

Tim - Please have someone investigate & get back to me. Gary

McKenzie & McKenzie, P.A.

Attorneys and Counselors At Law

July 28, 2008

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DEPARTMENT OF
WATER RESOURCES

Gary Spackman
Idaho Department of Water Resources
322 East Front Street
P.O. Box 83720
Boise, ID 83720

RE: Cub River Acres, Inc./Roy Pasley and David Danforth

Dear Gary:

I represent Cub River Acres, Inc. Back in June, I spoke with you regarding two water rights, Nos. 13-7028 and 13-7514 in the name of Cub River Acres, for a combined allowed diversion of point 2.0 cfs; and a new permit, apparently at the same point of diversion, Permit No. 13-7719 in the name of David Danforth.

Cub River Acres initially obtained IDWR License No. 13-7028 (known by them as "Big Springs"), for point 2.0 cfs. This is for culinary use, and is on property owned by Cub River Acres. Later, Cub River Acres applied for and received IDWR Water Permit No. 13-7514, which is downhill from the "Big Springs", this diversion point is located on the property of Mr. Danforth; it is also for culinary use. Both of the Cub River Acres water rights are superior in time, to Mr. Danforth's Permit No. 13-7719. In early summer, there is probably water that exceeds our 2.0 cfs. However, in late summer, there is probably not enough for Danforth.

Our interest is two-fold. First, we want to make sure that Mr. Danforth's diversion of water does not interfere with Cub River Acres' water rights; this may require control by the water master. Second, inasmuch as Mr. Danforth's proposed Point of Diversion is in the same location as Cub River Acres Point of Diversion for Permit No. 13-7514, we want to make sure that Mr. Danforth uses due care in the construction and utilization of his diversion works, so as to not injure, damage, or interfere with the existing Point of Diversion of Cub River Acres.

As we discussed the matter, you indicated that someone from the Department would be down in the Cub River area in late summer, and ought to look over the Cub River Acres' Point of Diversion, and Mr. Danforth's proposed Point of Diversion in approximately the same location, and how to measure the water. You suggested that I drop you a letter, to remind you to have it checked out.

Gary Spackman

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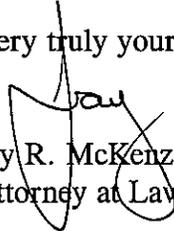
If you let me know when someone will be in the Cub River area, I will be happy to put them in contact with representatives of Cub River Acres, to help point out the diversion points. I would be happy to cooperate in any way in this endeavor.

Finally, I am enclosing a letter I sent to Roy Pasley, David Danforth, and Alan and Cindy Ulrigg, dated June 5th. The last paragraph of the first page of the letter, and the second page of the letter, covers the issues discussed above. I also sent you a copy of that June letter at the same time.

If you have any questions, please do not hesitate to give me a call.

Thank you very much for your assistance in this matter.

Very truly yours,


Jay R. McKenzie
Attorney at Law

JRM:bj
Enclosure

cc. Cub River Acres, Inc.
Bob Fellows, President