

July 29th, 2004

RECEIVED
AUG 09 2004
Department of Water Resources
Eastern Region

Michael Holliday
Water Resource Agent
Department Of Water Resources
900 N. Skyline Dr. Suite A
Idaho Falls, Idaho 83402-1718

Re: Water Rights at Gray's Lake

Dear Michael,

Pursuit to your letter of June 22, 2004 to Ernest Lombard / Lombard Land and Livestock LLC. I wish to clarify the use of the water originally used on section 20 the SE ¼ of the SE ¼ and section 21 the SW 1/4 of the SW ¼. (Approximant 80 acres) The property was in the ownership of our parents for many years. The water used on this 80 acres originally was transferred by our parents to other property they owned at that time namely that property described in adjudication claim number 25-14097 and is presently used at that location.

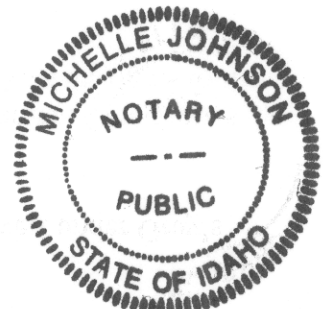
This has been the case for many years, infact there is no longer a culvert under Gray's Lake Road that originally allowed the use of this water.

I do wish to point out that the original flow line of Meyers creek (Herman Creek) does flow through the lower corner of this 80 and I do wish to retain stock water rights to the minimal flow going to U.S. Fish and Wildlife.

Sincerely,



Gene Lombard
Director / Owner Of Herman Properties LLC
433 Madrona
Twin Falls, Idaho 83301



Michelle Johnson
Resides: Hazelton, Id.
Exp. 1-12-2010
Seen before me this 3rd day
of August 2004.