

EXHIBIT 1

Engineer's Construction Observations

Owner: Burnt Ranch Estates Water District
Location: Burnt Ranch, CA
Subject: Water Supply

Date: 31 October, 2006
Weather: Sunny

2006 NOV 15 AM 11:38
BURNT RANCH ESTATES WATER DISTRICT
SACRAMENTO

Observations: Water supply measurements were taken for the Burnt Ranch Estates Water System on 10/29/06. No significant rains have occurred so far this year, so flows in the creek should be at its lowest. The water supply comes from McDonald Creek, and measurements were taken at the intake. Measurements were taken by opening an overflow valve on the pipe from the intake and closing the valve going into the water system. In this way all of the flow is diverted into the overflow. No water was observed to be flowing over the intake dam, so measurements taken represent the total flow from McDonald Creek. Measurements were taken by filling a five gallon bucket from the overflow and making observations of the time. These measurements resulted in a total measured flow of 42.86 gallons per minute (see attached calculation), which is equivalent to 61,718.4 gallons per day.



[Signature]
Josh McKnight, P.E.
Trinity Valley Consulting Engineers

Water Testing

2006 NOV 15 AM 11:38

Project Name: Burnt Ranch Estates Water System
Location: Burnt Ranch, CA
Test Method: 5-gallon container

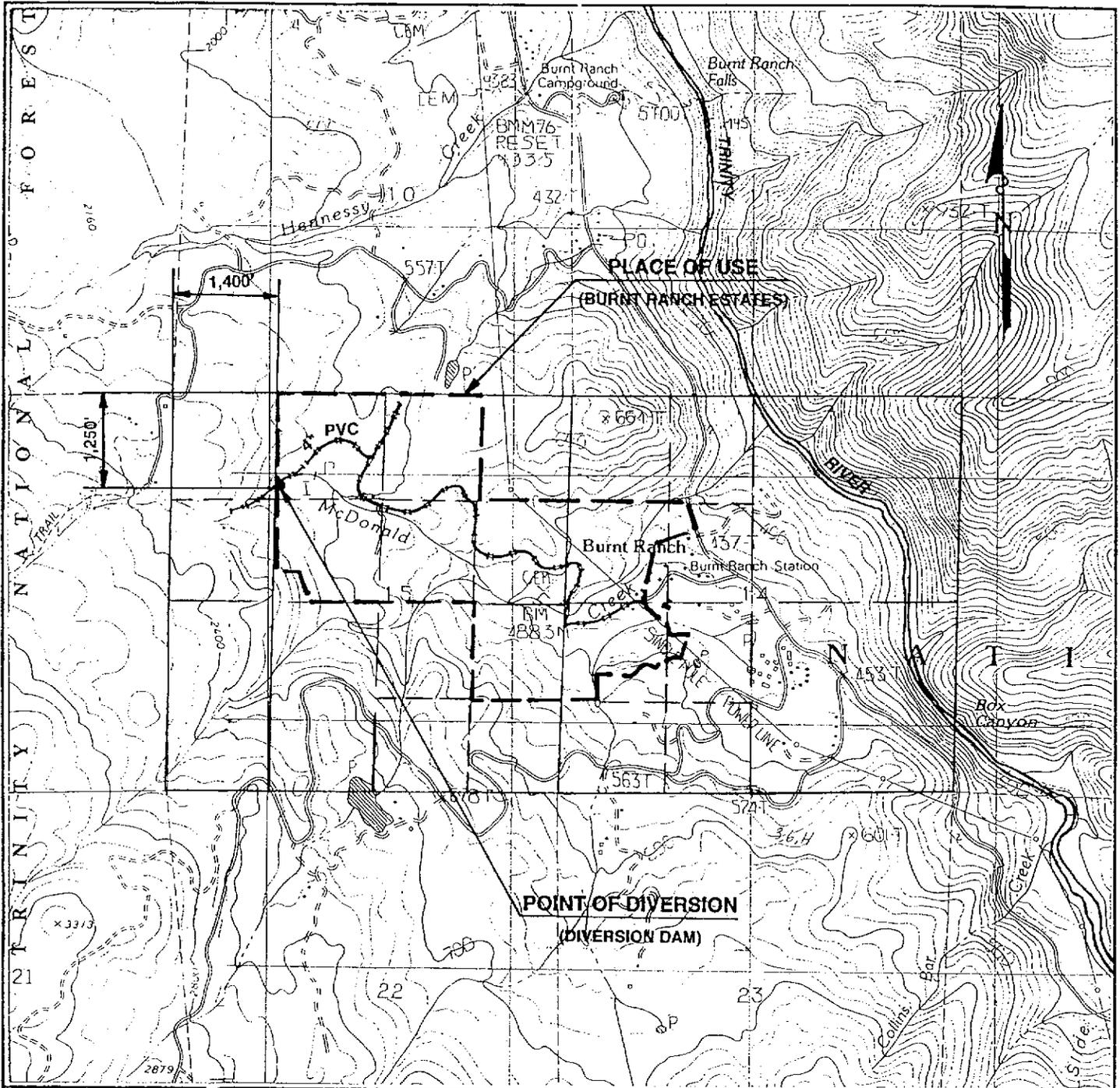
Date: 10/29/06
Tested by: J. McKnight
Weather: Sunny

DIR. OF WATER RIGHTS
SACRAMENTO

Intake

Test No.	Gallons	Time (sec)	Flow Rate (gallons/min)
1	5	7	42.86
2	5	7	42.86
3	5	7	42.86

Average: 42.86



LICENSEE BURNT RANCH ESTATES

PERMIT NO. 16749

MUTUAL WATER CO.

APPLICATION NO. 24625

SOURCE MCDONALD CREEK

POINT OF DIVERSION

WITHIN NE 1/4 NW 1/4 OF

SECTION 15, T 5N, R 6E, H B&M

COUNTY OF TRINITY

STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD
DIVISION OF WATER RIGHTS

13166

DATE: 5-12-95	DRAWN: RA	CHECKED: <i>YNS</i>
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IRONSIDE MTN. 1982 1:24000

U.S.G.S. QUAD DATE SCALE