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June 27, 2007
via Hand Delivery

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Re: Sun Valley Company
Water Bank Lease for Water Right 37-415
MTBR&F File No. 16845.5

Dear David and Jeff:

I am writing to clarify an item of possible confusion between the water bank lease acceptance/agreement documents and the map prepared by Aaron Marshall, Senior Water Resource Agent, Water Allocation Bureau. This map visually depicts the areas for which irrigation will cease and the new lands to be irrigated (copy enclosed). As you know, the Director's Report for water right 37-415 recognizes a thirty-two (32) acre place of use in the Southeast Quarter of the Southeast Quarter of Section 6, Township 4 North, Range 18 East, Boise Meridian, Blaine County. Approximately fourteen (14) of these acres are located to the west of Trail Creek Road. This area of the Sun Valley Resort served as the former location for the Sun Valley Gun Club, and now serves as the location for holes 1 and 9 of the expanded Sun Valley Golf Course.

As indicated in the Water Supply Bank Lease Acceptance, irrigation of the 6.1 acres located within the Southeast Quarter of the Southeast Quarter of Section 6, Township 4 North, Range 18 East, is to be "idled" under the Lease. As shown on the map, the 6.1 acres to be idled are located within the fourteen (14) acre parcel to the west of Trail Creek Road, which, again, is the area of holes 1 and 9 of the expanded Sun Valley Golf Course. By idling irrigation of the 6.1 acres within this place of use, 7.9 acres of the fourteen (14) acre area west of Trail Creek Road remain for irrigation of holes 1 and 9, and the surrounding tee boxes.

In viewing the map, it appears that irrigation of the southern portion of the fourteen (14) acre place of use will be idled. In reality, irrigation of 7.9 acres within the fourteen (14) acres will

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continue and irrigation of the remaining 6.1 acres will be idled. I have enclosed a map of the location of holes 1 and 9 of the expanded Sun Valley Golf Course, which show the actual lands to be irrigated (holes 1 and 9 and the surrounding tee boxes).

I assume this letter clarifies any potential for misunderstanding of the Sun Valley Company's intent to irrigate 7.9 acres of land to the west of Trail Creek Road within the reported place of use in the Southeast Quarter of the Southeast Quarter of Section 6, Township 4 North, Range 18 East, Boise Meridian, Blaine County. The Sun Valley Company and I will rely upon the clarification described in this letter unless you provide me with written notice advising the Company and me that you disagree with this clarification within ten (10) days of the date of this correspondence. Thank you for your assistance in this matter and please let me know if you have any questions.

