewandowski Ln.
Boise, ID 83716

- U.S. Mail, postage prepaid
- Express Mail
- Hand Delivery
- Facsimile
- Email

Nevid LLC & Elk Creek Ranch LLC
c/o Barker Rosholt & Simpson
Attn: Norm Semanko
PO Box 2139
Boise, ID 83701-2139

- U.S. Mail, postage prepaid
- Express Mail
- Hand Delivery
- Facsimile
- Email

Mayfield Townsite LLC
PO Box 1359
Caldwell, ID 83606

- U.S. Mail, postage prepaid
- Express Mail
- Hand Delivery
- Facsimile
- Email

Moore Smith Buxton & Turcke
Attn: Bruce smith
950 W. Bannock St., Ste. 520
Boise, ID 83702

- U.S. Mail, postage prepaid
- Express Mail
- Hand Delivery
- Facsimile
- Email

Wilson & McColl
Attn: Brian McColl
PO Box 1544
Boise, ID 83701-1544

- U.S. Mail, postage prepaid
- Express Mail
- Hand Delivery
- Facsimile
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Michael C. Creamer