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JAN 29 2007

**Department of Water Resources
Eastern Region**

*Also Licensed in Missouri & Kansas
**Also Licensed in Utah & Colorado

January 29, 2007

Roger Warner
Idaho Department of Water Resources
900 N. Skyline Dr., Ste. A
Idaho Falls, ID 83402

Re: Submission of Proof of Beneficial Use for Water Right Permit No. 22-7814

Dear Roger:

Enclosed please find a completed Proof of Beneficial Use form, along with the appropriate filing fee. We appreciate your prompt response to our concerns and discovery that this permit has lapsed, and we have obtained information from the permit holder explaining why proof of beneficial use was never submitted.

The Application for Permit for this particular water right was filed by a limited liability company known as Teton Valley Associates, LLC. The application was filed on July 5, 2000. A license was thereafter issued on October 10, 2000. Immediately after receiving the license, the well was drilled in November of 2000. The well was drilled to service a subdivision known as Valley Centre Subdivision. Within the next few days, we will provide to you building permits and/or certificates of occupancy demonstrating that buildings were built and/or occupied since 2002 on the property. The water system installed on the property was used to service those structures. We have requested the building permits and certificates of occupancy from Teton County, and will provide them to you as soon as we receive them. In short, the watering system has been in place since 2002 and has been operated since that time.

In January of 2005, Teton Valley Associates, LLC, transferred all of its assets to another entity known as Victor Mountain Retreat, LLC. The address for this entity is PO Box 408, Victor, ID 83455. Unfortunately, the lapse notice and other correspondence relating to the permit were sent to the Teton Valley Associates' address of 100 S. 200 W., Driggs, ID 83422. In the course of transferring the assets from Teton Valley Associates to Victor Mountain Retreat, it appears there was some confusion as to which entity was to take care of the licensing of this

Roger Warner
Idaho Department of Water Resources
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particular permit. The permit should have been assigned to Victor Mountain Retreat back in January of 2005. Had this been done, communication would have been sent to the correct address, and these issues could have been avoided. We have prepared an Assignment of Permit, which Teton Valley Associates will sign here within the next few days. Once this document is signed, we will then forward it to you. In short, because of the transfer of assets of Teton Valley Associates, LLC, to Victor Mountain Retreat, LLC, it appears there was a breakdown in communication on this permit.

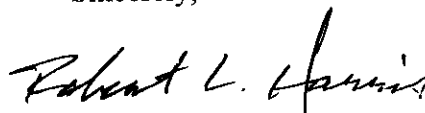
As to the water system itself, as discussed above, it has been in operation since early in 2002. In addition, as indicated above, the well was drilled on November 6, 2000. A copy of the well driller's report for this particular well is enclosed with this letter.

In my telephone conversation with you earlier today, you indicated the Department would like to know why there was a delay in submitting proof of beneficial use. As indicated above, it appears there was a breakdown in communication between the two entities. In addition, pursuant to our conversation, you requested two forms of evidence showing the water system was developed and used between 2000 and 2005. The first evidence is the well driller's report indicating the well was drilled on November 6, 2000. The second form of evidence would be the building permits and/or certificates of occupancy which we will provide to you shortly.

Lastly, in visiting with Mr. Travis Thompson of Victor Mountain Retreat, LLC, he indicated that for the past year and a half, he has been in communication with both the Department of Environmental Quality and IDWR concerning their proposals to upgrade the water system at the Valley Centre Subdivision. Thus, it appears that the Department and/or DEQ was aware of the existence of the well, and the attempts to upgrade the system. We believe that this is further evidence indicating that the water system has been in place and has been used since before 2005.

If you have any questions or concerns regarding the foregoing, please do not hesitate to contact us. We will have an Assignment of Permit to you shortly, along with certificates of occupancy and/or building permits. We appreciate your kind assistance in this matter.

Sincerely,



Robert L. Harris
HOLDEN, KIDWELL, HAHN & CRAPO, P.L.L.C.

