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JAN 03 2006

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(1911-1971)
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December 29, 2005

Erin Retelle
Idaho Department of Water Resources
PO Box 83720
Boise, ID 83720-0098

RE: Application for Permit No. 35-13542

Dear Ms. Retelle:

We are writing this letter at the request of Mr. Dave Carlson of the Eastern Region office to provide more information regarding possible mitigation for the above referenced application for permit. When he called to our attention the contents of the "Narrative Statement Regarding Mitigation" that apparently accompanied the application when it was filed, we were somewhat horrified, and do not wonder that it seems a little less than perfectly clear.

I thought we had prepared a new statement to accompany the new application, but the document that got included is a rough draft of one we were working on in connection with the previous application for transfer potentially involving the same subject matter. Perhaps Mr. Carlson informed you that early on we began to address this need through a possible transfer application approach.

In any event, please accept our apology for the blunder which resulted in your having the confusing rough draft of a document we were working on for a different approach. We have enclosed what we hope is a more appropriate statement regarding possible mitigation in connection with the above referenced application for permit. We have also enclosed copies of some relevant deeds showing ownership of the lands by Melaleuca, Inc. where the new facilities are being constructed.

Erin Retelle
Idaho Department of Water Resources
December 29, 2005
Page 2 of 2

Again, we apologize for the inconvenience. If we may provide additional information or assistance, please feel free to call upon us at your convenience. Thank you for your kind attention to this matter.

Yours very truly,

A handwritten signature in black ink, appearing to read "Kent W. Foster". The signature is fluid and cursive, with the first name "Kent" being the most prominent.

Kent W. Foster

Enclosures

G:\WPDATA\KWF\4619.003 MELALEUCA\Erin Retelle ltr 122905.wpd.cdv

MITIGATION STATEMENT

This Application for Permit proposes commercial and industrial uses that are largely non-consumptive. The proposed use is for three (3) facilities, a distribution center, a manufacturing plant and an administration building, all of which will be operated by Melaleuca, Inc. The maximum needed amounts of water for each facility were computed as follows:

1. **DISTRIBUTION CENTER** - 400 employees times 30 gallons per day times 5 days per week times 52 weeks per year (restrooms, drinking fountains, breakrooms) totals 3,120,000 gallons per year or approximately 9.57 acre feet per year.
2. **MANUFACTURING PLANT** -
 - a. 400 employees times 30 gallons per day times 5 days per week times 52 weeks per year (restrooms, drinking fountains, breakrooms) totals 3,120,000 gallons per year or approximately 9.57 acre feet per year.
 - b. Plus 2,000,000 gallons per month process water (for cooling and manufacturing of product - including up to 10% to be used consumptively in product) times 12 months per year would result in 24,000,000 gallons or 73.65 acre feet per year.
3. **ADMINISTRATION BUILDING** - 2,000 employees times 30 gallons per day times 5 days per week times 52 weeks per year for a total of 15,600,000 gallons per year or 47.87 acre feet per year.

The maximum amount needed appears to be 140.66 acre feet which would need to be diverted each year. Of that total (approximately 140.7 acre feet per year) all but about 5% (up to some 7.4 acre feet or 10% of the "process water" to be used in the manufacturing plant in the product) will be discharged from the three facilities as waste water and sewage and will be conveyed through buried pipeline to the Shelley Sewage Treatment plant near Shelley, Idaho.

The information we have been able to obtain from the operators of the Shelley plant indicates that the plant currently receives about 500,000 gallons per day. This waste water and sewage is treated in a lagoon system consisting of some 29.2 surface acres of lagoons. When the effluent reaches satisfactory standards, it is discharged into the Snake River near Shelley, Idaho.

At present, it takes about 120 days from the time the effluent reaches the plant until the treated water is discharged into the Snake River.

At peak, Melaleuca's contribution to this system will be some 144,000 gallons per day, or an increase at the Shelley plant of some 22%. However, the Melaleuca contribution will not require an increase in pond surface area at the Shelley treatment plant and hence there will be no increase in the evaporation rate or volume from the present conditions. It appears that except for the water used consumptively in the manufacturing process as part of the product (up to a maximum of 7.4 acre feet per annum or approximately 5% of the total diverted) the water proposed to be pumped from the well will not be used consumptively.

