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DEPARTMENT OF
WATER RESOURCES

July 8, 2011

VIA US MAIL

Gary Spackman, Director
Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

Re: Delivery of Water to Water Right No. 36-07071

Dear Mr. Spackman:

John W. Jones Jr. and Deloris D. Jones are entitled to delivery of 73.05 cfs from Weatherby Springs, Three Springs, and Hoagland Tunnel pursuant to Water Right No. 36-07071 (7/8/1969 priority of 73.05 cfs). These water rights are all within Water District 130, and are hydrologically connected to the Eastern Snake River Plain Aquifer. In 2011, the Jones are only receiving approximately 32 cfs pursuant to its water right.

The Idaho Department of Water Resources' past and current failure to administer the water rights in accordance with Idaho law and without the proper regulation of hydraulically connected junior priority ground water rights has caused past and immediate and material damage to the Jones' beneficial use of the water consistent with its decreed water rights. As you know, a legally acquired water right is a property right. A water right cannot be taken for public or private use without due process of law and without just compensation.

As Idaho follows the doctrine of prior appropriation, when there is insufficient water to satisfy the senior appropriator's water rights, allowing a junior appropriator's continued use, without curtailment or limitation, constitutes a taking of property for which compensation must be paid pursuant to the Constitutions of Both the State of Idaho and the United States of America. Consequently, the Department's failure to administer the

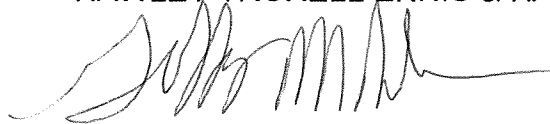
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water rights in accordance with Idaho law deprives the Jones of their property without due process and without just compensation.

Any further delays in the administration of water rights to effectuate said deliveries will only further injury the Jones' operations. Therefore, the Jones hereby demand that you direct the Watermaster for Water District 130 to administer water rights in the Water District as required by Idaho Code § 42-607 in order to supply the Jones' prior appropriation rights.

Sincerely,

HAWLEY TROXELL ENNIS & HAWLEY LLP

A handwritten signature in black ink, appearing to read 'Geoffrey M. Wardle', with a long horizontal flourish extending to the right.

Geoffrey M. Wardle

GMW/