Enclosures

IDAHO DEPARTMENT OF WATER RESOURCES
WELL DRILLER'S REPORT

Office Use Only			
Inspected by _____			
Twp _____	Rge _____	Sec _____	
1/4 _____	1/4 _____	1/4 _____	
Lat: _____		Long: _____	

1. WELL TAG NO. D 0014389
DRILLING PERMIT NO. 766057
Other IDWR No. 22-7814

2. OWNER:
Name Teton Valley Association LLC.
Address 100 S. 200W.
City Driggs State ID Zip 83422

3. LOCATION OF WELL by legal description:

Sketch map location must agree with written location.

N		E		S		W	

Twp. 05 North ☒ or South ☐
Rge. 45 East ☒ or West ☐
Sec. 23 1/4 NE 1/4 SW 1/4
Gov't Lot _____ County Teton County
Lat: _____ Long: _____

Address of Well Site Valley CenterSubdivision _____ City Driggs

Lt. _____ Blk. _____ Sub. _____ Name _____

4. USE:

☐ Domestic ☒ Municipal ☐ Monitor ☐ Irrigation
☐ Thermal ☐ Injection ☐ Other _____

5. TYPE OF WORK check all that apply. (Replacement etc.)

☒ New Well ☐ Modify ☐ Abandonment ☐ Other _____

6. DRILL METHOD

☐ Air Rotary ☒ Cable ☐ Mud Rotary ☐ Other _____

7. SEALING PROCEDURES

SEAL/FILTER PACK			AMOUNT		METHOD
Material	From	To	Sacks or Pounds		
Neat Cement	0	18	16 sacks pull back, pour		
3/8 hole plug	18	60	46 sacks " "		

Was drive shoe used? ☒ N ☐ Shoe Depth(s) 240'
Was drive shoe seal tested? ☐ Y ☒ N How? _____

8. CASING/LINER:

Diameter	From	To	Gauge	Material	Casing	Liner	Welded	Threaded
16" + 1"	240	312	STEEL		☒	☐	☒	☐
					☐	☐	☐	☐
					☐	☐	☐	☐

Length of Headpipe _____ Length of Tailpipe _____

9. PERFORATIONS/SCREENS

Perforations 366 Method Mills Knife
Screens _____ Screen Type _____

From	To	Slot Size	Number	Diameter	Material	Casing	Liner
180	230	5/8 x 3/4				☐	☐
						☐	☐
						☐	☐

10. STATIC WATER LEVEL OR ARTESIAN PRESSURE:

40 ft. below ground Artesian pressure _____ lb.

Depth flow encountered _____ ft. Describe access port or control devices: 1/2 access pipe

11. WELL TESTS:

☐ Pump ☐ Bailer ☒ Air ☐ Flowing Artesian

Yield gal./min.	Drawdown	Pumping Level	Time
2000	165	AIR	8 hrs

Water Temp. _____

Bottom hole temp. _____

Water Quality test or comments: clean with little sand at that volume
Depth first Water Encounter 80'

12. LITHOLOGIC LOG: (Describe repairs or abandonment) Water

Bore Dia	From	To	Remarks: Lithology, Water Quality & Temperature	Y	N
20	0	2	Topsoil, Gravel & Cobble		X
1	2	60	Gravel, large Cobble with clay		X
16	60	103	Gravel, large cobble w/ clay	X	
	103	108	Brown clay		X
	108	165	Large Cobble Rock, Gravel sand, Brown clay	X	
	165	205	Large Cobble rock, Gravel sand & less clay, but more compacted formation	X	
	205	247	same as above but siltier formation clay color white	X	
	247	250	Silty clay		X
	250	252	Cobble Rock & Gravel	X	
			Gravel packed from 240 - 252		

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RECEIVED

DEC 22 2000

DEC 15 2000

Department of Water Resources

Department of Water Resources
Eastern Region

Completed _____ Depth 238 (Measurable)
Date: Started 9-1-00 Completed 11-3-00

13. DRILLER'S CERTIFICATION

We certify that all minimum well construction standards were complied with at the time the rig was removed.

Company Name Findlay Well Drilling Firm No. 062Firm Official Brad Findlay Date 11-6-00

and
Driller or Operator Brad Findlay Date 11-6-00
(Sign once if Firm Official & Operator)

FORWARD WHITE COPY TO WATER RESOURCES