If it becomes necessary to mitigate for the maximum of approximately 5% of the 140.7 acre feet and diverted annually (up to 7.4 acre feet to be used in product) there appear to applicant to be two immediately available alternatives: (1) the land acquired by applicant where the three commercial and industrial facilities will be located (see attached copies of deeds) consists of some 155.62 acres, all within the boundaries of the New Sweden Irrigation District. As can be seen from the colored aerial photo attached to the application, virtually all of the land has been historically irrigated with New Sweden Irrigation District water. The construction of the proposed facilities with attendant parking lots, roads and other buildings will replace approximately 80 formerly irrigated acres. Most of that land will no longer be irrigated for the foreseeable future. Perhaps this reduction in irrigated land will be more than sufficient to replace and mitigate for the water which might be consumptively used in manufacturing the product; (2) a sister entity of applicant (Natural Guardian Limited Partnership - also owned by Mr. Frank Vandersloot, the owner of applicant and Melaleuca, Inc.) is the holder of irrigation groundwater right number 35-7206D. At one time applicant proposed to transfer a portion of this right to accomplish the same objectives as the pending application. It would still be possible to dry up enough acres irrigated under No. 35-7206D (perhaps 4 to 5 acres) to replace the consumptive element of the use proposed under the pending Application for Permit if necessary.

1132538

BONNEVILLE COUNTY RECORDER
1132538 OCT21'03 AM1053

FILE No. 00007878

INSTRUMENT NO.

WARRANTY DEED

FOR VALUABLE CONSIDERATION RECEIVED CAROL M. NIEMEIER, a single person Grantor(s), do hereby grant, bargain, sell and convey unto MELALEUCA INC. Grantee(s), whose current address is 3910 S Yellowstone Hwy, Idaho Falls ID, the following described real estate situated in BONNEVILLE County, State of Idaho, to wit:
See Exhibit A attached hereto and made a part hereof.

COPY

TO HAVE AND TO HOLD the described premises, together with all tenements, hereditaments and appurtenances thereunto belonging, unto the Grantee, his/her/it successors and assigns forever, Grantor does hereby covenant to and with the Grantee that he/she is the owner in fee simple of said premises and that he/she will warrant and defend the same from all lawful claims whatsoever.

DATED: October 20, 2003

Carol M Niemeier
CAROL M. NIEMEIER

STATE OF IDAHO

COUNTY OF BONNEVILLE

On this 20th day of October, 2003, before me, the undersigned, a Notary Public in and for the State, personally appeared CAROL M. NIEMEIER, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he executed the same.

Jennifer Gandon
Notary Public

Residing at: Menan ID

My Commission Expires: 5/12/09

THIS SPACE FOR COUNTY RECORDERS USE ONLY

INSTRUMENT NO.	1132538
DATE	10-21-03
INST. CODE	205
IMAGED PGS	2
FEE	6.00
STATE OF IDAHO) COUNTY OF BONNEVILLE) ss	
I hereby certify that the within instrument was recorded.	
Donald Longmore, County Recorder	
By	<i>R. Avey</i> Deputy
Request of	ITT

IDAHO TITLE & TRUST
P.O. BOX 50367
IDAHO FALLS, ID 83405

Idaho Title & Trust

400 Memorial Drive, PO BOX 50367, Idaho Falls, ID 83402

Exhibit A

Township 1 North, Range 37 East of the Boise Meridian, Section 8: All that part of the South half of the Northeast quarter lying West of the Interstate No. 15.

Also: The Northeast Quarter of the Northeast Quarter (NE 1/4 NE 1/4) and the East half of the Northwest Quarter of the Northeast Quarter (E 1/2 NW 1/4 NE 1/4) all in Section Eight (8), Township One (1) North, Range Thirty-seven (37), East of the Boise Meridian, County of Bonneville, State of Idaho.

Excepting therefrom:

Beginning at the Northeast corner of Section 8, Township 1 North, Range 37, East of the Boise Meridian, Bonneville County, Idaho, running thence South 89°47'38" 359.18 feet West along the Section line; thence South 0°12'22" East 203.00 feet; thence North 89°47'38" East 358.45 feet to a point on the East line of said Section 8; thence North 203.01 feet along the Section line to the point of beginning.

