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APR 25 2002

Department of Water Resources

101 S. Capitol Boulevard, Suite 1900
Boise, Idaho 83702
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April 23, 2002

KEVIN J. BEATON
Direct (208) 387-4214
kjbeaton@stoel.com

Snake River Basin Adjudication
253 3rd Avenue N.
Twin Falls, ID 83301

Attn: Robin

Re: Case No. 51-04037

Dear Robin:

Enclosed for filing please find an original Motion to File Late Objection, Affidavit of Thomas Scroggins in Support of Motion to File Late Objection and Objection. Please return conformed copies of the documents to me in the enclosed, self-addressed envelope provided.

Thank you in advance for your assistance. If you have any questions or comments, please feel free to contact me.

Very truly yours,

Kevin J. Beaton

KJB:ww
Enclosures

Kevin J. Beaton (ISB #3080)
STOEL RIVES LLP
101 S. Capitol Blvd., Ste. 1900
Boise, Idaho 83702-5958
Telephone: (208) 389-9000
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APR 25 2002
Department of Water Resources

Attorneys for WaterOne Enterprises LLC,
a California limited liability company

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

IN RE SRBA) Case No.: 51-04037
)
Case No. 39576) MOTION TO FILE LATE OBJECTION
_____)

WaterOne Enterprises LLC , a California limited liability company ("WaterOne"), Thomas Scroggins, an individual, and Virginia Canavero, an individual, by and through counsel, Stoel Rives LLP, moves the Court for permission to file a late objection to the Amended Director's Report which was noticed in the Docket Sheet on April 4, 2002. The grounds for this Motion are as follows:

1. WaterOne is a California limited liability company whose company's office is 251 Versaille Court, Tracy, California, and is registered to do business in Idaho. *See* Affidavit of Thomas Scroggins in Support of Motion to File Late Objection at ¶1 and Exhibit A.
2. Thomas Scroggins and his sister, Virginia Canavero, are WaterOne's sole members and managers. Scroggins Affidavit at ¶¶2 and 3 and Exhibit B.
3. In January 2001 WaterOne purchased certain real property and appurtenances in Owyhee County, Idaho pursuant to a trustee sale of property in the *Bankruptcy Estate of Matthew and Trina Olivas*, Case No. 00-01741. Scroggins Affidavit at ¶4 and Exhibit C.

The purchase of said real property in Owyhee County, Idaho, WaterOne also included the purchase of Idaho Water Right No. 51-04037.

4. Water Right No. 51-04037 was then transferred from the prior owner to WaterOne pursuant to a Notice of Change of Water Right Ownership executed by Mr. Scroggins and filed with the Idaho Department of Water Resources. *See* Affidavit of Scroggins at ¶5 and Exhibit D. WaterOne was then substituted as the Party in the above entitled subcase on May 31, 2001. Affidavit of Scroggins at ¶5 and Exhibit E. Thereafter, Mr. Scroggins, by and through his counsel, Timothy Schneider, appeared in this proceeding on behalf of WaterOne.

5. On March 12, 2002, a person by the name of Dozier purported to transfer ownership in Water Right 51-04037 from WaterOne to Purity Sweet, Inc. (“Purity”). *See* Exhibit F, Notice of Change in Water Right Ownership.

6. The alleged transfer of water right No. 51-04037 from WaterOne to Purity was done without knowledge or authority from WaterOne or its sole members and managers. Scroggins Affidavit at ¶7. Accordingly, it is WaterOne’s contention that WaterOne is still the rightful owner of Water Right No. 51-04037. *Id.* The alleged transfer to Purity was included in the amended Director’s Report in March, 2002 and noticed in the docket sheet on April 4, 2002.

7. There is currently pending a civil action entitled *WaterOne Enterprises LLC et al., v. Matthew Olivas, Purity Sweet, Inc., et al.*, before the Third Judicial District Court, in the County of Owyhee (Case No. CV01-03402) which seeks a declaratory judgment that Thomas Scroggins and Virginia Canavero are the sole owners of WaterOne and that WaterOne is the owner of the aforementioned real property in Owyhee County, Idaho, subject and appurtenant water rights. *See* Scroggins Affidavit at ¶8 and Exhibit G.

CONCLUSION

WaterOne respectfully requests that the Court grant its request to file the Objection that is attached as Exhibit H and to participate in this subcase for good cause shown.

Dated this 22nd day of April, 2002

STOEL RIVES LLP

By: 

Kevin J. Beaton

Attorneys for WaterOne Enterprises, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 22nd day of April, 2001, I caused to be served a true copy of the foregoing via U.S. Mail upon the following:

David J. Barber
Deputy Attorney General
Natural Resources Division
P.O. Box 4449
Boise, Idaho 83711-4449

☐ Overnight Mail
☒ Regular Mail
☒ Hand-Delivered
☐ Facsimile

Timothy J. Schneider
Ling & Robinson
615 H. Street
P.O. Box 396
Rupert, Idaho 83350

☐ Overnight Mail
☒ Regular Mail
☒ Hand-Delivered
☐ Facsimile

Purity Sweet
390 W. 100 S.
Paul, Idaho 83347

☐ Overnight Mail
☒ Regular Mail
☒ Hand-Delivered
☐ Facsimile

Janet O'Crowley
16 Stubb Road
Carey, Idaho 83320-5026

☐ Overnight Mail
☒ Regular Mail
☒ Hand-Delivered
☐ Facsimile

Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

☐ Overnight Mail
☒ Regular Mail
☒ Hand-Delivered
☐ Facsimile

United States Department of Justice
Environment and Natural Resources Division
550 West Fort Street, MSC 033
Boise, Idaho 83724

☐ Overnight Mail
☒ Regular Mail
☒ Hand-Delivered
☐ Facsimile


Kevin J. Beaton

FILED/EFFECTIVE



APPLICATION FOR REGISTRATION OF FOREIGN LIMITED LIABILITY COMPANY

(Instructions on back of application)

SECRET
STATEDATE
DEC 3 9 40 AM '01

1. The name of the limited liability company is: Waterone Enterprises, LLC.,
A California Limited Liability Company
2. If the name of the limited liability company is not permissible or is not available in Idaho, the name the foreign limited liability company will use in Idaho is: _____
3. The jurisdiction under whose laws the limited liability company is organized is: California
and the date of its formation was: July 5, 2000
4. The name and address of the registered agent in Idaho is: Gary Thomas
2410 Gem Avenue, Emmett, Idaho 83617
5. The address of the limited liability company's office in the jurisdiction under whose laws it is organized is: 251 Versailles Court, Tracy, California 95376
6. The address of the limited liability company's principal office, if other than the address in #5 above, is: _____
7. The address to which correspondence should be addressed is:
2410 Gem Avenue, Emmett, Idaho 83617
8. Signature of a manager, if any, or a member
if there are no managers.

Signature

Thomas ScrogginsTyped Name Thomas ScrogginsManager ☒ Member ☐

Secretary of State use only

g:\corpform\llc form\app\llcform\llcform6
Revised 01/2001

IDAHO SECRETARY OF STATE
12/03/2001 05:00
CK: 34913 CT: 67242 BH: 432247
1 @ 100.00 = 100.00 REGFORLLC # 2

W 17254



SECRETARY OF STATE

**CERTIFICATE OF GOOD STANDING
CALIFORNIA LIMITED LIABILITY COMPANY**

I, BILL JONES, Secretary of State of the State of California, hereby certify:

That on the 5th day of July, 2000, WATERONE ENTERPRISES, LLC., A CALIFORNIA LIMITED LIABILITY COMPANY, became recognized under the laws of the State of California by filing its Articles of Organization in this office; and

That no record exists in this office of a certificate of cancellation of said limited liability company nor of a court declaring cancellation thereof; and

That according to the records of this office, the said limited liability company is authorized to exercise all its powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition of this limited liability company.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this
14th day of November, 2001.



Bill Jones
BILL JONES
Secretary of State

WATERONE ENTERPRISES, LLC

OPERATING AGREEMENT

ARTICLE I. MEMBERS

Section 1. Special Meetings. Special meetings of the Members of the Company may be held on any day, when called by a majority of the Managers, or when called by members who hold at least 50% of all units or shares outstanding and entitled to vote thereat. Upon request in writing delivered either personally or by certified mail, return receipt requested, by any Members entitled to call a meeting of Members, the Managers shall forthwith cause notice to be given to all members entitled to notice of the upcoming meeting. The meeting must be held on a date not less than ten (10), nor more than sixty (60), days after the receipt of such request, as the Managers or Members may fix.

If notice is not given within twenty (20) days after the delivery or mailing of the request, the person or persons calling the meeting may fix the time of the meeting and give notice thereof in the manner provided by law or by this Operating Agreement, or may cause such notice to be given by any designated representative. Each special meeting shall be called to convene between 8:00 a.m. and 6:00 p.m., and shall be held at the principal office of the Company.

Section 2. Notice of Meetings. Not less than ten (10), nor more than sixty (60) days before the date fixed for a meeting of Members, written notice stating the time and place of the special meeting and the purpose of such special meeting shall be

given to each Member entitled to vote thereat. Such special meeting shall be held within the County of San Joaquin, State of California at such time and place as specified in the notice thereof.

Section 3. Quorum and adjournments. Except as may be otherwise provided by law or by the articles of organization, the holders of a majority of the voting power of the company shall constitute the quorum necessary for the meeting to occur.

Section 4. Waiver of notice of consent by absent Member. The transactions of any special meeting of the Members, however called and noticed, and wherever held, shall be valid as though had a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each Member entitled to vote who was not present, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any special meeting of Members.

Attendance by a Member at a meeting shall also constitute a waiver of notice of that meeting, except when the Member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting, if so required, if that objection is expressly made at the meeting.

Section 5. Annual Meetings. There shall be no annual meetings required of the members of the Company.

ARTICLE II. MANAGER

Section 1. Number. There shall be two (2) Managers who initially shall be VIRGINIA CANAVERO and THOMAS SCROGGINS. The Managers shall all be Members of the Company.

Section 2. Election of manager vacancies. The Managers shall be elected at any special meeting called for the purpose of electing the Managers, or the Managers may be designated at any time by unanimous written action of the Members.

Section 3. Term of office; resignation. The Managers shall hold office until each such Manager's resignation, removal from office or death.

Any Manager may resign at any time by providing an oral statements to that effect at a meeting of the Members or by submitting a writing to that effect to the Members. Such resignation shall take effect immediately or at such other time as such Manager may specify.

Section 4. Manager's compensation. The Managers' compensation shall be determined by the Members on an annual basis.

ARTICLE III. INDEMNIFICATION

Section 1. Third party actions. The Company shall indemnify any Member who is or was a party, or who is threatened to be made a party, to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or

investigative, including all appeals, by reason of the fact that he or she is or was a Member, Managing Member or employee of the Company, or is or was serving at the request of the Company as a director, trustee, officer or employee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against any and all expenses (including reasonable attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement, which were actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which he or she reasonably to be in, or at least not opposed, to the best interests of the Company, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. The determination of any action, suit or proceeding by judgment, order, settlement, conviction, or plea of nolo contendere or its equivalent shall not, in and of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably to be in, or at least not opposed to, the best interests of the Company.

