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October 25, 2005

Roger Warner
Water Rights Supervisor
900 N. Skyline Drive, Suite A
Idaho Falls, ID 83402

Re: Blackburn Application for Permit 74-15628

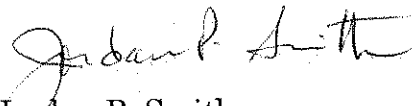
Dear Mr. Warner:

Just a note to inform you that I received a copy of your October 12 letter to Jerry Blackburn, which confirmed the telephone conversation that the three of us had on October 12. Your letter was much appreciated as it confirmed that Mr. Blackburn's process for acquiring a permit should be expedient.

It is also the purpose of this letter to confirm your statements about the procedure that Mr. Blackburn is using to acquire a permit for the pond. As you know, Mr. Blackburn intends to obtain a permit for a pond located on his property, which pond will be filled from his current water right for irrigation, which right has a fairly early priority date. It is my understanding that a new permit issued for the pond will have a current priority date, however, the water that will be used to fill the pond will come from Mr. Blackburn's irrigation water right and he will be required to dry up a portion of his irrigated pasture. I was concerned that the earlier priority date would not be listed on the pond permit, however, you assured us that the holder of the pond permit will always be able to take advantage of the earlier priority date because the source of the water will come from Mr. Blackburn's irrigation water right and its priority date. You also assured us that Mr. Blackburn's irrigation permit would be amended on your records to reflect that it is subject to the pond owner's use of that water.

I trust that the above is an accurate statement of our conversation, but please call me immediately if you disagree.

Sincerely,


Jordan P. Smith

JPS:sez

cc: Tim Haake

RECEIVED
OCT 28 2005
Department of Water Resources
Eastern Region