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SEP 14 2005

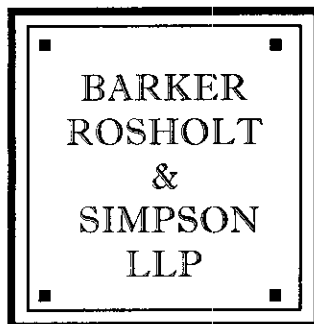
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Twin Falls, ID 83303-485
(208) 733-0700 telephone
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jar@idahowaters.com

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John A. Rosholt
Albert P. Barker
John K. Simpson
Travis L. Thompson
Shelley M. Davis



Travis L. Thompson
tlr@idahowaters.com

September 12, 2005

Via Facsimile Only: (208) 287-6800

Mr. Shelley Keen
Water Rights Supervisor
Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

Re: Water Right Permit No. 47-8278

Dear Shelley:

As a follow up to our phone conversation last week I am forwarding the final information on the above-referenced permit to Allen Merritt in the Department's Southern Regional Office today.

As discussed, Phoenix-Dairy LLC has complied with condition #4 on the permit regarding the installation of a flow measurement device. On August 20, 2005, Floyd Lilly Company, Inc. installed a Siemens/Danfoss model MAG1500W 1 1/2" magnetic flow meter (see attached letter). In addition, although the *Beneficial Use Field Report* submitted by Brockway Engineering LLC on April 25, 2005 indicates that Greg and Darla Vierstra are the owners, the title was a mistake and the actual owners on the permit should read Phoenix-Dairy LLC. To that end, I am filing a *Notice of Change in Water Right Ownership* on behalf of Phoenix-Dairy LLC as suggested in your March 7, 2005 letter.

Since these remaining issues have been resolved, the Department can now proceed to issue a license for water right permit no. 47-8278. My clients would appreciate it if the Department could please advise me as to the timing of issuance of the license.

Please call me at (208) 733-0700 if you have any questions.

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Department of Water Resources
Southern Region

Mr. Shelley Keen – IDWR
September 12, 2005
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Sincerely,

BARKER ROSHOLT & SIMPSON LLP

A handwritten signature in black ink, appearing to read 'T. L. Thompson', with a stylized flourish at the end.

Travis L. Thompson

Enc.

cc: Allen Merritt, Southern Region
Greg and Darla Vierstra

Floyd Lilly Company, Inc.

353 THIRD AVENUE SOUTH
TWIN FALLS, IDAHO 83301
PHONE 208-733-1240
FAX 208-733-1244

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Department of Water Resources
Southern Region

Sept. 9, 2005

Greg & Darla Vierstra
Classic Dairy
2574 A East 3800 North
Twin Falls, ID 83301

Dear Greg & Darla:

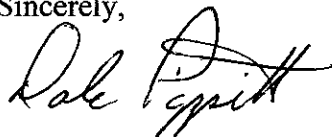
On August 30, 2005 ; Floyd Lilly Co., Inc. installed a Siemens/Danfoss model MAG1500W 1 1/2" magnetic flow meter at your dairy. Both wells are plumbed together before this flowmeter and all lines are tapped off after the flow meter; including the sprinkler system, stock waterer and hydrants. The flow meter is buried underground in a valve box and is sealed watertight with a mixed "potting solution" that was supplied by the manufacturer with this meter. All logic, e-prom integrated circuits and other electrical connections are contained in the wall mounted read-out box under the digital read-out; which is mounted in a water tight Nema 3 panel along with a Logic Beach MNL2 data logger on a pole just north of the well. The digital read out reads instantaneous flow in gallons per minute and the totalizer reads in gallons times one thousand. Enclosed is the manual for the data logger and the factory calibration test on your meter before shipping. There are also parallel and serial cables included for your convenience for use by any government agency to download the recorded data to their laptop. There is also a compact disc containing the download program if they do not already have it.

The unit was programmed by a factory representative before installation and responded correctly upon installation, giving us the correct flow measurement readings expected as compared to the pump curves from the manufacturer of the pumps installed in the wells.

If you have any questions about this installation, please feel free to contact us.

Thank you for the opportunity to do this installation.

Sincerely,



Floyd Lilly Co., Inc.
Dale Pippitt, Pres.