Also: Interstate 15- Project No. I-15-3(7)111 Highway Survey as shown on the plans thereof now on file in the office of the Department of Highways of the State of Idaho.

Also Excepting: A strip of land 60.0 feet wide lying adjacent and contiguous to and parallel with the Northwestern side of the above described parcel of land and lying between the Southerly and Easterly lines of the Northeast quarter of the Northeast quarter of Section 8, Township 1 North, Range 37, East of the Boise Meridian.

1131565 OCT14'03 #1115

FILE No. 00021671

INSTRUMENT NO.

WARRANTY DEED

FOR VALUABLE CONSIDERATION RECEIVED JOHN DAWDY and DOROTHY DAWDY, Husband and Wife Grantor(s), do hereby grant, bargain, sell and convey unto MELALEUCA INC., an Idaho Corporation Grantee(s), whose current address is 3910 S Yellowstone Hwy, Idaho Falls ID 83402, the following described real estate situated in BONNEVILLE County, State of Idaho, to wit:

Beginning at the Northeast corner of Section 8, Township 1 North, Range 37, East of the Boise Meridian, Bonneville County, Idaho, running thence South 89°47'38" 359.18 feet West along the Section line; thence South 0°12'22" East 203.00 feet; thence North 89°47'38" East 358.45 feet to a point on the East line of said Section 8; thence North 203.01 feet along the Section line to the point of beginning.

TO HAVE AND TO HOLD the described premises, together with all tenements, hereditaments and appurtenances thereunto belonging, unto the Grantee, his/hcr/it successors and assigns forever, Grantor does hereby covenant to and with the Grantee that he/she is the owner in fee simple of said premises and that he/she will warrant and defend the same from all lawful claims whatsoever.

DATED: October 10, 2003

John Dawdy
JOHN DAWDY

Dorothy Dawdy
DOROTHY DAWDY

STATE OF IDAHO

THIS SPACE FOR COUNTY RECORDERS USE ONLY

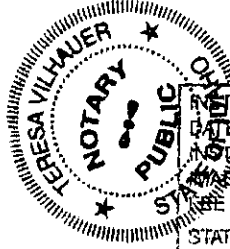
COUNTY OF BONNEVILLE } ss

On this 10th day of October, 2003, before me, the undersigned, a Notary Public in and for the State, personally appeared JOHN DAWDY and DOROTHY DAWDY, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he executed the same.

Teresa Vilhauer
Notary Public

Residing at: RIGBY, ID

My Commission Expires: 09/10/08



INSTRUMENT NO. 1131565
DATE 10-14-03
PAGE CODE 205
PAGE PGS 30
STATE OF IDAHO)

COUNTY OF BONNEVILLE) ss

I hereby certify that the within instrument was recorded.

Ronald Longmore,
County Recorder

By *K. Swanson* Deputy
Request of ITT

IDAHO TITLE & TRUST
P.O. BOX 50367
IDAHO FALLS, ID 83405

1137603

BONNEVILLE COUNTY RECORDER
1137603 DEC 9 '03 PM 4:38

FILE No. 00027341

INSTRUMENT NO.

WARRANTY DEED

COPY

FOR VALUABLE CONSIDERATION RECEIVED DEWAYNE MCKERIGAN and SONIA MCKERIGAN, husband and wife Grantor(s), do hereby grant, bargain, sell and convey unto MELALEUCA INC, an Idaho Corporation Grantee(s), whose current address is 3910 S Yellowstone Hwy, Idaho Falls ID 83402, the following described real estate situated in BONNEVILLE County, State of Idaho, to wit:

Beginning at a point that lies South 89°53'36" West 260.00 feet along the Section line from the North 1/4 corner of Section 8, Township 1 North, Range 37 East of the Boise Meridian, Bonneville County, Idaho, and running thence South 00°06'24" East 322.82 feet; thence South 89°53'36" West 202.41 feet; thence North 00°06'24" West 322.82 feet to the section line; thence along said section line North 89°53'36" East 202.41 feet to the point of beginning.

TO HAVE AND TO HOLD the described premises, together with all tenements, hereditaments and appurtenances thereunto belonging, unto the Grantee, his/her/it successors and assigns forever, Grantor does hereby covenant to and with the Grantee that he/she is the owner in fee simple of said premises and that he/she will warrant and defend the same from all lawful claims whatsoever.

