



CHALLIS CREEK RANCH, LLC

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DEPARTMENT OF
WATER RESOURCES

September 7, 2007

Shelley W. Keen, Manager
Water Right Permits Section
Idaho Department of Water Resources
P. O. Box 83720
Boise, ID 83720-0098

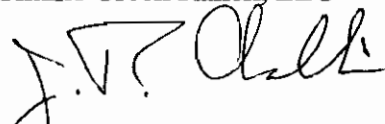
Dear Mr. Keen:

Enclosed please find our completed PROOF OF BENEFICIAL USE form applicable to our Permit No. 72-16686. As the Department's files will confirm the subject pond was completed in the spring of 2005.

Since installation was done initially as a waste water retention basin inflow measuring devices were then installed to allow specific measurement of spring input (unnamed stream) as well as waste water input. A "Big Gun" sprinkler system allows a controlled and measured irrigation output flow. Computerized records are maintained (available upon request by Water District 72-A and/or the Department in "hard copy" or electronically) to provide ongoing documentation that output irrigation usage does not exceed comparable input of reusable irrigation waste water. An overflow culvert (screened in accordance with Idaho Fish & Game Department guidelines) is also installed to return excess unused flows to Challis Creek. Lastly, it should be noted the pond and measuring capabilities have been seen on multiple occasions by several Department personnel.

If anything additional is required to facilitate timely issuance of our licensed water right, please let us know.

Sincerely,
Challis Creek Ranch, LLC



J. R. Challis