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August 16, 2005

W. Roger Warner
Water Rights Supervisor
Eastern Regional Office
Idaho Department of Water Resources
900 N. Skyline Drive, Suite A
Idaho Falls ID 83402-1718

RECEIVED

AUG 17 2005

Department of Water Resources
Eastern Region

Re: Antelope Valley Ranch LLC
Amended Application for Permit 34-13838

Dear Mr. Warner:

The purpose of this letter is to address some of the concerns that have been directed to Antelope Valley Ranch LLC in regard to its Amended Application for the creation of a pond as specified in its most recent application. The purpose for the creation of the pond is to propagate and plant fish and to aid wildlife in the area.

Pursuant to regulations, the Department of Water Resources has indicated that the pertinent questions that would be the basis for any Department decision would be as follows:

1. Will the proposed use reduce the quantity of water under existing water rights?

Answer: The original surface area of the pond and the water that will be used equates to the area surface for irrigation purposes. In addition, the applicant will unequivocally state it has no plans for the commercial or residential development of the property. Indeed, the applicant unequivocally states to his neighbors and to the Department of Water Resources that it is the intention of the applicant to utilize the property as a working ranch or to lease the property to those who will use it as part of a working ranch operation. Lastly, in regard to this question, the applicant wants to make it clear that at its own expense it will install a monitoring system to gauge the water use as to the pond in order to not exceed its permitted water right.

2. Is the proposed water supply insufficient for the purposes intended?

Answer: No. See answer to Question No. 1.

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3. Is the application made in good faith or for delay or some speculative purposes?

Answer: The application is made in good faith. As to delay or for speculation, as stated above, the applicant absolutely has no plans for the residential or commercial development of the real property and intends that the property be used as a working ranch for the owners of the property or as a tenant portion of a larger working ranch operation.

4. Has the applicant sufficient financial resources with which to complete the project?

Answer: Yes. The financial position of the applicant has been filed with the Department and as additionally as stated above, the applicant will insure the proper use of the pond by installing at its own expense a monitoring system.

5. Will the proposed use conflict with the local public interest?

Answer: The applicant would like to state no inasmuch as the recreational pond and the recreational use and the recreational storage use of the pond should fit in with the local character of the surrounding area. As stated, contrary to some of the "protests" that have been lodged with the Department, the request for filling the pond will not interfere or conflict with the irrigation season. The filling of the pond will take place from October 16 to April 3 of each year and then during the irrigation season the flow could be by and through the pond. Further, as stated several times in this response, the pond is not to be used to aid in the commercial or residential development of the property.

6. Will the proposed use be contrary to the conservation of water resources within the State of Idaho?

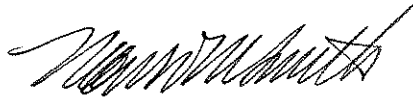
Answer: No. The pond will coincide with the surface area that would be dedicated to the surface area of irrigation use. The pond shall be lined (see diagrams that have already been submitted) and the pond will be monitored and regulated for water usage as described above.

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Please note that the pond is being designed and will be installed by an expert in these matters and with his expertise and experience it will be insured that the pond will be installed and placed according to the best art in the industry and to insure water conservation and to prevent any wastage of water.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Marvin M. Smith', with a stylized, cursive script.

Marvin M. Smith, on
behalf of Antelope Valley Ranch LLC

MMS/DCB

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