Section 2. Derivative actions. The Company shall indemnify any Member who is or was a party, or who is threatened to be made a party, to any threatened, pending, or completed action or suit, including appeals, by or on behalf of the Company in order to procure a judgment in its favor by reason of the fact that he or she is or was a Member of the Company or is or was serving at the request of the Company as its Manager, against any and all

expenses (including reasonable attorneys' fees) which were actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, so long as he or she acted in good faith and in a manner which he or she reasonably believed to be in, or at least not opposed to, the best interests of the Company; except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or misconduct in the performance of his or her duty to the Company unless, and only to the extent that, the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as the court shall deem proper.

Section 3. Rights after successful defense. To the extent that a Member or Manager has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 or 2 of this Article III, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including reasonable attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 4. Other determination of rights. Except in a situation governed by Section 3, any indemnification under Section 1 or 2 (unless ordered by a court) shall be made by the Company only as authorized in a specific case upon a determination that indemnification of the Member is proper under

the circumstances because he or she has met the applicable standard of conduct set forth in Section 1 or 2. Such determination shall be made by a majority vote of the Members, or if such vote is unobtainable, by legal counsel (compensated by the Company) in a written opinion.

Section 5. Advances of expenses. Expenses of each person indemnified hereunder, which were incurred in defending against a civil, criminal, administrative or investigative action, suit or proceeding (including all appeals), or threat thereof, may be paid by the Company in advance of the final disposition of such action, suit or proceeding, if authorized by a majority of the Managers (whether disinterested or not) following the receipt of a written promise by or on behalf of a Manager or Member to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Company.

Section 6. Nonexclusiveness. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law.

Section 7. Purchase of insurance. The Company may purchase and maintain insurance on behalf of any person who is a member of the Company, or who is or was serving at the request of the Company as a Manager, against any liability asserted against him or her in any such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify him or her against such liability under the provisions of this Article or the laws of the State of California.

ARTICLE IV. CERTIFICATES FOR UNITS OR SHARES

Section 1. Form of certificates. Each holder of units or shares shall be entitled to one or more certificates, signed by the Manager of the Company, which shall certify the number of units or shares held by him or her in the Company. However, no certificate for units or shares shall be issued until they are fully paid.

Section 2. Transfer of units or shares. Subject to the laws of the State of California and the terms of this Agreement,, units or shares of the Company shall be transferable upon the books of the Company by the holders thereof, upon surrender and cancellation of certificate (s) for a like number of units or shares, with duly executed assignment and power of transfer endorsed thereon or attached thereto, and with such proof of the authenticity of the signatures to such assignment and power of transfer as the Company or its agents may reasonably require. The transferee or assignee of any Member's interest shall have no right to participate in the management of the business and affairs of the Company or to become a Member unless the Members, other than transferring or assigning Members, unanimously approve, in writing, the transfer or assignment to the transferee or assignee.

Section 3. Lost, stolen or destroyed certificates. The Company may issue a new certificate for units or shares in place of any certificate previously issued by it and alleged to have been lost, stolen, or destroyed. A majority of the Managers may,

in their discretion, require the owner or the owner's legal representative to give the Company a bond containing such terms as a majority of the Managers may require to protect the Company or any person injured by the execution and delivery of a new certificate.

ARTICLE V. FORMATION

Section 1. Name. The name of the Company is WATERONE ENTERPRISES, LLC.

Section 2. Business. This Company is to be formed to engage in any lawful act, business or activity for which the Company may be formed under the laws of the State of California.

Section 3. Term. The term of this Company shall be until December 31, 2020.

Section 4. Registered Agent. The Company's registered agent for service of process is Steve Nicolaou, whose address is 628 Central Avenue, Tracy, California 95376.

Section 5. Place of business. The Company's principal place of business is 251 Versailles Court, Tracy, California.

ARTICLE VI. CAPITAL AND PROFITS AND LOSSES

Section 1. Capital contributions. Each Member has made the contributions to the capital of the Company as more specifically identified in Exhibit "A" attached hereto and made a part hereof.

An individual capital account shall be established and maintained for each member and shall be credited with the amount of his capital contribution to the Company. A Member shall not

be entitled to interest on his or her capital contribution, or to withdraw any part of his or her capital account, or to receive any distribution from the Company, except as specifically provided herein or by law.

Section 2. Profits and losses. The net profits and losses of the Company shall be shared by the Members in proportion to their respective capital interests in the Company. It is agreed by and between the Members that **VIRGINIA CANAVERO** and **THOMAS SCROGGINS** each have a fifty percent (50%) capital interest in the Company. The terms "net profits" and "net losses" shall mean, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with the Internal Revenue Code of 1986 ("the Code"), as amended, with the goal that the Company is to be treated for tax purposes as a partnership under the Code.

Section 3. Cash flow. The "cash flow of the Company" for each fiscal year or other period shall be equal to the net profits or net losses of the Company for such year or period, determined in Accordance with Article VI, Section 1, above, plus:

(A) depreciation and other noncash charges deducted in determining such net profits or net losses;

(B) the net cash proceeds resulting from any refinancing of Company property or the sale of any Company property received during such year or period, and minus:

(C) principal payments made during such year or period on Company loans;

(D) any other cash expenditures made during such year or period which have not been deducted in determining the net profits or net losses of the Company for such year or period; and

(E) any amount determined by the Members to be required to maintain sufficient working capital and/or a reserve for repairs and/or replacements.

The cash flow of the Company shall be determined for each fiscal year and, as so determined, shall, in proportion to their respective interests in the Company, be distributed to the Members as often as determined by the Manager, but not less often than annually.

Section 4. Fiscal year. The fiscal year for the Company shall be the calendar year.

ARTICLE VII. ADDITIONAL FUNDS

Section 1. New capital or loans. The Members acknowledge that the income produced by the properties to be owned and managed by the Company may be insufficient to pay all of the costs of operating said properties, including within the meaning of the ter "costs of operating" (and without limiting the generality of said term) all real estate taxes, assessments and other governmental charges, insurance premiums, costs of repair and maintenance, costs of improvements and the principal and interest payments required to be made on the Company loans. If, as determined by the vote of all those who hold an interest in the Company, additional funds are required to pay the costs of

operating, such additional funds shall be advanced to the Company by the Members (and any assignee/transferee of a Company interest who has not been admitted as a Member) in proportion to the capital interest each Member (or assignee/transferee) then holds in the Company. Such additional funds advanced to the Company shall be treated as additional capital contributions or loans, as determined by the vote of all those holding an interest in the Company.

ARTICLE VIII. RESTRICTIONS ON MEMBER'S TRANSFERABILITY

Section 1. New members. A new Member may be admitted into the Company only if (i) all the other members approve of such admission; and (ii) said new Member executes such instruments as the other Members determine are necessary or desirable to effect such admission and to confirm the agreement of the person or entity being admitted to be bound by all of the covenants, terms, and conditions of this Agreement then in effect. Said new Member shall receive a capital interest and an interest in the net profits and net losses and cash flow of the Company in an amount to be determined by all the other Members at the time of said admission.

Section 2. Restrictions on transfer and encumbrance; right of first refusal. Except as otherwise specifically permitted pursuant to the further provisions of this Agreement, each of the Members agrees that he or she will not, without the prior written consent of all members, transfer, assign, sell, give, pledge, hypothecate, or otherwise encumber his or her interest

in the Company ("Interest"), and any attempt to do any of the foregoing without such prior written consent shall be null and void and of no effect.

In the event of a proposed sale or other disposition for value to an outside party of all or any portion of his or her interest by any Member ("the Seller"), written notice thereof shall be given by certified mail, return receipt requested, to the Company, specifying the name of the prospective purchaser or transferee, the extent of the interest proposed to be sold or otherwise disposed of (the "Offered Interest"), and the price and all other terms and conditions of the proposed transaction.

For a period of thirty (30) days after its receipt of such said notice, the Company shall have the first right and option to purchase the entire Offered Interest on the same terms as are set forth in the notice. The Company may purchase the Offered Interest utilizing such assets, lines of credit or other sources of funds as may be obtained for such purpose. Thereafter, the Offered Interest so purchased by the Company shall be retired; and all further allocations and distributions of the Company to the Members shall be in the proportion which the interest of each remaining Members bears to the interest of all remaining Members after retirement of the Offered Interest.

In the event the Company shall not elect to purchase the Offered Interest, the Seller shall have the right, for an additional period of thirty (30) days, to sell or otherwise dispose of the Offered Interest to the proposed purchaser or transferee (the "Purchaser") upon the same terms and conditions

and for the same price as were set forth in the Seller's notice to the Company. If such transaction with the Purchaser is not consummated within the thirty (30) day period provided for in this paragraph, the Company's right to purchase the Offered Interest shall once again be reinstated as set forth herein, and the Seller shall not have the right to sell the Offered Interest to a Purchaser unless Seller has once again complied with all of the provisions of this Article VIII, Section 2.

If the sale or other disposition to an outside party is effected in compliance with the provisions of this Article VIII, Section 2, the Members shall be deemed to have approved of the Purchaser's admission into the Company.

ARTICLE IX. EXPULSION OF A MEMBER

Section 1. Events of expulsion. A Member shall cease to be a Member and shall have no interest in common with the remaining Members or in the Company when the Member does any of the following:

(A) Obtains or becomes subject to an order for relief under the Bankruptcy Code;

(B) Obtains or becomes subject to an order or decree of insolvency under state law;

(C) Makes an assignment for the benefit of creditors;

(D) Consents to or suffers the appointment of a receiver or trustee to any substantial part of his assets that s not vacate within thirty (30) Days;

(E) Consents to or suffers an attachment or execution of any substantial part of his or her assets that is not released within thirty (30) days;

(F) Consents to or suffers a charging order against his or her interest in the Company that is not released or satisfied within thirty (30) days; or,

(G) Fails to comply with any of his or her obligations as imposed by this Agreement or any amendment thereto.

Section 2. Purchase price for expelled Member. Upon any event of expulsion occurring as described above, the expelled Member shall be obligated to sell all of his or her interest in the Company to the Company. That purchase price shall be determined as follows:

(A) Within thirty (30) days of the event of expulsion, the Company and the Member whose interest is to be appraised, or that Member's personal representative, either (1) shall jointly appoint an appraiser for this purpose, or (2) failing this joint action, shall each separately designate an appraiser and, within ten (10) days after their appointment, the two designated appraisers shall designate a third appraiser.

If, within ten (10) days after the appointment of all appraisers, a majority concur on the value of the interest being appraised, that appraisal shall be binding and conclusive. If a majority of the appraisers do not concur within that period, the determination of the appraiser whose appraisal is neither the highest or lowest shall be binding. The appraisal expenses shall

be shared equally between the Company and the Member whose interest is being purchased.

