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RECEIVED

Ms, Deborah J Gibson
IDWR

3/31/2006

Ms. Gibson,

Enclosed is the beneficial use form for Permit # 85-7631.

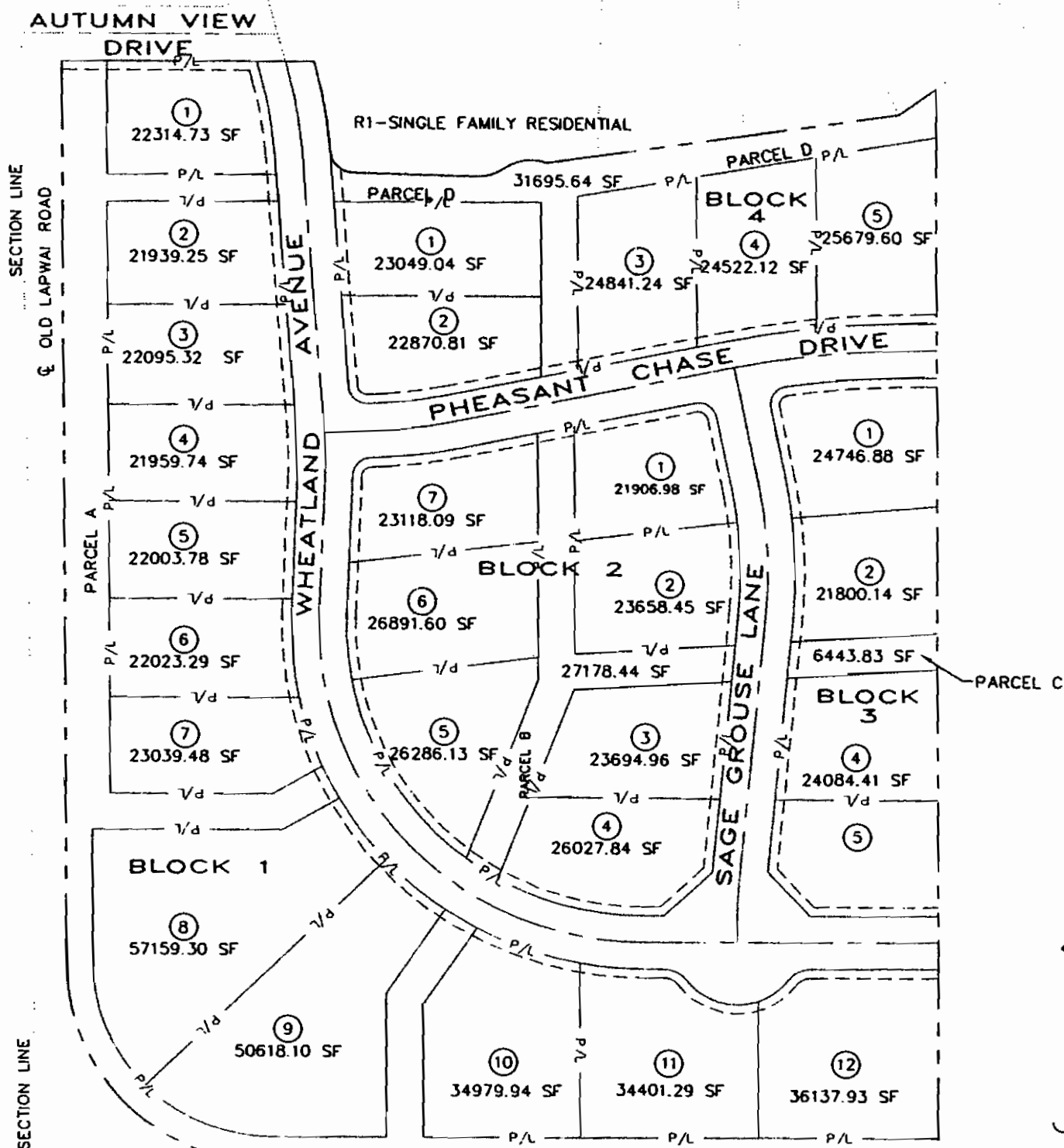
We have developed the system and are currently serving 71 households with domestic water as well as irrigation service for 1/3 acre to each resident. We are also irrigating a 2 acre park area and another 4 acre trail system. Next week we will be meeting with a Land Planner to discuss the immediate expansion of our communities, as the market is very good at this time. We have invested approximately an additional \$450,000 in our distribution system in the past year and continue to speak with Greg Taylor in regards as to our options with our water rights and areas of service. We work very closely with IDEQ and our engineering firm, JUB here in Lewiston, to continue to put in a top quality system. If there is any information that I may have omitted, or anything that you have questions on, please contact me at the above numbers. Thanks and have a great day.

Sincerely,

Harry William Hobbs, Jr.
Member/Agent. Schaub Ranch, LLC

JUNE, 2005

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