

1. contrary to Blue Lakes' water rights, the Director's statutory duties to administer water rights, and Idaho law;
2. inadequate to mitigate Blue Lakes' water shortage and injury; and
3. unacceptable to Blue Lakes.

Blue Lakes understands that the Director is in the process of scheduling a hearing on petitions on the Director's May 19, 2005 *Order*, through which these issues and others raised by Blue Lakes and by other parties will be addressed. By filing this *Petition for Reconsideration of the Director's June 15, 2007 Order*, Blue Lakes does not waive any of its positions, objections or issues presented in its June 3, 2005 *Petition*, including, but not limited to, the aforementioned objections to the mitigation provisions of the May 19, 2005 *Order*.

Blue Lakes seeks reconsideration of the Director's *Curtailment Order* because of the Director's failure to require ground water users to produce the full mitigation required by the May 19, 2005 *Order* for 2006 and 2007. The Director's justification for excusing the ground water users' failure to produce the required mitigation in 2006, and his failure to require them to make up for that shortfall in 2007, is arbitrary and capricious.

Blue Lakes objects to the Director's cursory acceptance in the *Curtailment Order*, Findings of Fact paragraph 13, of IGWA's argument during the June 5, 2006 hearing that it should receive mitigation credit for water it intended to convey through the North Side Canal based on North Side Canal Company's 30% conveyance loss figure used for assessment purposes. This issue was the subject of extensive testimony, which the Director has not examined in any findings of fact, during a hearing for which the Director has never issued an order. The Director's cursory acceptance of

IGWA's position a year after the hearing without findings or an order on the hearing during which the issue was litigated is arbitrary and capricious.

As with IGWA's 2005 mitigation plan, the mitigation plans referenced in the *Curtailment Order* are speculative and contingent upon unconfirmed circumstances and availability of apparently unsecured alternate water supplies water. As IGWA's failure to perform last year demonstrates, these speculative proposals provide inadequate alternatives to curtailment.

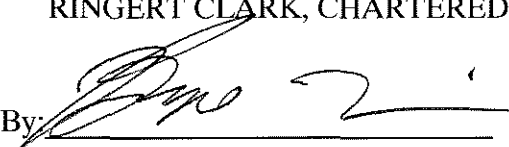
Additionally, Blue Lakes was not a party to the Idaho Dairy Association's Agreement ("IDA Agreement"), and did not approve of or agree to its concepts or terms. The Thousand Springs Water Users Association involvement in that agreement in no way represented Blue Lakes' interests or views.

This petition states Blue Lakes' initial grounds for reconsideration of the *Curtailment Order*. Blue Lakes reserves its rights to amend these grounds, and present additional grounds, through the customary pre-hearing opportunities to submit statements of issues, and to present argument and submit briefing on all issues that are raised during hearing.

By filing this petition, Blue Lakes does not seek or support any stay of the curtailment ordered by the Director, and hereby objects to the request for stay filed by the ground water users.

Dated this 27th day of June, 2007.

RINGERT CLARK, CHARTERED

By: 
S. Bryce Farris

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of June, 2007, I served a true and correct copy of the foregoing by delivering the same to each of the following individuals by the method indicated below, addressed as follows:

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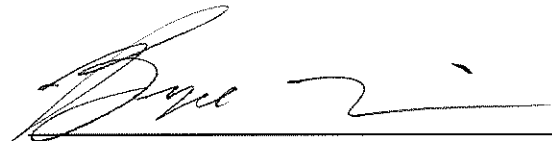
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