Section 3. Terms of purchase price. Payment of the purchase price for the purchased interest by the Company shall be made, at the Company's option, fully in cash or partly in cash and partly by note. If the latter option is chosen, a cash payment equal to twenty (20) percent of the purchase price shall be made to the person or persons entitled thereto. The deferred portion of the purchase price for the interest being purchased shall be represented by a promissory note executed by the Company. The Note shall bear interest at the prime lending rate for the Bank of America at the time and shall provide for the payment of seventy-two (72) monthly installments commencing upon the first day of the month following the month for which the cash portion of the purchase price was paid by the purchasing party, and all subsequent payments shall be due on the first day of each month thereafter until paid in full. The Note shall provide full privilege of prepayment for all or a portion of the principal without penalty. Any pre-paid sum shall be applied against the installments thereafter following due in inverse of their maturity, or against all of the remaining installments equally, at the option of the maker of the Note. The Note shall provide that, in the case of default, at the election of the holder, the entire sum of the principal and accrued but unpaid interest shall be immediately due and payable, and maker shall pay holder all reasonable attorneys' fees incurred by the latter in the event legal action is commenced because of the default. The Note

shall be secured by a pledge of the interest being purchased in the transaction to which the Note relates, and the parties do hereby agree that they shall execute all documents necessary to perfect such a security interest, including, but not limited to, documents such as Pledge Agreements, Security Agreements, Financing Statements, Deeds of Trust and any other documents reasonably necessary to provide the seller with the security contemplated herein to assure the purchaser's full performance of its obligations under the terms of this section.

Section 4. Death of a Member. Within a period commencing with the death of a Member and ending 90 days after the death of the Member, the deceased Member's estate shall sell and the Company shall have the option to purchase all of the deceased Member's interest in the Company, with the price and terms to be determined in accordance with Sections 2 and 3 above of this Article IX.

ARTICLE X. DIVORCE OF MEMBER

Section 1. Purchased of Divorced Spouse's Interest. In the event of the dissolution of marriage of any married Member decreed by a court of competent jurisdiction which requires that Member to transfer all or a portion of his or her interest in the Company to his or her spouse, such spouse shall be obligated to sell and transfer his or her interest in the Company to the divorcing Member in accordance with the terms and conditions appearing in Section 3 of Article IX of this Agreement at the price which the court ordering the dissolution has fixed as the interest's fair market value.

ARTICLE XI. DISSOLUTION & TERMINATION

Section 1. Termination of the Company. The Company shall be terminated and dissolved upon:

- (A) the vote of all holding an interest in the Company;
- (B) the expiration of the term of the Company; or,
- (C) the death, retirement, expulsion, or resignation of a Member, if the remaining Members do not vote unanimously to purchase such dead, retiring, expelled or resigned Member's interest as provided for in Article IX, Sections 2 and 3, and to continue the business of the Company, except that if the Company owns life insurance in accordance with Section 4 of Article IX, then the remaining Members shall be obligated to purchase the interest of a deceased Member.

Upon the determination of the Company as herein provided, a full and general accounting shall be taken of the Company's business, and its affairs shall be wound up. Any net profits or net losses earned or accrued since the previous accounting shall be allocated among the Members. The Members shall wind up and liquidate the Company by selling the Company's assets and distributing the net proceeds therefrom, in cash, after the payment of all Company liabilities (including expenses and fees incurred in connection with the sale of assets and liquidation), to the members in proportion to the positive balances in their capital accounts.

Section 2. Living trust as Member. In the event a Member consists of a revocable living trust, then the death, resignation, expulsion or withdrawal of the last of the settlors

of such trust shall constitute the death, resignation, expulsion or withdrawal of a Member for the purpose of this Article X.

Section 3. Continuing governance. In the event of a dissolution of the Company, the business affairs of the Company shall continue to be governed by the terms of this Agreement during the winding up of the Company's business and affairs.

ARTICLE XII. MISCELLANEOUS

Section 1. Governing law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 2. Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the rest of the Agreement shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

Section 3. Successors. This Agreement shall be binding on and inure to the benefit of the respective successors, heirs, assigns, and personal representatives of the parties, except as otherwise provided for herein.

Section 4. Entire agreement. This instrument contains the entire agreement of the parties relating to the rights granted and obligations assumed hereunder. Any oral representations or modifications concerning this instrument shall be of no force and effect unless contained in a subsequent written modification or amendment signed by all of the parties.

Section 5. Investment letter. Each Member hereby represents, warrants and covenants to and with the Company and each of the Members that the interest in the Company being acquired by him or her is being acquired for his or her own personal account and with no present intention of reselling or otherwise transferring such interest or any portion thereof; that he or she has no contract, undertaking, or arrangement with any person to sell or transfer to such person or to have any person sell for him or her all or any portion of his or her interest in the Company, or to afford or allow any participation therein by any other person. The foregoing warranties and covenants do not preclude the existence of such rights, if any, as a Member's spouse may have to his or her interest under community property law.

Section 6. Consent to representation. The Members have been told by Steve Nicolaou, Attorney at Law, that he is representing the interests of the Company, and that he cannot represent the other individual members' interest. The parties understand that although Mr. Nicolaou is preparing documents for the formation of this Company in which the Members wish to invest, they should consult their own separate legal counsel regarding the transaction they wish to enter into, and do hereby waive any claims they may have in the future that they were not adequately represented by legal counsel of their own choice.

IN WITNESS WHEREOF, the Members have executed this Agreement on this 30th day of June, 2000, at Tracy, California.

"The Members"


VIRGINIA CANAVERO


THOMAS SCROGGINS

TRUSTEE'S QUITCLAIM DEED

THIS INDENTURE, Made as of this 17th day of January, 2001, by and between Lois K. Murphy, trustee, ("Grantor"), and Waterone Enterprises, LLC ("Grantee"), at 251 Versailles Ct., Tracy, CA 95376.

WITNESSETH:

WHEREAS, Grantor was duly and regularly appointed as qualified trustee of the bankruptcy estate of Matthew Olivas and Trini R. Olivas ("Debtors"), being bankruptcy Case No. 00-01741, now pending in the United States Bankruptcy Court for the District of Idaho; and,

WHEREAS, The trustee Grantor has authority to sell property of the estate pursuant to 11 USC 363(b)(1) and said Notice of Sale by Trustee was filed with the bankruptcy court on December 15, 2000 with a duly noticed auction held on January 12, 2001;

WHEREAS, Grantor sold and Grantee purchased at said auction whatever rights the bankruptcy estate may have had in real property of the Debtors being subject to an Amended Order, Judgment and Decree of Foreclosure filed May 12, 2000 and various other liens and encumbrances including IRS liens; and,

NOW, THEREFORE, for valuable consideration received, Grantor does hereby release and quitclaim to Grantee, its successors and assigns forever, any right, title, interest, and estate the debtors and the bankruptcy estate may have had by operation of law or otherwise in and to the following real property situated in Owyhee, Idaho, described as follows:

See Exhibit A attached.

Said conveyance is made subject to all liens and encumbrances of any kind remaining on the property and is further made without any warranties of title, condition, marketability, habitability, fitness or any other express or implied warranty. Grantor does not warrant that the bankruptcy estate had any such interest. The property is conveyed "AS IS and WHERE IS".

IN WITNESS THEREOF, Signed:

Lois K. Murphy
By: Lois K. Murphy, Trustee

STATE OF IDAHO)) ss. County of Ada) On this <u>17th</u> day of January, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Lois K. Murphy, known or identified to me to be the person whose name is subscribed to the within instrument, as Trustee in Bankruptcy for Matthew Olivas and Trini R. Olivas, and acknowledged to me that he executed the same as in his own name as Trustee in said Bankruptcy. IN WITNESS THEREOF, I have hereunto set my hand and affixed my official seal as of the day and year in this certificate first above written. <i>Michael L. Earls</i> Notary Public of Idaho Residing in Boise, Idaho Commission Expires: <u>9-27-01</u>	RECORDING INFORMATION: 235339 FILED - RECORDED 01 MAR 19 AM 9:13 OWYHEE COUNTY, IDAHO BY <i>Lois K. Murphy</i> TRUSTEE <i>King & Robinson</i>
--	---

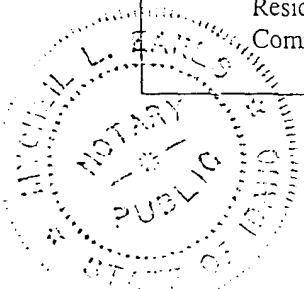


EXHIBIT "A"

A parcel of land within the West Half of the Northwest Quarter (WYNWQ) of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass-cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;

THENCE South 54°09' East, 859.6 feet to the true point of beginning;

THENCE South 34°13' East, 560.0 feet;

THENCE South 55°47' West, 1230.7 feet to the west boundary of said Section 24;

THENCE North 0°13' East, 678.9 feet along the west boundary of said Section 24;

THENCE North 55°47' East, 846.9 feet to the True Point of Beginning. Together with all water rights evidenced by water right numbers

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND: 51-04037, A51-04037

PARCEL NO. 1:

and A51-12760

A parcel of land in the NW¼, Section 24, Township 16 South, Range 9 East, Boise Meridian, being more particularly described as follows:

BEGINNING at the NW corner of the NW¼ of Section 24, Township 16 South, Range 9 East, Boise Meridian

THENCE running South 0°12'33" West for a distance of 358.0 feet to a point;

THENCE running South 35°36'34" East for a distance of 512.9 feet, said point is the TRUE POINT OF BEGINNING, said point is also the SW corner of Lot 1, Block 12 of Murphy Hot Springs Subdivision No. 1 as recorded in Owyhee County Courthouse;

THENCE South 26°30' East for a distance of 124.28 feet;

THENCE North 56°28' East for a distance of 189.61 feet;

THENCE North 46°27' West for a distance of 128.32 feet to a point, which lies on the Southerly boundary of said Murphy Hot Springs Subdivision No. 1;

THENCE South 55°47' West for a distance of 145.43 feet, along the Southerly boundary of Lot 1, Block 12, Murphy Hot Springs Subdivision No. 1 to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW¼ of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, described as follows:

BEGINNING at the Northeast corner of Lot 28, Block 7, Murphy Hot Springs Subdivision No. 2, Owyhee County, Idaho;

THENCE North 34°13'00" West 37.5 feet to a point;

THENCE South 55°47'00" West 85 feet, more or less, to the East Bank of Jarbidge River;

THENCE in a Southeasterly direction 37.5 feet, more or less, to the Northwest corner of Lot 29, Block 7 of Murphy Hot Springs Subdivision No. 2;

THENCE North 55°47'00" East 80.8 feet to the Point of Beginning.

TOGETHER with 0.060 (cfs) of water evidenced by IDWR Water Right Number 51-04037.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

Please print or type. Attach pages with additional information. Instructions are included at the end of this form.
 Incomplete forms will be returned.

1. Please list the water right number(s) and/or adjudication claim number(s) (if any) for each water right to be changed. List just the adjudication claim number if there is no corresponding water right record on file with the department. Indicate, by checking in the space provided (under the "split" heading), if the change in ownership is limited to a portion of a water right in which case division of the existing water right or adjudication claim record will be required.

