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October 17, 2006

Carly Burton, Executive Secretary
Bear River Water Users Association
967 W. Bloomsbury Cove
Murray, Utah 84123

Steve Clyde
Clyde, Pratt & Snow, P.C.
201 S. Main Street, #1300
Salt Lake City, Utah 84111-2216

Re: *Bear Lake West Property Owners Association, Inc.*
Application to Amend Permit Nos. 11-7399, 11-7424

Dear Carly and Steve:

The above-referenced Water Right Permits are owned by Bear Lake West Property Owners Association, Inc. ("BLWPOA") and provide domestic water for Bear Lake West's Subdivision Plat B and C. This is the north part of the subdivision. The south part of Bear Lake West Subdivision is under an entirely separate water system and water rights, which is owned and operated by the Bear Lake West Homeowners Association ("BLWHOA").

Because BRWUA would have an interest in these permits as well as other new water rights in the Bear River Ground Water Management Area to ensure that they do not result in any depletion to the Bear River Drainage that is not fully mitigated, I am providing you with this advance notice of the Applications we will be filing shortly to amend these Permits. Enclosed is a copy of the Application for Amendment of Permit for each permit. Attached to each is an identical narrative which provides an explanation of the amendments being requested. Since these permits are used as a part of a single water delivery system, a primary purpose of the amendment is to combine both permits so they reflect the same points of diversion and place of use.

Additionally the permits provided sufficient water for in-home domestic use and irrigation

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of ½ acre for a total of 100 homes. There are currently 112 homes hooked up to the system, an additional 12 in the process of being completed, with 402 total lots in the subdivision. Accordingly, BLWPOA amended its Restrictive Covenants to restrict outside irrigation to 2000 square feet. As a result of this limitation, the water previously available for outside irrigation is limited, thus increasing the water available for remaining lots, which would be sufficient for a total of 182 homes. The purpose and intent is not to expand or increase water available under the existing rights in any way. This represents the solution recommended by IDWR to BLWPOA.

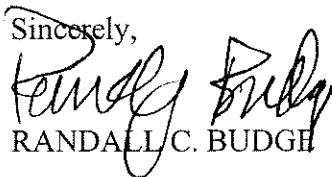
Finally these Amendments seek to change the nature of the use from domestic to municipal. This is to allow for the continued buildout of the subdivision over time, inasmuch as municipal water rights do not have the 5-year limitation for applying water to beneficial use, which is the case for other water rights. Again, this was a suggestion made by IDWR.

Ordinarily (unlike the amendment of a licensed or decreed right) amendment of a permit does not require publication. However, because these amendments seek to change the nature of use from domestic to municipal, IDWR does intend to publish notice of the applications.

Upon approval, the proposed amendments would allow domestic water to be provided to a total of 182 lots for in-house use with the outside irrigation restricted to 2000 square feet. If and when additional water is needed to hook up remaining lots in the subdivision, it will be necessary for BLWPOA to secure additional new water rights and provide the required mitigation.

We expect to file these Applications in the next several days, after which legal notice will be published in the Montpelier News Examiner. This letter is intended to give you a courtesy advance notice of these matters. There is no expansion and no change in the quantity of use, which remains the same. Accordingly there would appear to be no reason for concern or objection by any other water right holders.

Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

RANDALL C. BUDGE

RCB:rr

Enclosures

cc: Bear Lake West Property Owners Association, Inc.
IDWR: Roger Warner/Eastern Region Manager