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MAY 14 2007

DEPARTMENT OF
WATER RESOURCES

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Department of Water Resources

HDI INC.

A DIVISION OF HOLDINGS BY RICK WOODS & BRYAN HASENOEHL

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11/22/06

State of Idaho
Department of Water Resources
322 E. Front Street
Boise ID 83720-0098
Deborah Gibson

RE: Permit # 85-7626A and 85-7626B

Dear Deborah,

As per our prior phone conversation and email, we at HDI Inc. discovered that our water permit had a lapsed status. We also discovered that the address that the Idaho Department of water Resources had on record for HDI Inc was not a valid address.

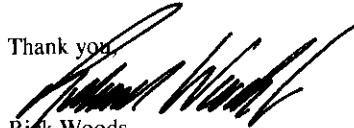
I would like to explain the address mix up. January 2001, I had requested an extension on the proof of beneficial use. At that time HDI was using an address of 3892 Lapwai Road, Lewiston ID. HDI continued to pursue the approval of DEQ on our water system, but during that year or two after that January letter I sent you, our county changed all the address's to comply with the new 911 emergency system. The mail person that handles our route in the county that we live in has been at times, difficult, and therefore did not forward the mail she knew belonged to us. We did not get the notice that was sent out approximately one year ago and George Hasenoehrl did not get his notice on 85-7626A, because he lives in the same neighborhood. Consequently both 85-7626A and 85-77626B have been put in a Lapsed status.

See attached Assignment of Permit in which George Hasenoehrl has assigned all the water rights to HDI.

See attached Proof of Beneficial Use, which we would like to show that some of the water is being used. I have enclosed a copy of the approved plans from the Department of Water Quality that show we now have an approved system.

We would like pursue the negotiations with our neighbor to the East, Harvest Vista Development in an arrangement to take the water hookup of the residential hookups and HDI would then assign the balance of the water rights to Bryan Hasenoehrl and Richard Woods Jr. for domestic and irrigation purposes.

Thank you


Rick Woods