Water Right No(s).	Adjudication Claim No(s).	Split	Water Right No(s).	Adjudication Claim No(s).	Split
<u>51-04037</u>	<u>51-04037</u>	☐	_____	_____	☐
_____	_____	☐	_____	_____	☐
_____	_____	☐	_____	_____	☐
_____	_____	☐	_____	_____	☐
_____	_____	☐	_____	_____	☐

2. The following **REQUIRED** information must be submitted with this form:

- A. The appropriate **FILING FEE**. See instructions for fee amounts.
- B. A copy of the most recent **DEED, TITLE POLICY, CONTRACT OF SALE** or other legal document indicating your ownership of the property and water right(s) or claim(s) in question, **WITH ATTACHED LEGAL DESCRIPTION**.
- C. Either of the following (if necessary to clarify division of water rights or other complex property descriptions):
PLAT OF PROPERTY or **SURVEY MAP** clearly showing the location of the point(s) of diversion and place of use of your water right(s) and/or adjudication claim(s) (these are usually attached to your deed or on file with the county).

OR

If your water right(s) and/or adjudication claim(s) is for ten or more acres of irrigation, you must submit a USDA Farm Service Agency **AERIAL PHOTO** with the irrigated acres outlined and point(s) of diversion clearly marked. The **AERIAL PHOTO** should be submitted in place of the **PLAT OF PROPERTY** or **SURVEY MAP**.

3. Name and Address of Former Owner/Claimant(s) Matthew Olivas
Desert Hot Springs
Rogerson, Idaho 83302
4. New Owner/Claimant(s) WaterOne Enterprises, LLC
 Name Connector (Check one): ☐ and, ☐ or, ☐ and/or
- New Mailing Address 251 Versailles Court
- City, State and ZIP Code Tracy, California 95376
- New Telephone Number (209) 839-1151
5. Date you acquired the property 01/17/2001

6. If the change in ownership affects the entire water right for each water right or adjudication claim number listed in item 1, THEN SKIP THIS ITEM AND GO TO ITEM 7. If the change in ownership divides the water right(s) among multiple owners, you must describe, in detail, your portion of each water right after the change. Fill in the appropriate spaces in the box(es) below to describe your water right(s) after the change (one water right per box, you may copy this page as necessary). If your quantity of water is greater than a proportionate split, you must attach documentation to show justification for a larger amount. If you are not sure how to identify your portion of the original water right or adjudication claim records, please contact the nearest IDWR office for assistance.

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	_____

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	_____

7. Signature of New Owner(s) or Claimant(s) _____
(include title if applicable)

Thomas Scroggins, CEO, WaterOne Enterprises, LLC

For Snake River Basin Adjudication Claims: Please attach a Notice of Appearance completed by your attorney, if you wish IDWR to correspond with him/her for all matters related to your claims.

For Office Use Only

Received by _____ Date _____ Fee _____
 Receipted by _____ Date _____ Receipt No. _____
 Processed by _____ AJ Date _____ WR _____ Date _____

TRUSTEE'S QUITCLAIM DEED

THIS INDENTURE, Made as of this 17th day of January, 2001, by and between Lois K. Murphy, trustee, ("Grantor"), and Waterone Enterprises, LLC ("Grantee"), at 251 Versailles Ct., Tracy, CA 95376.

WITNESSETH:

WHEREAS, Grantor was duly and regularly appointed as qualified trustee of the bankruptcy estate of Matthew Olivas and Trini R. Olivas ("Debtors"), being bankruptcy Case No. 00-01741, now pending in the United States Bankruptcy Court for the District of Idaho; and,

WHEREAS, The trustee Grantor has authority to sell property of the estate pursuant to 11 USC 363(b)(1) and said Notice of Sale by Trustee was filed with the bankruptcy court on December 15, 2000 with a duly noticed auction held on January 12, 2001;

WHEREAS, Grantor sold and Grantee purchased at said auction whatever rights the bankruptcy estate may have had in real property of the Debtors being subject to an Amended Order, Judgment and Decree of Foreclosure filed May 12, 2000 and various other liens and encumbrances including IRS liens; and,

NOW, THEREFORE, for valuable consideration received, Grantor does hereby release and quitclaim to Grantee, its successors and assigns forever, any right, title, interest, and estate the debtors and the bankruptcy estate may have had by operation of law or otherwise in and to the following real property situated in Owyhee, Idaho, described as follows:

See Exhibit A attached.

Said conveyance is made subject to all liens and encumbrances of any kind remaining on the property and is further made without any warranties of title, condition, marketability, habitability, fitness or any other express or implied warranty. Grantor does not warrant that the bankruptcy estate had any such interest. The property is conveyed "AS IS and WHERE IS".

IN WITNESS THEREOF, Signed:

Lois K. Murphy
By Lois K. Murphy, Trustee

STATE OF IDAHO)) ss. County of Ada) On this <u>17th</u> day of January, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Lois K. Murphy, known or identified to me to be the person whose name is subscribed to the within instrument, as Trustee in Bankruptcy for Matthew Olivas and Trini R. Olivas, and acknowledged to me that he executed the same as in his own name as Trustee in said Bankruptcy. IN WITNESS THEREOF, I have hereunto set my hand and affixed my official seal as of the day and year in this certificate first above written. <i>Michael J. Davis</i> Notary Public of Idaho Residing in Boise, Idaho Commission Expires: <u>9-27-01</u>	RECORDING INFORMATION.
--	-------------------------------

02/21/01 WED 13:18 FAX 208 345 3514

EXHIBIT "A"

A parcel of land within the West Half of the Northwest Quarter (WN/4) of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;
THENCE South 54°09' East, 859.6 feet to the true point of beginning;

THENCE South 34°13' East, 560.0 feet;

THENCE South 55°47' West, 1230.7 feet to the west boundary of said Section 24;

THENCE North 0°13' East, 678.9 feet along the west boundary of said Section 24;

THENCE North 35°47' East, 846.8 feet to the True Point of Beginning. Together with water rights evidenced by water right numbers

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND: E1-04037, A51-04037

PARCEL NO. 1:

and A51-12780

A parcel of land in the NW/4, Section 24, Township 16 South, Range 9 East, Boise Meridian, being more particularly described as follows:

BEGINNING at the NW corner of the NW/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian
THENCE running South 0°12'33" West for a distance of 358.0 feet to a point;

THENCE running South 35°36'34" East for a distance of 512.9 feet, said point is the TRUE POINT OF BEGINNING, said point is also the SW corner of Lot 1, Block 12 of Murphy Hot Springs Subdivision No. 1 as recorded in Owyhee County Courthouse;

THENCE South 26°10' East for a distance of 124.28 feet;

THENCE North 56°28' East for a distance of 189.61 feet;

THENCE North 46°27' West for a distance of 128.32 feet to a point, which lies on the Southerly boundary of said Murphy Hot Springs Subdivision No. 1;

THENCE South 55°47' West for a distance of 145.43 feet, along the Southerly boundary of Lot 1, Block 12, Murphy Hot Springs Subdivision No. 1 to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, described as follows:

BEGINNING at the Northeast corner of Lot 28, Block 7, Murphy Hot Springs Subdivision No. 2, Owyhee County, Idaho;

THENCE North 34°13'00" West 37.5 feet to a point;

THENCE South 55°47'00" West 85 feet, more or less, to the East Bank of Jarbidge River;

THENCE in a Southeasterly direction 37.5 feet, more or less, to the Northwest corner of Lot 25, Block 7 of Murphy Hot Springs Subdivision No. 2;

THENCE North 55°47'00" East 80.8 feet to the Point of Beginning.

TOGETHER with 0.060 (cfs) of water evidenced by IDWR Water Right Number E1-04037.



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190

FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

May 31, 2001

WATERONE ENTERPRISES LLC
251 VERSAILLES CT
TRACY CA 95376

RE: Water Right No. 51-04037

Dear Property Owner(s):

Enclosed is a copy of the above referenced water right, which reflects the change in ownership of the land and appurtenant water rights covered under the original filing. Also enclosed is a copy of the Notice of Completed Administrative Proceedings which has been sent to the Snake River Basin Court as notification of the change.

Thank you for your patience and cooperation, as we have had several ownership changes to process. If you have any questions concerning the enclosed water rights, please feel free to contact this office.

Sincerely,

Denise Buffington
Office Specialist I
Adjudication Section
Western Region

DB:db

Enclosures

cc: Matthew Olivas
Ling & Robinson, Attorneys at Law

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

In Re SRBA)

Water Rights: 51-04037)

Case No. 39576)

NOTICE OF COMPLETED
ADMINISTRATIVE
PROCEEDING)

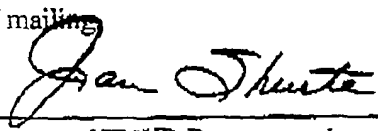
IDWR has completed the following administrative proceeding:

☐ Address change☒ Substitution of Party☐ IC § 42-222 transfer☐ Point of diversion☐ Place of use☐ Period of use☐ Nature of use☐ Split of water right☐ Change in ownership☐ Other☐ IC § 42-219 license

IDWR certifies that it has completed its investigation into the changes to the elements of the water rights listed above as set forth in the attached *Amended Director's Report(s)* for said water right(s). No other changes have been made to the elements of these water rights except as set forth above.

IDWR has served copies of the *Notice of Completed Administrative Proceeding* and *Amended Director's Report(s)* on the claimant(s), prior claimant(s) and all parties in the subcases affected, if any, as reflected on the attached certificate of mailing.

DATED: May 31, 2001



Signature of IDWR Representative

IDAHO DEPARTMENT OF WATER RESOURCES

PRELIMINARY RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 51-4037

NAME AND ADDRESS: WATERONE ENTERPRISES LLC
251 VERSAILLES CT
TRACY, CA 95376

SOURCE: MURPHY HOT SPRINGS TRIBUTARY: EAST FORK JARBIDGE RIVER

QUANTITY: 0.06 CFS

THE QUANTITY OF WATER UNDER THIS RIGHT SHALL NOT
EXCEED 13,000 GALLONS PER DAY.

PRIORITY DATE: 06/20/1885

POINT OF DIVERSION: T16S R09E S24 SWNWNW Within OWYHEE County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
COMMERCIAL	1-01 12-31	0.02 CFS
HEATING	1-01 12-31	0.04 CFS
DOMESTIC	1-01 12-31	0.02 CFS

USE IS FOR 1 HOME; COMMERCIAL USE. POOL, BATHS,
LODGE; AND HEATING

PLACE OF USE:

COMMERCIAL Within OWYHEE County	
T16S R09E S24	NWNW
HEATING Within OWYHEE County	
T16S R09E S24	NWNW
DOMESTIC Within OWYHEE County	
T16S R09E S24	<u>NWNW</u>

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

THE QUANTITY OF WATER DECREED FOR THIS WATER
RIGHT IS NOT A DETERMINATION OF HISTORICAL BENEFICIAL
USE.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Beneficial Use

WATER TEMPERATURE MEASURED AT 117 DEGREES F

CERTIFICATE OF MAILING

I certify that on May 31, 2001, I delivered the original and copies of this form, including all attachments, to the following persons, postage prepaid if required and addressed as follows:

1. Original to:

Clerk of the District Court
Snake River Basin Adjudication
P.O. Box 2707
Twin Falls, ID 83303-2707

☐ overnight mail
☒ regular mail
☐ hand-delivered
☒ facsimile

2. Copies to:

Clive Strong
Office of the Attorney General
P.O. Box 44449
Boise, ID 83711-4449

☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile

United States Dept of Justice
Environment & Natural Resource Div
550 West Fort Street MSC 033
Boise ID 83724

☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile

3. Copies to all parties to the subcase:

Matthew Olivas (Seller)
Desert Hot Springs
Rogerson ID 83302

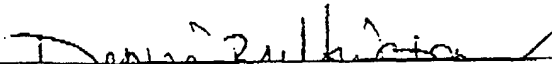
☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile

WaterOne Enterprises LLC (Purchaser)
251 Versailles Ct
Tracy CA 95376

☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile

Ling and Robinson (Attorney)
615 "H" St
PO Box 396
Rupert ID 83350-0396

☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile



RECEIVED

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

MAR 12 2002
Department of Water Resources
Southern Region

Please print or type. Attach pages with additional information. Instructions are included at the end of this form.
Incomplete forms will be returned.

