



April 25, 2008

Allen D. Merritt
Southern Regional Office
Idaho Department of Water Resources
1341 Fillmore St., Ste. 200
Twin Falls, ID 83301-3033

Re: *Groundwater Recharge Basins in Blaine County*

Dear Allen:

This is to advise you that The Valley Club, Inc. and The Valley Club Owners' Association, Inc. have an agreement, in principle, by which they propose to cooperate in the siting of one or more groundwater recharge basins to be located on their respective properties in Blaine County. The locations of the proposed recharge basins are generally described in the Application for Transfer filed by Dry Lot, LLC with your office on March 21, 2008.

The Valley Club also will be filing its own transfer application to provide for recharge as mitigation in the near term. Ultimately, the respective rights of The Valley Club and The Valley Club Owners' Association to use the other's property to effect their transfers are contingent on them entering into a formal agreement concerning, among other things, the sharing of facilities and costs.

For purposes of the Department processing the Dry Lot, LLC transfer application, The Valley Club consents to inclusion of its lands as a potential recharge site in that application. Whether The Valley Club site actually can and will be used as a recharge site remains contingent upon it entering into the formal agreement with The Valley Club Owners' Association described above.

Sincerely,

William S. Potter
The Valley Club, Inc.