

MACGREGOR & MACGREGOR, LLP

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January 4, 2006

Shelley Walter Keene
Water Rights Supervisor
Department of Water Resources
PO Box 83720
Boise, ID 83720-0098

Re: Notice of Pending Order to Void Permit #79-7155

Dear Mr. Keene:

I have been contacted by Donovan Heckman who is the manager and principal owner of Heckman Ranches, Inc. in regards to your letter of December 9, 2005 regarding the above permit.

The letter states that an examiner conducted an examination on the area in question and there was no water being used for stockwater and irrigation purposes from Baker Creek. Mr. Heckman has told me that it is true that there was no irrigation being done at the time of the examination and he further said that he would not object to the striking of the authority for Heckman Ranches to irrigate the 40 acres. However, he did say that it is absolutely imperative and he could not operate in the area without the right to divert the water from Baker Creek into ponds which are on the property that you describe in the letter which then feed the springs from which his cattle drink their water. They also use the ponds some along the shore, but the absolute essential portion is that the ponds feed the springs and the springs are where the cattle drink their water.

This letter and the supporting documentation is being sent by mail today, but at the same time we are also faxing you this letter and said affidavits so that you will receive the same within the 30 days specified in your letter. It is my understanding that Mr. Heckman has contacted you by telephone at the number you listed in your letter and discussed the matter with you and informed you that he would be filing the proper documentation that you have indicated was necessary in your communication.

Idaho Department of Water Resources

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January 4, 2006

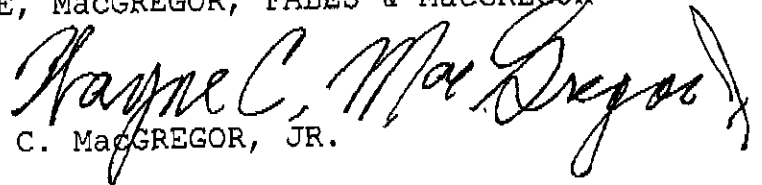
Thank you for your attention to this matter. Please advise us that you have received the fax and when you receive the letter that you have also received the correspondence. We would appreciate this information at your earliest convenience.

Thank you.

Sincerely,

DEE, MacGREGOR, FALES & MacGREGOR

W. C. MacGREGOR, JR.

A handwritten signature in cursive script, reading "Wayne C. MacGregor, Jr.", written over the typed name.

WCM:pjs
Enc.

**AFFIDAVIT IN REPLY TO NOTICE OF PENDING ORDER
TO VOID PERMIT 79-7155**

STATE OF IDAHO)
 ss.
County of IDAHO)

DONOVAN L. HECKMAN, being first duly sworn upon his oath, deposes and says:

He is the present owner and manager of Heckman Ranches and is actively managing a cow-calf and feeding operation and has been involved in the same since 1966.

The water storage system on Heckman Ranches, Inc. pertaining to permit #79-7155 is of vital and absolute necessity to watering Heckman's cattle.

This water storage system originates at the North fork of Baker Creek. This creek heads and ends on Heckman Ranch, Inc. property and runs through no other property ownerships. It runs entirely on Heckman Ranch, Inc. property.

The water directed from the North fork of Baker Creek runs under the Free Use Road through a 42' long culvert, 18" in diameter.

The approximate run off volume of 2500 gallons per minute at peak flow is primarily spring run off.

Peak run off averages approximately two weeks and can taper off to run an additional three months.

This diversion fills three ponds bordering the Free Use Road, approximate size 270' x 165' x 10' deep and the lower overflow pond of approximately 220' x 200' x 12' deep. Heckman cattle during the entire season occasionally drink from said ponds. The irrigation of 40 acres is not essential, however, the diversion of water to said ponds feeding the springs is absolutely vital to water Heckman cattle operation as said springs are used year long for that purpose.

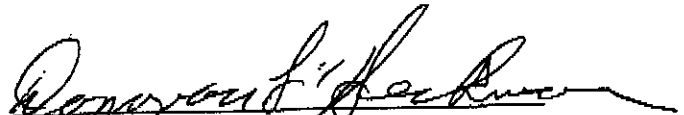
These four ponds feed three springs vital to water livestock the entire year. Approximately 1,000 head in a winter feeding operation above utilize said springs which are fed from said ponds and all of said springs run into concrete watering tanks.