1. Please list the water right number(s) and/or adjudication claim number(s) (if any) for each water right to be changed. List just the adjudication claim number if there is no corresponding water right record on file with the department. Indicate, by checking in the space provided (under the "split" heading), if the change in ownership is limited to a portion of a water right in which case division of the existing water right or adjudication claim record will be required.

Water Right No(s).	Adjudication Claim No(s).	Split	Water Right No(s).	Adjudication Claim No(s).	Split
	51-4037				

2. The following **REQUIRED** information must be submitted with this form:

- A. The appropriate **FILING FEE**. See instructions for fee amounts. N/A
- B. A copy of the most recent **DEED, TITLE POLICY, CONTRACT OF SALE** or other legal document indicating your ownership of the property and water right(s) or claim(s) in question, **WITH ATTACHED LEGAL DESCRIPTION**.
- C. Either of the following (if necessary to clarify division of water rights or other complex property descriptions):
PLAT OF PROPERTY or **SURVEY MAP** clearly showing the location of the point(s) of diversion and place of use of your water right(s) and/or adjudication claim(s) (these are usually attached to your deed or on file with the county).
OR
If your water right(s) and/or adjudication claim(s) is for ten or more acres of irrigation, you must submit a USDA Farm Service Agency **AERIAL PHOTO** with the irrigated acres outlined and point(s) of diversion clearly marked. The **AERIAL PHOTO** should be submitted in place of the **PLAT OF PROPERTY** or **SURVEY MAP**.

3. Name and Address of Former Owner/Claimant(s) WATER ONE ENT. LLC
379 N 400 W PAUL, ID 83347
4. New Owner/Claimant(s) PURITY SWEET
Name Connector (Check one): ☐ and, ☐ or, ☐ and/or
- New Mailing Address 379 N 400 W
- City, State and ZIP Code PAUL, ID 83347
- New Telephone Number 208 438 2529
5. Date you acquired the property 3-12-02

RECEIVED

MAR 13 2002

WATER RESOURCES
WESTERN REGION

COPY

6. If the change in ownership affects the entire water right for each water right or adjudication claim number listed in item 1, THEN SKIP THIS ITEM AND GO TO ITEM 7. If the change in ownership divides the water right(s) among multiple owners, you must describe, in detail, your portion of each water right after the change. Fill in the appropriate spaces in the box(es) below to describe your water right(s) after the change (one water right per box, you may copy this page as necessary). If your quantity of water is greater than a proportionate split, you must attach documentation to show justification for a larger amount. If you are not sure how to identify your portion of the original water right or adjudication claim records, please contact the nearest IDWR office for assistance.

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	_____

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	_____

7. Signature of New Owner(s) or Claimant(s)
(include title if applicable)

Chris Dwyer

For Snake River Basin Adjudication Claims: Please attach a Notice of Appearance completed by your attorney, if you wish IDWR to correspond with him/her for all matters related to your claims.

For Office Use Only

Received by _____ Date _____ Fee _____
 Received by _____ Date _____ Receipt No. _____
 Processed by _____ AJ Date _____ WR _____ Date _____

QUITCLAIM DEED

For Value Received Waterone Enterprises LLC

Do hereby convey, release, remise and forever quit claim

unto Purity Sweet Inc., A Idaho Corporation
address is 359 North 400 West Paul, Idaho 83347
the following described premises, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY
REFERENCE AND MADE A PART HEREOF.

REQUEST OF
Don Dozier
8/6/02

238438

FILED - RECORDED

02 JAN 22 PM 2:50

OWYHEE COUNTY RECORDER
BY *Carollett*
DEPUTY

Together with their appurtenances.

Dated:

Don Dozier
Matthew [unclear]
Danny Crystat
Members of Waterone Enterprises LLC

Brian [unclear]

STATE IDAHO COUNTY OF OWYHEE

On this 17th day of January 2002, I hereby certify that his instrument was filed for
before me, a notary public in and for said State, and
personally appeared

known to me to be the persons who, in names the
grantor subscribed to the within instrument, and
acknowledged to me that he executed the same.

Clarice Leslie

Notary Public

Residing at 205 E. Keller Paul, ID 83347.
Comm. Expires 1-26-2005

238438

STATE IDAHO COUNTY OF OWYHEE

I hereby certify that his instrument was filed for
record at the request of

at _____ minutes past _____ o'clock _____ m.,
This _____ day of _____
19____, in my office, and duly recorded in Book of
Deeds at page _____

By _____ Ex-Officio Recorder
Deputy.

Fees \$
Mail to:

EXHIBIT "A"

A parcel of land within the West Half of the Northwest Quarter (W~~X~~NW~~X~~) of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass-cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;

THENCE South 54°09' East, 859.6 feet to the true point of beginning;

THENCE South 34°13' East, 560.0 feet;

THENCE South 55°47' West, 1230.7 feet to the west boundary of said Section 24;

THENCE North 0°13' East, 678.9 feet along the west boundary of said Section 24;

THENCE North 55°47' East, 846.9 feet to the True Point of Beginning.

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND:

PARCEL NO. 1:

A parcel of land in the NW~~X~~, Section 24, Township 16 South, Range 9 East, Boise Meridian, being more particularly described as follows:

BEGINNING at the NW corner of the NW~~X~~ of Section 24, Township 16 South, Range 9 East, Boise Meridian

THENCE running South 0°12'33" West for a distance of 358.0 feet to a point;

THENCE running South 35°36'34" East for a distance of 512.9 feet, said point is the TRUE POINT OF BEGINNING, said point is also the SW corner of Lot 1, Block 12 of Murphy Hot Springs Subdivision No. 1 as recorded in Owyhee County Courthouse;

THENCE South 26°30' East for a distance of 124.28 feet;

THENCE North 56°28' East for a distance of 189.61 feet;

THENCE North 46°27' West for a distance of 128.32 feet to a point, which lies on the Southerly boundary of said Murphy Hot Springs Subdivision No. 1;

THENCE South 55°47' West for a distance of 145.43 feet, along the Southerly boundary of Lot 1, Block 12, Murphy Hot Springs Subdivision No. 1 to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW~~X~~ of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, described as follows:

BEGINNING at the Northeast corner of Lot 28, Block 7, Murphy Hot Springs Subdivision No. 2, Owyhee County, Idaho;

THENCE North 34°13'00" West 37.5 feet to a point;

THENCE South 55°47'00" West 85 feet, more or less, to the East Bank of Jarbidge River;

THENCE in a Southeasterly direction 37.5 feet, more or less, to the Northwest corner of Lot 29, Block 7 of Murphy Hot Springs Subdivision No. 2;

THENCE North 55°47'00" East 80.8 feet to the Point of Beginning.

TOGETHER with 0.060 (cfs) of water evidenced by IDWR Water Right Number 51-04037.

FILED

A.M. 2:05 P.M.

DEC 11 2001

CYNTHIA EATON, CLERK

LAURIE FREDERICK

Deputy Clerk

Kimbell D. Gourley/ISB 3578
 Derrick J. O'Neill/ISB 4021
 JONES ♦ GLEDHILL ♦ HESS ♦ ANDREWS ♦
 FUHRMAN ♦ BRADBURY & EIDEN, P.A.
 The 9th & Idaho Center
 225 North 9th Street, Suite 820
 P. O. Box 1097
 Boise, Idaho 83701
 Telephone: (208) 331-1170
 Facsimile: (208) 331-1529

Attorneys for Plaintiffs

IN THE DISTRICT COURT OF THE THIRD JUDICIAL DISTRICT
 OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF OWYHEE

WATERONE ENTERPRISES, LLC, A)
 California Limited Liability Company,)
 THOMAS SCROGGINS, an individual,)
 and VIRGINIA CANAVERO, an individual,)

Plaintiffs,)

vs.)

MATTHEW OLIVAS and TRINA OLIVAS,)
 husband and wife; SYLVIA OLIVAS, an)
 individual, JOSEPH SHELTON, an)
 individual, C. CRELLIN SCOTT, an)
 individual, DON DOZIER, an individual,)
 NANCY DOZIER, an individual, BRENT)
 DOZIER, an individual, DANNY)
 CRYSTAL, an individual, TRUST)
 COMPANY OF AMERICA, and HIGH)
 DESERT RESOURCES, LLC, an Idaho)
 limited liability company, PURITY)
 SWEET, INC., an Idaho corporation,)
 and/or JOHN DOES 1-10 AS)
 RESIDENTS OF:)

Case No. CV01-03402

VERIFIED COMPLAINT

A parcel of land within the West Half of the Northwest Quarter (W1/2NW1/4) of Section 27, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass-cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;
THENCE South 54°09' East 859.6 feet to the true point of beginning;
THENCE South 34°13' East, 560.0 feet;
THENCE South 55°47' West , 1230.7 feet to the west boundary of said Section 24;
THENCE North 0°13' East, 678.9 feet along the west boundary of said Section 24;
THENCE North 55°47' East, 846.9 feet to the True Point of Beginning.

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND:

PARCEL NO. 1:

A parcel of land in the NW1/4, Section 24, Township 16 South, Range 9 East, Boise Meridian, begin more particularly described as follows:

BEGINNING at the NW corner of the NW1/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian
THENCE running South 0°12'33" West for a distance of 358.0 feet to a point;
THENCE running South 35°36'34" East for a distance of 512.9 feet, said point is the TRUE POINT OF BEGINNING, said point is also the SW corner of Lot 1, Block 12 of Murphy Hot Springs Subdivision No.

