



CHALLIS CREEK RANCH, LLC

RandRforHorses.com

September 13, 2007

Deborah J. Gibson, Administrative Assistant
Water Allocation Bureau
Idaho Department of Water Resources
P. O. Box 83720
Boise, ID 83720-0098

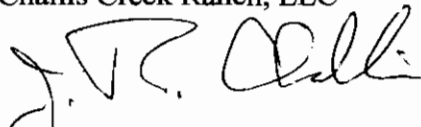
Dear Ms. Gibson:

As we discussed in our telephone conversation earlier today and in accordance with your letter of September 10, 2007, please find enclosed our check number 5979 in the amount of \$50.00 to cover the licensee examination fee applicable to Permit No. 72-16686. Again it was my understanding, though obviously incorrect, that no additional fee was required since our pond was, in fact, less than 4.0 AF. Needless to say I missed the fee requirement mandated by the diversion of water from our spring or "unnamed stream."

We are also returning enclosed herewith our completed PROOF OF BENEFICIAL USE form returned with your aforementioned letter requesting the enclosed check.

If we have overlooked anything else and/or anything additional is required, please let us know. Otherwise we look forward to your timely issuance of our licensed water right.

Sincerely,
Challis Creek Ranch, LLC



J. R. Challis