

Portneuf-Marsh Valley Canal Company, Ltd.

DOWNEY, IDAHO

February 22, 2006

Cutler Ditch Co.
C/O Roger Johnson
3369 East Hiway 30
McCammon, Idaho 83250

Dear Roger,

On November 2, 2005 The board of Directors of the Portneuf Marsh-Valley Canal Company LTD; approved your Request to transfer 2.82 CFS of water Consisting of three different water rights:

- 1.26 CFS May 6, 1868 # 29-13400
- .34 CFS May 1, 1896 Water Masters Book #44
- 1.22 CFS May 1, 1896 Water Masters Book #45

This water to be transferred from the Cutler Ditch and transport it through the Canal, of the Portneuf Marsh Valley Canal Co. to a Headgate installed by the Cutler Ditch Co; near or at the Marsh Valley Hydro Electric Co. Plant.

The conditions were set by the Board of Directors, that the Cutler Ditch Co. would pay 10% of the assessment levied to the Portneuf Marsh Valley Canal Co. stockholders that is billed in March and September of each year. Also the Cutler Ditch Co. will be responsible to obtain the point of diversion permit from the Idaho Department of Water Resources and will bear all expenses for all headgates, attachments and measuring devices for a new diversion. Also the Cutler Ditch Company, will be responsible for any leakage through their headgate and will be charged for all leakage.

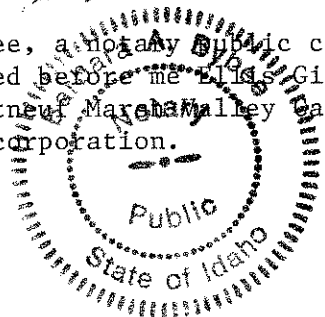
We support the Cutler Ditch Company on this change of Diversion to eliminate the water loss you sustain in the system you are presently using. We also support you in setting up a gravity sprinkling system that will use no energy source for power.

Sincerely,



Ellis Gilbert, President
Portneuf Marsh-Valley Canal Co. LTD
Downey, Idaho 83234

I, Barbara A. Bybee, a Notary Public certify that on this 23 day of February 2006 personally appeared before me Ellis Gilbert who declared that he is the President of the Board for Portneuf Marsh Valley Canal Company LTD and that he signed the foregoing documents of the corporation.



Notary Barbara A. Bybee
Expires 12-31-2011