1 as recorded in Owyhee County
Courthouse;
THENCE South 26°30' East for a distance
of 124.28 feet;
THENCE North 56°28' East for a distance
of 189.61 feet;
THENCE North 46°27' West for a
distance of 128.32 feet to a point, which
lies on the Southerly boundary of said
Murphy Hot Springs Subdivision No. 1;
THENCE South 55°47' West for a
distance of 145.43 feet, along the
Southerly boundary of Lot 1, Block 12,
Murphy Hot Springs Subdivision No. 1 to
the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW1/4 of Section
24, Township 16 South, Range 9 East,
Boise Meridian, Owyhee County, Idaho,
described as follows:

BEGINNING at the Northeast corner of
Lot 28, Block 7, Murphy Hot Springs
Subdivision No. 2, Owyhee County, Idaho;
THENCE North 34°13'00" West 37.5 feet
to a point;
THENCE South 55°47'00" West 65 feet,
more or less, to the East Bank of Jarbidge
River;
THENCE in a Southeasterly direction 37.5
feet, more or less, to the Northwest corner
of Lot 29, Block 7 of Murphy Hot Springs
Subdivision No. 2;
THENCE North 55°47'00" East 80.8 feet
to the Point of Beginning.

Defendants.

COMES NOW the Plaintiff, by and through its attorneys of record, Jones ♦ Gledhill ♦ Hess ♦ Andrews ♦ Fuhrman ♦ Bradbury & Eiden, P.A., and for a cause of action against Defendants hereby complains and alleges as follows:

I.

JURISDICTION AND VENUE

1. Plaintiff Waterone Enterprises, LLC, a California limited liability company ("Waterone"), is the owner of the real property located in Owyhee County, Idaho, and more particularly described in paragraph 15 below.

2. Plaintiff Thomas Scroggins ("Scroggins") is an individual who at all times relevant hereto resided in California and asserts an ownership in Waterone.

3. Plaintiff Virginia Canavero ("Canavero") is an individual who at all times relevant hereto resided in California and asserts an ownership in Waterone.

4. Defendants Matthew Olivas and Trina Olivas, husband and wife, are individuals who at all times relevant hereto resided in Owyhee County, Idaho.

5. Sylvia Olivas is an individual who may claim an interest in and to the Property.

6. Joseph Shelton is an individual who may claim an interest in and to Waterone or the Judgment.

7. C. Crellin Scott is an individual who may claim an interest in and to Waterone or the Judgment.

8. Don Dozier is an individual who may claim an interest in and to Waterone or the Judgment.

9. Nancy Dozier is an individual who may claim an interest in and to Waterone or the Judgment.

10. Brent Dozier is an individual who may claim an interest in and to Waterone or the Judgment.

11. Danny Crystal is an individual who may claim an interest in and to Waterone or the Judgment.

12. Trust Company of America is a Colorado Corporation, which may claim an interest in the Judgment.

13. High Desert Resources, LLC is an Idaho limited liability company, which may claim an interest in and to the Property, Waterone, and/or the Judgment.

14. Purity Sweet, Inc., is an Idaho corporation that may claim an interest in and to the Property.

15. Does 1-10 are occupants of the property located at (the "Property"):

A parcel of land within the West Half of the Northwest Quarter (W1/2NW1/4) of Section 27, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass-cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;
THENCE South 54°09' East 859.6 feet to the true point of beginning;
THENCE South 34°13' East, 560.0 feet;
THENCE South 55°47' West, 1230.7 feet to the west boundary of said Section 24;
THENCE North 0°13' East, 678.9 feet along the west boundary of said Section 24;
THENCE North 55°47' East, 846.9 feet to the True Point of Beginning.
Together with all water rights.

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND:

PARCEL NO. 1:

A parcel of land in the NW1/4, Section 24, Township 16 South, Range 9 East, Boise Meridian, begin more particularly described as follows:

BEGINNING at the NW corner of the NW1/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian

THENCE running South 0°12'33" West for a distance of 358.0 feet to a point;

THENCE running South 35°36'34" East for a distance of 512.9 feet, said point is the TRUE POINT OF BEGINNING, said point is also the SW corner of Lot 1, Block 12 of Murphy Hot Springs Subdivision No. 1 as recorded in Owyhee County Courthouse;

THENCE South 26°30' East for a distance of 124.28 feet;

THENCE North 56°28' East for a distance of 189.61 feet;

THENCE North 46°27' West for a distance of 128.32 feet to a point, which lies on the Southerly boundary of said Murphy Hot Springs Subdivision No. 1;

THENCE South 55°47' West for a distance of 145.43 feet, along the Southerly boundary of Lot 1, Block 12, Murphy Hot Springs Subdivision No. 1 to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW1/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, described as follows:

BEGINNING at the Northeast corner of Lot 28, Block 7, Murphy Hot Springs Subdivision No. 2, Owyhee County, Idaho;

THENCE North 34°13'00" West 37.5 feet to a point;

THENCE South 55°47'00" West 65 feet, more or less, to the East Bank of Jarbidge River;

THENCE in a Southeasterly direction 37.5 feet, more or less, to the Northwest corner of Lot 29, Block 7 of Murphy Hot Springs Subdivision No. 2;

THENCE North 55°47'00" East 80.8 feet to the Point of Beginning.

II.

**QUIET TITLE AND SLANDER OF TITLE TO THE PROPERTY
(I.C. § 6-401 et seq.)**

16. Matthew Olivas and Trina Olivas (collectively "Olivas") formerly owned the Property.

17. Olivas filed for relief under Chapter 7 Bankruptcy Code on or about July 13, 2000, Case No. 00-01741 ("Bankruptcy Proceeding"). The Chapter 7 Trustee, Lois Murphy, in the Bankruptcy Proceeding sold the Property to Waterone on January 12, 2001, pursuant to a Deed executed and delivered by the Chapter 7 Trustee to Waterone. A true and correct copy of the Trustee's Quitclaim Deed transferring the Property is attached hereto as Exhibit A, and incorporated herein by reference.

18. Waterone is the fee simple owner of the Property.

19. Subsequent to such transfer by the Chapter 7 Trustee to Waterone, some of the Defendants have asserted an ownership interest in the Property, and attempted to convey an interest in the Property.

20. On July 25, 2001, Matthew Olivas, Joseph Shelton, C. Crellin Scott, Don Dozier, Danny Crystal, and Brent Dozier attempted to convey an interest in the Property to Purity Sweet, Inc.

21. Other conveyances may have occurred by and between the Defendants.

22. Defendants have wrongfully, unlawfully, and improperly created a cloud upon Waterone's title to the Property, and thereby slandered the title to such Property.

23. Waterone seeks a judgment decreeing that it holds fee simple title to the Property and that the Defendants have no right, title, or interest in the Property.

24. In addition, Waterone has been damaged in an amount to be proven at trial as a direct and proximate cause of the Defendants' slander of title.

III.

ACTION FOR EJECTMENT AND RESTITUTION OF PROPERTY

25. Plaintiff was entitled to possession of the Property from and after the date of sale, January 12, 2001.

26. Defendants have failed and refused to surrender the Property.

27. Because of Defendants' failure and refusal to surrender the Property, Plaintiff is entitled to an amount equal to the fair rental value of the Property from January 12, 2001, through the date of eviction, in an amount to be proven at trial.

28. Waterone is entitled to have the Defendants evicted from the Property.

IV.

ACTION TO QUIET TITLE AND FOR DECLARATORY JUDGMENT AS TO OWNERSHIP OF WATERONE (I.C. § 8-401 et seq. and § 10-1201 et seq.)

29. That Scroggins and Canavero on June 30, 2000, formed Waterone and are its sole members and managers.

30. That Matthew Olivas, Joseph Shelton, C. Crellin Scott, Don Dozier, Danny Crystal, and Brent Dozier may assert they are part owners of Waterone.

31. Waterone seeks the Court to enter a declaratory judgment decreeing that Scroggins and Canavero are the sole members and managers of Waterone.

V.

ACTION FOR DECLARATORY JUDGMENT AS TO OWNERSHIP OF THE JUDGMENT

32. On or about February 4, 1994, Syliva Olivas, as grantor, executed in favor of Harry B. Showalter and Anita Showalter, husband and wife, as beneficiaries, a Deed of Trust on the Property to secure an outstanding loan obligation.

33. On May 12, 2000, an Amended Order, Judgment of Decree of Foreclosure was entered in favor of Harry Showalter and Anita Showalter ("Showalters"), and against Sylvia Olivas, Matthew Olivas, and Trina Olivas, in relation to the aforesaid loan obligation and deed of trust, which judgment authorized the Showalters to foreclose upon the Property.

34. On or about October 5, 2000, the Showalters executed an Assignment of Cause of Action on Assignment of Deed of Trust in favor of Trust Company of America and High Desert Resources, LLC, whereby the Showalters conveyed all their right, title and interest in and to the Judgment.

35. On or about October 24, 2000, High Desert Resources, LLC, executed in favor of Joseph Shelton a certain Assignment of Trustee and Security Agreement in order to secure repayment of the sum of \$200,000, which assignment attempted to convey High Desert Resources, LLC's interest in the Judgment to Joseph Shelton.

36. On or about February 26, 2001, Joseph Shelton, C. Crellin Scott and Nancy Dozier, executed in favor of Waterone a certain Assignment of First Mortgage Obligation, which conveyance sought to convey the Judgment to Waterone.

37. On or about July 25, 2001, Joseph Shelton, C. Crellin Scott, Don Dozier, Danny Crystal, and Brent Dozier attempted to convey to Purity Sweet, Inc. the Judgment.

38. Other conveyances by Defendants of the Judgment and its related loan documents may have occurred.

39. Waterone requests the Court to enter a Declaratory Judgment decreeing who is the rightful holder or owner of the Judgment and the obligations evidenced thereby.

VI.

ATTORNEYS FEES

40. Because of Defendants' slander of title to the Property, and assertion of ownership in Waterone or the Judgment, Waterone has been required to retain the law firm of Jones ♦ Gledhill ♦ Hess ♦ Andrews ♦ Fuhrman ♦ Bradbury & Eiden, P.A., to represent it in this action and is entitled to an award of attorney's fees pursuant to Idaho Code §§ 12-120, 12-121 and other applicable Idaho statutes, in the amount of \$4,000.00 if this matter is not contested and for such other and further relief as the court may deem appropriate if this matter is contested.

WHEREFORE, Waterone prays for judgment against Defendants as follows:

COUNT 1:

A. For a judgment decreeing that Waterone is the fee simple owner of the Property and that the Defendants have no right, title, or interest in the Property;

B. For damages in an amount to be proven at trial for slander of title.

COUNT 2:

C. For surrender of the Property and the eviction of the Defendants from the Property.

D. For damages in an amount equal to the fair rental value of the Property from January 12, 2001, through the date of eviction of the Defendants from the Property.

COUNT III

E. For a judgment decreeing that Scroggins and Canavero are the sole owners of Waterone and that the Defendants have no right, title, or interest in Waterone.

COUNT IV

F. For a judgment decreeing who is the owner of the Judgment.

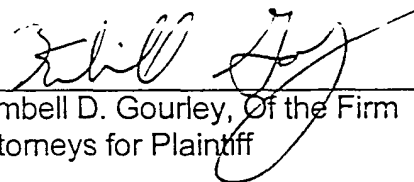
ALL COUNTS

G. For attorney fees and costs in the amount of \$4,000.00 if judgment is entered in this matter by default and for such further and reasonable sums as the court may deem just if this matter is contested.