DATED: December 9, 2003

Dewayne Mckerigan
DEWAYNE MCKERIGAN

Sonia Mckerigan
SONIA MCKERIGAN

STATE OF IDAHO

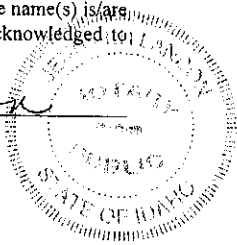
THIS SPACE FOR COUNTY RECORDERS USE ONLY

COUNTY OF BONNEVILLE

} ss

On this 9th day of December, 2003, before me, the undersigned, a Notary Public in and for the State, personally appeared DEWAYNE MCKERIGAN and SONIA MCKERIGAN, HUSBAND AND WIFE, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he executed the same.

Jennifer Gordon
Notary Public
Residing at: Menan ID
My Commission Expires: 5/12/09



INSTRUMENT NO.	1137603
DATE	12-9-03
INST. CODE	205
IMAGED PGS	1
FEES	3.50
STATE OF IDAHO) ss	
COUNTY OF BONNEVILLE)	
I hereby certify that the within instrument was recorded.	
Ronald Longmore, County Recorder	
By	<u>K. Long</u>
Deputy	
Request of	ITT

IDAHO TITLE & TRUST
P.O. BOX 50367
IDAHO FALLS, ID 83405

1137605

BONNEVILLE COUNTY RECORDER

1137605 DEC 9 '03 PM 4:38

COPY

INSTRUMENT NO.

FILE No. 00027345

WARRANTY DEED

FOR VALUABLE CONSIDERATION RECEIVED VERL HAYNER, a single person Grantor(s), do hereby grant, bargain, sell and convey unto MELALEUCA INC, an Idaho Corporation Grantee(s), whose current address is 3910 S Yellowstone Hwy, Idaho Falls ID 83402, the following described real estate situated in BONNEVILLE County, State of Idaho, to wit:

Beginning at a point that lies North 89°53'36" East 1326.42 feet along the Section line from the Northwest corner of Section 8, Township 1 North, Range 37 East of the Boise Baseline and Meridian; said point being the West 1/16 corner between Sections 5 and 8 and running thence along the Section line North 89°53'36" East 391.72 feet; thence South 00°06'24" East 322.82 feet; thence North 89°53'36" East 674.70 feet; thence North 00°06'24" West 322.82 feet to the section line; thence along said section line North 89°53'36" East 260.00 feet to the North 1/4 corner of Section 8; thence along the section line North 89°53'54" East 663.95 feet to the East 1/16 corner between Sections 5 and 8; thence South 00°01'05" West 1328.13 feet to an existing irrigation canal; thence along said canal South 89°51'37" West 1989.73 feet; thence North 00°00'11" East 1329.33 feet to the point of beginning.

TO HAVE AND TO HOLD the described premises, together with all tenements, hereditaments and appurtenances thereunto belonging, unto the Grantee, his/her/it successors and assigns forever, Grantor does hereby covenant to and with the Grantee that he/she is the owner in fee simple of said premises and that he/she will warrant and defend the same from all lawful claims whatsoever.

DATED: December 9, 2003

Verl Hayner
VERL HAYNER

STATE OF IDAHO

COUNTY OF BONNEVILLE

On this 9th day of December, 2003, before me, the undersigned, a Notary Public in and for the State, personally appeared VERL HAYNER, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he executed the same.

Notary Public

Residing at: Menan ID

My Commission Expires: 5/12/09

THIS SPACE FOR COUNTY RECORDERS USE ONLY

INSTRUMENT NO.	1137605
DATE	12-9-03
INST. CODE	205
PAGES	3
FEE	3.00
STATE OF IDAHO	SS
COUNTY OF BONNEVILLE	
I hereby certify that the within instrument was recorded.	
Ronald Longmore, County Recorder	
By	<i>R. Ave</i>
Deputy	
Request of	ITT

IDAHO TITLE & TRUST
P.O. BOX 50367
IDAHO FALLS, ID 83405

Idaho Title & Trust

400 Memorial Drive, PO BOX 50367, Idaho Falls, ID 83402