

BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

August 23, 2007

Allen Merritt
Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, ID 83301

Re: Valley Club Homeowners Association – Dry Lot LLC
Permit and Transfer Applications

Dear Allen,

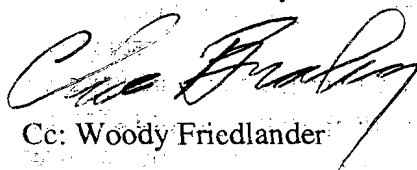
Thank you for meeting with us relative to the pending water right applications. As we discussed there are certain aspects of the applications that need to be amended, Brockway Engineering is in the process of amending the permits and transfers. We will be amending the nature of use to show recharge rather than mitigation as to your suggestion, also we will be reviewing and evaluating the 1 miner's inch limitation on irrigation for the new acres.

We are securing proof of ownership of the water right to be transferred and will identify the specific 60 acres to be dried up; also a letter of agreement between Valley Club Homeowners Association and the Dry Lot LLC registered ownership of the transfer water rights is being prepared. A mitigation schedule based on buildout numbers for phasing of the mitigation requirements will also be prepared; in addition we will secure the FSA records on historic crop use on the Cutter rights. Discussions are underway with the IDEQ.

Thank you again for meeting with us.

Sincerely,

Charles E. Brockway, P.E.



Cc: Woody Friedlander

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RECEIVED
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SOUTHERN REGION