H. For such other relief as the court deems just and equitable.

DATED this 7th day of December, 2001.

JONES ♦ GLEDHILL ♦ HESS ♦ ANDREWS ♦
FUHRMAN ♦ BRADBURY & EIDEN, P.A.

By 

Kimbell D. Gourley, Of the Firm
Attorneys for Plaintiff

VERIFICATION

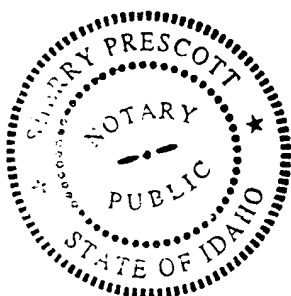
STATE OF IDAHO)
 : ss.
COUNTY OF ADA)

THOMAS SCROGGINS, being first duly sworn, deposes and says:

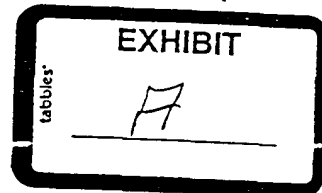
That he is the manager/member for Waterone Enterprises, LLC, the Plaintiff herein; that he has read the foregoing Complaint, knows the contents thereof, and believes the same to be true and correct to the best of his information, knowledge and belief.

Thomas Scroggins
THOMAS SCROGGINS

SUBSCRIBED AND SWORN to before me this 3 ^{December} day of ~~November~~ 2001.



Sherry Prescott
Notary Public for Idaho
Residing in Boise, Id
Commission expires 11-12-05



TRUSTEE'S QUITCLAIM DEED

THIS INDENTURE, Made as of this 17th day of January, 2001, by and between Lois K. Murphy, trustee, ("Grantor"), and Waterone Enterprises, LLC ("Grantee"), at 251 Versailles Ct., Tracy, CA 95376.

WITNESSETH:

WHEREAS, Grantor was duly and regularly appointed as qualified trustee of the bankruptcy estate of Matthew Olivas and Trini R. Olivas ("Debtors"), being bankruptcy Case No. 00-01741, now pending in the United States Bankruptcy Court for the District of Idaho; and,

WHEREAS, The trustee Grantor has authority to sell property of the estate pursuant to 11 USC 363(b)(1) and said Notice of Sale by Trustee was filed with the bankruptcy court on December 15, 2000 with a duly noticed auction held on January 12, 2001;

WHEREAS, Grantor sold and Grantee purchased at said auction whatever rights the bankruptcy estate may have had in real property of the Debtors being subject to an Amended Order, Judgment and Decree of Foreclosure filed May 12, 2000 and various other liens and encumbrances including IRS liens; and,

NOW, THEREFORE, for valuable consideration received, Grantor does hereby release and quitclaim to Grantee, its successors and assigns forever, any right, title, interest, and estate the debtors and the bankruptcy estate may have had by operation of law or otherwise in and to the following real property situated in Owyhee, Idaho, described as follows:

See Exhibit A attached.

Said conveyance is made subject to all liens and encumbrances of any kind remaining on the property and is further made without any warranties of title, condition, marketability, habitability, fitness or any other express or implied warranty. Grantor does not warrant that the bankruptcy estate had any such interest. The property is conveyed "AS IS and WHERE IS".

IN WITNESS THEREOF, Signed:

Lois K. Murphy
By: Lois K. Murphy, Trustee

STATE OF IDAHO)
) ss.
County of Ada)

On this 17th day of January, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Lois K. Murphy, known or identified to me to be the person whose name is subscribed to the within instrument, as Trustee in Bankruptcy for Matthew Olivas and Trini R. Olivas, and acknowledged to me that he executed the same as in his own name as Trustee in said Bankruptcy.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my official seal as of the day and year in this certificate first above written.

Michael L. Earls
Notary Public of Idaho

Residing in Boise, Idaho

Commission Expires: 9-27-01

RECORDING INFORMATION:

Ling Robinson

OWYHEE CO. ID
BY *Robinson*

2353339

01 MAR 19 AM 9:13

FILED - RECORDED

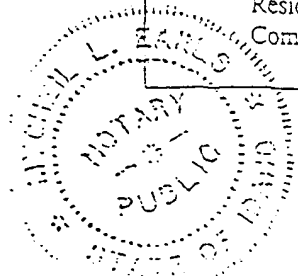


EXHIBIT "A"

A parcel of land within the West Half of the Northwest Quarter (NW1/4) of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass-cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;
THENCE South 54°09' East, 859.6 feet to the true point of beginning;

THENCE South 34°13' East, 550.0 feet;

THENCE South 55°47' West, 1230.7 feet to the west boundary of said Section 24;

THENCE North 0°13' East, 578.3 feet along the west boundary of said Section 24;

THENCE North 55°47' East, 846.9 feet to the True Point of Beginning. Together with all water rights evidenced by water right numbers

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND: S1-04037, A51-04037

PARCEL NO. 1:

and A51-12760

A parcel of land in the NW1/4, Section 24, Township 16 South, Range 9 East, Boise Meridian, being more particularly described as follows:

BEGINNING at the NW corner of the NW1/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian

THENCE running South 0°12'13" West for a distance of 358.0 feet to a point;

THENCE running South 35°36'34" East for a distance of 512.9 feet, said point is the TRUE POINT OF BEGINNING, said point is also the SW corner of Lot 1, Block 12 of Murphy Hot Springs Subdivision No. 1 as recorded in Owyhee County Courthouse;

THENCE South 26°30' East for a distance of 124.28 feet;

THENCE North 56°28' East for a distance of 189.61 feet;

THENCE North 46°27' West for a distance of 128.32 feet to a point, which lies on the Southerly boundary of said Murphy Hot Springs Subdivision No. 1;

THENCE South 55°47' West for a distance of 145.43 feet, along the Southerly boundary of Lot 1, Block 12, Murphy Hot Springs Subdivision No. 1 to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW1/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, described as follows:

BEGINNING at the Northeast corner of Lot 28, Block 7, Murphy Hot Springs Subdivision No. 2, Owyhee County, Idaho;

THENCE North 34°13'00" West 37.5 feet to a point;

THENCE South 55°47'00" West 85 feet, more or less, to the East Bank of Jarbidge River;

THENCE in a Southeasterly direction 37.5 feet, more or less, to the Northwest corner of Lot 29, Block 7 of Murphy Hot Springs Subdivision No. 2;

THENCE North 55°47'00" East 80.8 feet to the Point of Beginning.

TOGETHER with 0.050 (cfs) of water evidenced by IDWR Water Right Number S1-04037.

Kevin J. Beaton (ISB #3080)
STOEL RIVES LLP
101 S. Capitol Blvd., Ste. 1900
Boise, Idaho 83702-5958
Telephone: (208) 389-9000
Facsimile: (208) 389-9040

Attorneys for WaterOne Enterprises LLC,
a California limited liability company

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

IN RE SRBA	) Case No.: 51-04037
	)
Case No. 39576	) OBJECTION
_____	)

1. NAME AND ADDRESS OF PERSON OBJECTING:

WaterOne Enterprises, LLC, a California limited liability company
251 Versailles Court
Tracy, CA 95376

2. NAME AND ADDRESS OF ATTORNEY, IF ANY:

Kevin J. Beaton
Stoel Rives LLP
101 S. Capitol Blvd., Ste. 1900
Boise, ID 83702-5958

3. CLAIMANT OF WATER RIGHT AS LISTED IN DIRECTOR'S REPORT:

Purity Sweet, Inc.
379 N. 400 W.
Paul, Idaho 83347
(208) 438-2529

4. I object to the following elements as recommended in the Director's Report.

The name and address of the Claimant of Water Right No. 51-04037 should be WaterOne Enterprises, LLC.

5. I object because this water right was not recommended, but should be recommended with the elements described above.

6. REASONS SUPPORTING OBJECTION(S): See Motion and Affidavit of Thomas Scroggins.

Dated this 23rd day of April, 2002

STOEL RIVES LLP

By: 

Kevin J. Beaton

Attorneys for WaterOne Enterprises, LLC

VERIFICATION

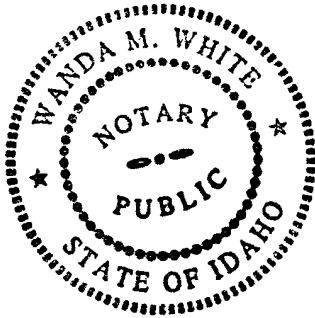
State of Idaho)
) ss.
County of Ada)

Thomas Scroggins, duly sworn, upon oath deposes and says:

That I am the party/claimant filing this objection, as defined by I.C. §§ 42-1401A(1) and (6) or that I am the attorney for the party/claimant objecting and that I have read this objection, know its contents and believe that the statements are true to the best of my knowledge.

Thomas Scroggins
THOMAS SCROGGINS

SUBSCRIBED AND SWORN to before me this 23rd day of April, 2002.



Wanda M. White
NOTARY PUBLIC in and for the
State of Idaho, residing at: mt. Home
My Commission Expires: 9-28-02

Kevin J. Beaton (ISB #3080)
STOEL RIVES LLP
101 S. Capitol Blvd., Ste. 1900
Boise, Idaho 83702-5958
Telephone: (208) 389-9000
Facsimile: (208) 389-9040

RECEIVED

APR 25 2002

Department of Water Resources

Attorneys for WaterOne Enterprises LLC,
a California limited liability company

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

IN RE SRBA) Case No.: 51-04037
)
Case No. 39576) AFFIDAVIT OF THOMAS SCROGGINS IN
) SUPPORT OF MOTION TO FILE LATE
) OBJECTION

STATE OF IDAHO)
) ss:
County of Ada)

THOMAS SCROGGINS, being first duly sworn, deposes and states:

1. WaterOne Enterprises LLC ("WaterOne"), is a California limited liability company established by myself and my sister, Virginia Canavero, in 2000. WaterOne's company office is 251 Versaille Court, Tracy, California, and is registered to do business in Idaho. A true and accurate copy of WaterOne's registration in Idaho is attached hereto as Exhibit A.

2. WaterOne is subject to an Operating Agreement amongst its owners and managers. A true and accurate copy of WaterOne's Operating Agreement is attached hereto as Exhibit B.

3. My sister, Virginia Canavero and I are WaterOne's sole members and managers.

4. In January 2001 WaterOne purchased certain real property and related water rights in Owyhee County, Idaho pursuant to a trustee sale of property in the *Bankruptcy Estate of Matthew and Trina Olivas*, Case No. 00-01741. A true and accurate copy of the Trustee's Quitclaim Deed is attached hereto as Exhibit C. The Quitclaim Deed also specifically transferred Idaho Water Right No. 51-04037.

5. A Notice of Change in Water Right Ownership of Water Right No. 51-04037 was executed by me on behalf of WaterOne and filed with the Idaho Department of Water Resources. A true and accurate copy of the Notice of Change of Ownership is attached hereto as Exhibit D. On May 31, 2001 WaterOne was substituted as the Party in the above entitled subcase on May 31, 2001 and WaterOne's ownership was reflected in an Amended Director's Report. A true and accurate copy of the Notice of Completed Administrative Proceeding is attached as Exhibit E. Thereafter, I appeared in this proceeding on behalf of WaterOne by and through WaterOne's counsel, Mr. Timothy Schneider.

