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February 5, 2008

Dave Carlson
Water Resource Supervisor
State of Idaho
Department of Water Resources
900 N. Skyline Drive Ste. A
Idaho Falls, ID 83402-1718

*Re: Canyon Estates Property Owners Association
Assignment of Permit No. 11-7435
Application to Amend Permit No. 11-7435
Assignment of Permit No. 11-7481
Application to Amend Permit No. 11-7481B*

Dear Dave:

Please find enclosed the original and one copy each of the above-captioned documents relating to Canyon Estates Property Owners Association, which are being submitted in response to your letter dated September 28, 2007, a copy of which is enclosed. Please conform-stamp the copies and return in the enclosed envelope. I have also enclosed a copy of the letter dated September 24, 2007, by which Randy Budge originally explained the purpose of these applications. As further explained in Randy's September 24, 2007 letter, the following needs to be accomplished:

1. Ownership of Permit No. 11-7435 assigned to Canyon Estates. Enclosed is an assignment I have printed for that purpose.

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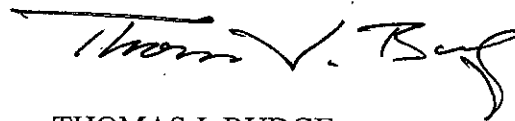
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Department of Water Resources
Eastern Region

2. Amendment of Permit No. 11-7435 to add the annexed property known as The Pointe at Canyon Estates to the place of use, as explained in the September 24, 2007 letter.
3. Partial assignment of Permit No. 11-7481. A 0.28 cfs portion of this water right needs to be assigned from Sam's Hollow Water Company to Canyon Estates. I am assuming you assigned the portion that will be identified as 11-0748B, and the 1.07 cfs portion retained by Sam's Hollow will be renumbered 11-7481A. Enclosed is an assignment of permit for this purpose.
4. Application to Amend Permit No. 11-7481B to change the place of use and add a point of diversion under this right so the transferred portion, 11-7481B, can be pumped from the Canyon Estates well to provide domestic water to all of Canyon Estates subdivision, including The Pointe.

Please conform stamp and return the copy of each of the foregoing filings in the enclosed envelope. Let me know if you have any questions regarding these filings. If necessary, I would be happy to schedule time to sit down with you and explain further.

Sincerely,



THOMAS J. BUDGE

TJB:sab
enclosures