

May 30, 2008

Mr. Robert Haynes
Idaho Department of Water Resources
7600 N. Mineral Dr., Suite 100
Coeur d' Alene, Id 83815



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IDWR/North

Dear Robert:

Attached you will find a Memorandum of Understanding between Empire Lumber Company and the Mayor and City Council Members of the City of Weippe, Idaho. This agreement was the result of letters and meetings with Empire and the Mayor and Attorney for the City of Weippe. As you will note in the final paragraph, the parties agreed that this memo would be submitted to the Department of Water Resources and the City of Weippe's objection to Empire's water permit application would then be withdrawn.

With this Memorandum being provided to the Idaho Department of Water Resources, we expect that the opposition letter submitted by the City of Weippe concerning our application for a water permit will be withdrawn immediately.

We appreciate your understanding of this situation and look forward to receiving a water permit once the amended application comment period has ended.

Sincerely,

Randy Eller
Resource Manager

"Specialists in the Wood Products Industry Since 1956"

Empire Lumber Company, dba KAMIAH MILLS, P.O. Box 638, Kamiah, ID 83536 (208) 935-2536