Very truly yours,

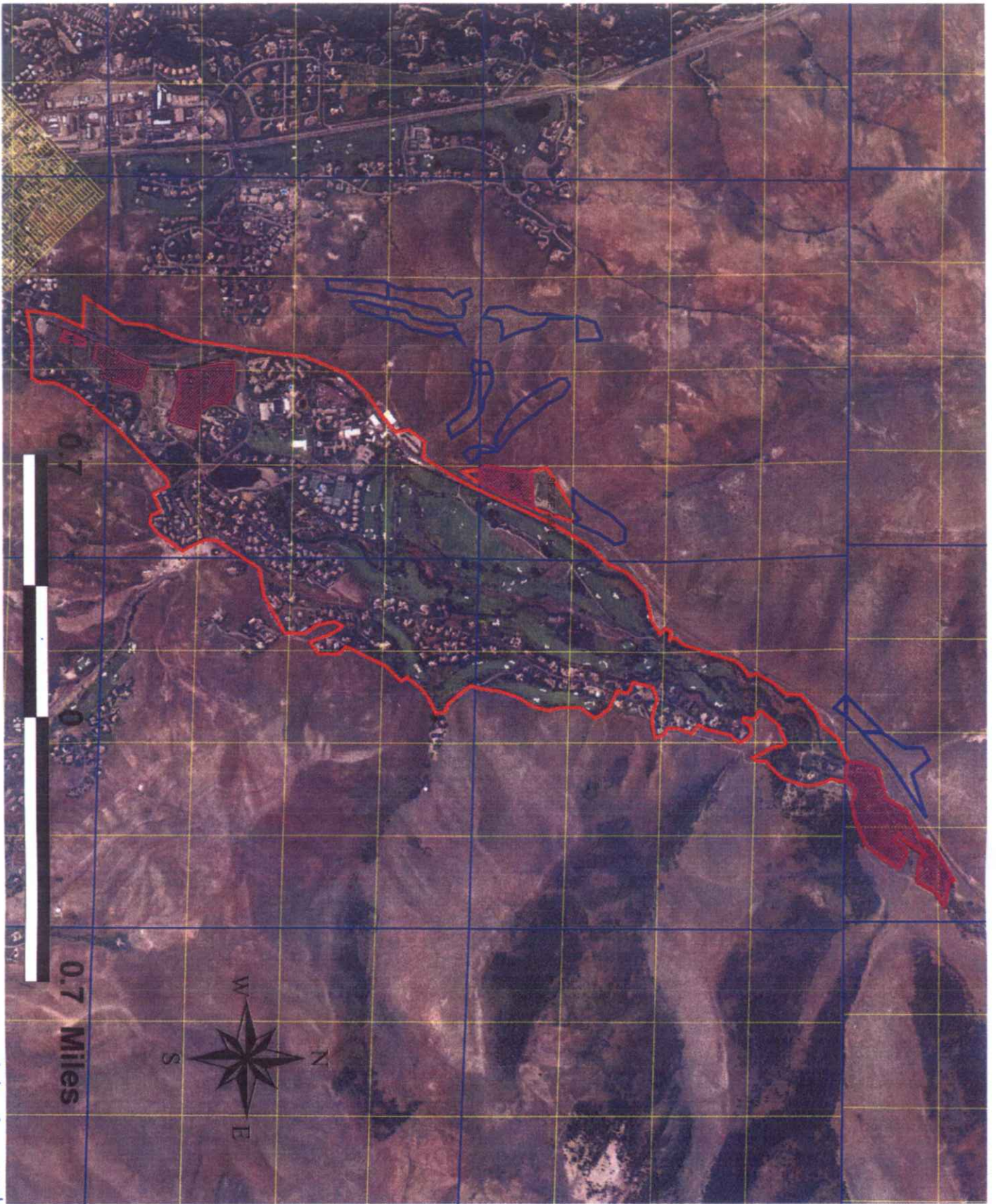


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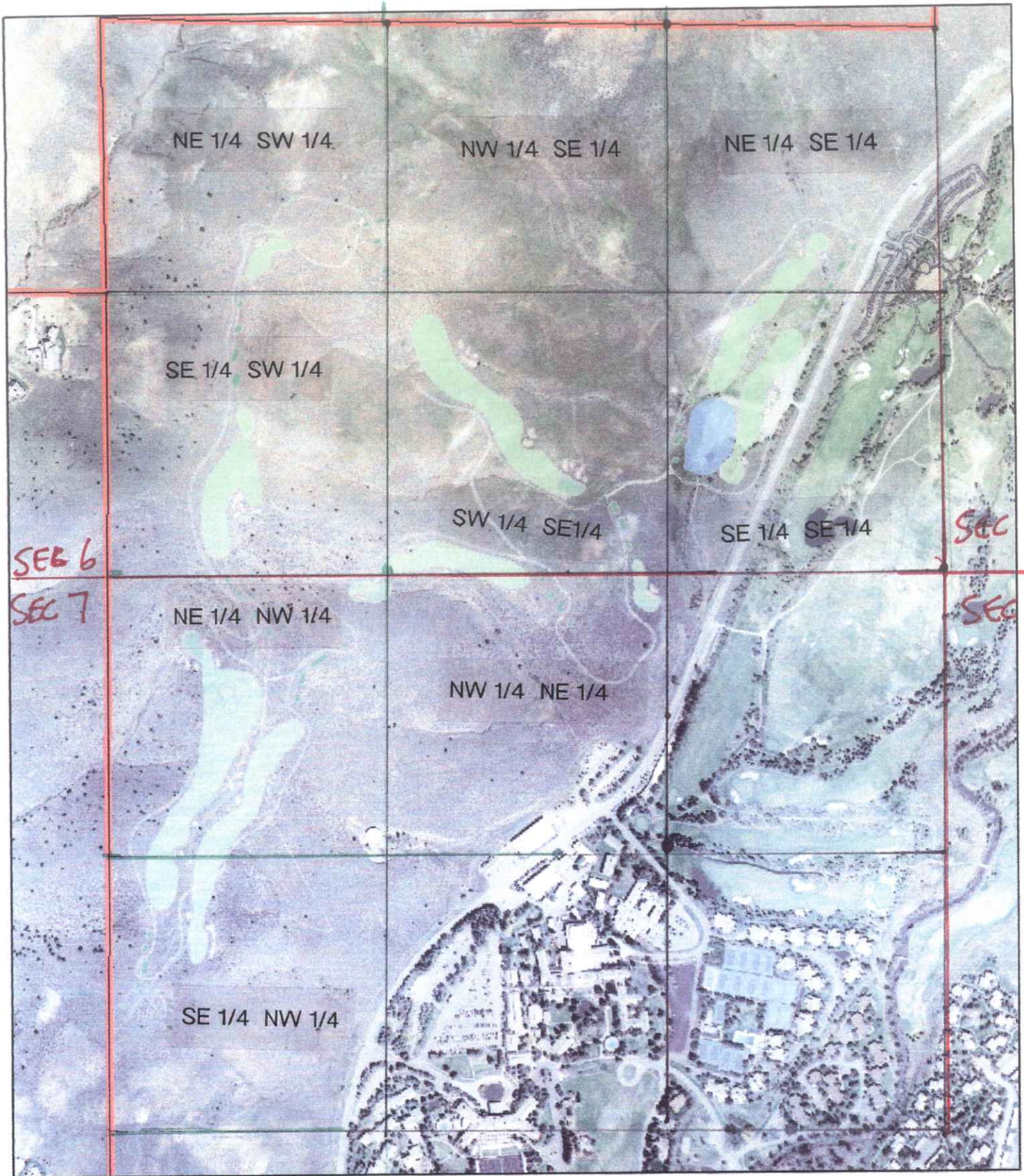
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Enclosure

cc: Wallace Huffman (w/o encl.)
Scott Mayeda (w/o encl.)



W/07 Aaron Marshall



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SUN VALLEY CO.
West Nine Golf Course