It is a fact, over the years when the ponds were not filled because of poor run off, the three springs did not provide the need and water had to be hauled to supplement its deficiency. This is primarily during winter feeding period (five months).

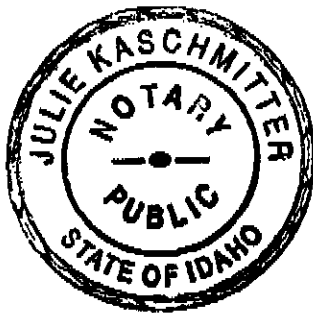
The remainder of the year a lesser number of livestock are watered on pasture conditions.

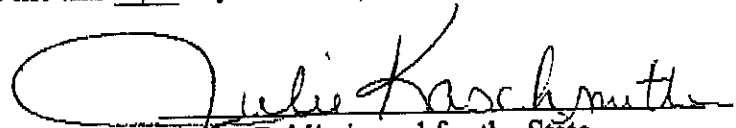
These ponds and entire system were built by C. C. Sherwin, owner until acquired by the

Heckman family in the late 1950's. This system has been maintained and used by both Sherwin and Heckman for the specific purpose stated above.


DONOVAN L. HECKMAN
Owner, Manager

SUBSCRIBED AND SWORN to before me this 4 day of January, 2006.




Notary Public in and for the State
of Idaho;
My commission expires: 9-30-10

**AFFIDAVIT IN REPLY TO NOTICE OF PENDING ORDER
TO VOID PERMIT 79-7155**

STATE OF IDAHO)
 ss.
County of IDAHO)

CLARENCE McREYNOLDS, being first duly sworn upon his oath, deposes and says:

He has resided in the White Bird area since the early 1950's. He is a neighbor to and has known Heckman Ranches, Inc. since Heckman acquired its property more than 60 years ago.. He has designed water systems for livestock throughout Idaho for 40 years.

The water storage system on Heckman Ranches, Inc. pertaining to permit #79-7155 is of vital and absolute necessity to watering Heckman's cattle.

This water storage system originates at the North fork of Baker Creek. This creek heads and ends on Heckman Ranch, Inc. property and runs through no other property ownerships. It runs entirely on Heckman Ranch, Inc. property.

The water directed from the North fork of Baker Creek runs under the Free Use Road through a 42' long culvert, 18" in diameter.

The approximate run off volume of 2500 gallons per minute at peak flow is primarily spring run off.

Peak run off averages approximately two weeks and can taper off to run an additional three months.

This diversion fills three ponds bordering the Free Use Road, approximate size 270' x 165' x 10' deep and the lower overflow pond of approximately 220' x 200' x 12' deep. Heckman cattle during the entire season occasionally drink from said ponds. The diversion of water to said ponds feeding the springs is absolutely vital to water Heckman cattle operation as said springs are used year long for that purpose.

These four ponds feed three springs vital to water livestock the entire year. Approximately 1,000 head in a winter feeding operation above utilize said springs which are fed from said ponds and all of said springs run into concrete watering tanks.

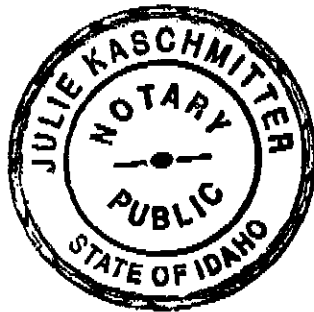
It is a fact, over the years when the ponds were not filled because of poor run off, the three springs did not provide the need and water had to be hauled to supplement its deficiency. This is primarily during winter feeding period (five months).

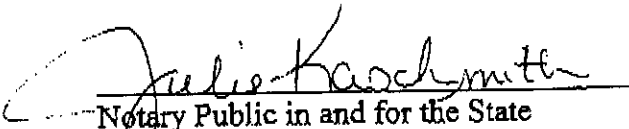
The remainder of the year a lesser number of livestock are watered on pasture conditions.

These ponds and entire system were built by C. C. Sherwin, owner until acquired by the Heckman family in the late 1950's. This system has been maintained and used by both Sherwin and Heckman for the specific purpose stated above.


CLARENCE McREYNOLDS

SUBSCRIBED AND SWORN to before me this 5th day of January, 2006.




Notary Public in and for the State
of Idaho;

My commission expires: 9-30-10