6. On March 12, 2002, a person by the name of Dozier purported to transfer ownership in Water Right 51-04037 from WaterOne to Purity Sweet, Inc. ("Purity"). A true and accurate copy of this alleged Notice of Change in Water Right Ownership is attached hereto as Exhibit F.

7. The alleged transfer of Water Right No. 51-04037 from WaterOne to Purity was done without notice to WaterOne or its sole members and managers and was done without authority from WaterOne. Based on the foregoing, it is my belief that WaterOne still is the rightful owner of Water Right No. 51-04037.

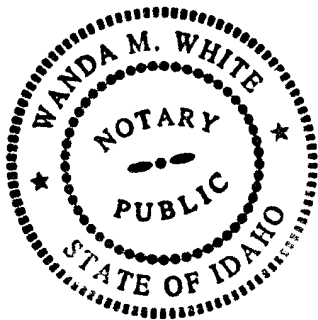
8. There is currently pending a civil action entitled *WaterOne Enterprises LLC et al., v. Matthew Olivas and Purity Sweet, Inc., et al.*, before the Third Judicial District Court, in the County of Owyhee (Case No. CV01-03402) which seeks a declaratory judgment that my

Virginia Canavera and I, are the sole owners of WaterOne, and that WaterOne is the owner of the real property and related water rights (Water Right No. 51-04037). A true and accurate copy of the Verified Complaint is attached hereto as Exhibit G.

Dated this 22nd day of April, 2002

Thomas Scroggins
THOMAS SCROGGINS

SUBSCRIBED AND SWORN to before me this 23rd day of April, 2002.



Wanda M. White
NOTARY PUBLIC in and for the
State of Idaho, residing at Mt. Home
My Commission Expires: 9-28-02

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 23rd day of April, 2001, I caused to be served a true copy of the foregoing via U.S. Mail upon the following:

David J. Barber
Deputy Attorney General
Natural Resources Division
P.O. Box 4449
Boise, Idaho 83711-4449

☐ Overnight Mail
☒ Regular Mail
☐ Hand-Delivered
☐ Facsimile

Timothy J. Schneider
Ling & Robinson
615 H. Street
P.O. Box 396
Rupert, Idaho 83350

☐ Overnight Mail
☒ Regular Mail
☐ Hand-Delivered
☐ Facsimile

Purity Sweet
390 W. 100 S.
Paul, Idaho 83347

☐ Overnight Mail
☒ Regular Mail
☐ Hand-Delivered
☐ Facsimile

Janet O'Crowley
16 Stubb Road
Carey, Idaho 83320-5026

☐ Overnight Mail
☒ Regular Mail
☐ Hand-Delivered
☐ Facsimile

Idaho Department of Water Resources
P.O. Box 83720
Boise, Idaho 83720-0098

☐ Overnight Mail
☒ Regular Mail
☐ Hand-Delivered
☐ Facsimile

United States Department of Justice
Environment and Natural Resources Division
550 West Fort Street, MSC 033
Boise, Idaho 83724

☐ Overnight Mail
☒ Regular Mail
☐ Hand-Delivered
☐ Facsimile


Kevin J. Beaton

FILED/EFFECTIVE



APPLICATION FOR REGISTRATION OF FOREIGN LIMITED LIABILITY COMPANY

(Instructions on back of application)

SECRET

STATE

SECRET

STATE

DATE

12/03/2001

1. The name of the limited liability company is: Waterone Enterprises, LLC.,
A California Limited Liability Company
2. If the name of the limited liability company is not permissible or is not available in Idaho, the name the foreign limited liability company will use in Idaho is: _____
3. The jurisdiction under whose laws the limited liability company is organized is: California
and the date of its formation was: July 5, 2000
4. The name and address of the registered agent in Idaho is: Gary Thomas
2410 Gem Avenue, Emmett, Idaho 83617
5. The address of the limited liability company's office in the jurisdiction under whose laws it is organized is: 251 Versailles Court, Tracy, California 95376
6. The address of the limited liability company's principal office, if other than the address in #5 above, is: _____
7. The address to which correspondence should be addressed is:
2410 Gem Avenue, Emmett, Idaho 83617
8. Signature of a manager, if any, or a member
if there are no managers.

Signature

Thomas Scroggins

Typed Name

Thomas ScrogginsManager ☒ Member ☐

Secretary of State use only

g:\corp\form\llc form\slap\formreg\llcform6
Revised 01/2001

IDAHO SECRETARY OF STATE
12/03/2001 05:00
CK: 34913 CT: 67242 BH: 432247
1 @ 100.00 = 100.00 REGFORLLC # 2

W 17254



SECRETARY OF STATE

**CERTIFICATE OF GOOD STANDING
CALIFORNIA LIMITED LIABILITY COMPANY**

I, BILL JONES, Secretary of State of the State of California, hereby certify:

That on the 5th day of July, 2000, WATERONE ENTERPRISES, LLC., A CALIFORNIA LIMITED LIABILITY COMPANY, became recognized under the laws of the State of California by filing its Articles of Organization in this office; and

That no record exists in this office of a certificate of cancellation of said limited liability company nor of a court declaring cancellation thereof; and

That according to the records of this office, the said limited liability company is authorized to exercise all its powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition of this limited liability company.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this
14th day of November, 2001.



Bill Jones
BILL JONES
Secretary of State

WATERONE ENTERPRISES, LLC

OPERATING AGREEMENT

ARTICLE I. MEMBERS

Section 1. Special Meetings. Special meetings of the Members of the Company may be held on any day, when called by a majority of the Managers, or when called by members who hold at least 50% of all units or shares outstanding and entitled to vote thereat. Upon request in writing delivered either personally or by certified mail, return receipt requested, by any Members entitled to call a meeting of Members, the Managers shall forthwith cause notice to be given to all members entitled to notice of the upcoming meeting. The meeting must be held on a date not less than ten (10), nor more than sixty (60), days after the receipt of such request, as the Managers or Members may fix.

If notice is not given within twenty (20) days after the delivery or mailing of the request, the person or persons calling the meeting may fix the time of the meeting and give notice thereof in the manner provided by law or by this Operating Agreement, or may cause such notice to be given by any designated representative. Each special meeting shall be called to convene between 8:00 a.m. and 6:00 p.m., and shall be held at the principal office of the Company.

Section 2. Notice of Meetings. Not less than ten (10), nor more than sixty (60) days before the date fixed for a meeting of Members, written notice stating the time and place of the special meeting and the purpose of such special meeting shall be

given to each Member entitled to vote thereat. Such special meeting shall be held within the County of San Joaquin, State of California at such time and place as specified in the notice thereof.

Section 3. Quorum and adjournments. Except as may be otherwise provided by law or by the articles of organization, the holders of a majority of the voting power of the company shall constitute the quorum necessary for the meeting to occur.

Section 4. Waiver of notice of consent by absent Member. The transactions of any special meeting of the Members, however called and noticed, and wherever held, shall be valid as though had a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each Member entitled to vote who was not present, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any special meeting of Members.

Attendance by a Member at a meeting shall also constitute a waiver of notice of that meeting, except when the Member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting, if so required, if that objection is expressly made at the meeting.

Section 5. Annual Meetings. There shall be no annual meetings required of the members of the Company.

ARTICLE II. MANAGER

Section 1. Number. There shall be two (2) Managers who initially shall be VIRGINIA CANAVERO and THOMAS SCROGGINS. The Managers shall all be Members of the Company.

Section 2. Election of manager vacancies. The Managers shall be elected at any special meeting called for the purpose of electing the Managers, or the Managers may be designated at any time by unanimous written action of the Members.

Section 3. Term of office; resignation. The Managers shall hold office until each such Manager's resignation, removal from office or death.

Any Manager may resign at any time by providing an oral statements to that effect at a meeting of the Members or by submitting a writing to that effect to the Members. Such resignation shall take effect immediately or at such other time as such Manager may specify.

Section 4. Manager's compensation. The Managers' compensation shall be determined by the Members on an annual basis.

ARTICLE III. INDEMNIFICATION

Section 1. Third party actions. The Company shall indemnify any Member who is or was a party, or who is threatened to be made a party, to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or

investigative, including all appeals, by reason of the fact that he or she is or was a Member, Managing Member or employee of the Company, or is or was serving at the request of the Company as a director, trustee, officer or employee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against any and all expenses (including reasonable attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement, which were actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which he or she reasonably to be in, or at least not opposed, to the best interests of the Company, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. The determination of any action, suit or proceeding by judgment, order, settlement, conviction, or plea of nolo contendere or its equivalent shall not, in and of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably to be in, or at least not opposed to, the best interests of the Company.

Section 2. Derivative actions. The Company shall indemnify any Member who is or was a party, or who is threatened to be made a party, to any threatened, pending, or completed action or suit, including appeals, by or on behalf of the Company in order to procure a judgment in its favor by reason of the fact that he or she is or was a Member of the Company or is or was serving at the request of the Company as its Manager, against any and all

expenses (including reasonable attorneys' fees) which were actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, so long as he or she acted in good faith and in a manner which he or she reasonably believed to be in, or at least not opposed to, the best interests of the Company; except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or misconduct in the performance of his or her duty to the Company unless, and only to the extent that, the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as the court shall deem proper.

Section 3. Rights after successful defense. To the extent that a Member or Manager has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 or 2 of this Article III, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including reasonable attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 4. Other determination of rights. Except in a situation governed by Section 3, any indemnification under Section 1 or 2 (unless ordered by a court) shall be made by the Company only as authorized in a specific case upon a determination that indemnification of the Member is proper under

the circumstances because he or she has met the applicable standard of conduct set forth in Section 1 or 2. Such determination shall be made by a majority vote of the Members, or if such vote is unobtainable, by legal counsel (compensated by the Company) in a written opinion.

Section 5. Advances of expenses. Expenses of each person indemnified hereunder, which were incurred in defending against a civil, criminal, administrative or investigative action, suit or proceeding (including all appeals), or threat thereof, may be paid by the Company in advance of the final disposition of such action, suit or proceeding, if authorized by a majority of the Managers (whether disinterested or not) following the receipt of a written promise by or on behalf of a Manager or Member to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Company.

Section 6. Nonexclusiveness. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law.

Section 7. Purchase of insurance. The Company may purchase and maintain insurance on behalf of any person who is a member of the Company, or who is or was serving at the request of the Company as a Manager, against any liability asserted against him or her in any such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify him or her against such liability under the provisions of this Article or the laws of the State of California.

ARTICLE IV. CERTIFICATES FOR UNITS OR SHARES

Section 1. Form of certificates. Each holder of units or shares shall be entitled to one or more certificates, signed by the Manager of the Company, which shall certify the number of units or shares held by him or her in the Company. However, no certificate for units or shares shall be issued until they are fully paid.

Section 2. Transfer of units or shares. Subject to the laws of the State of California and the terms of this Agreement,, units or shares of the Company shall be transferable upon the books of the Company by the holders thereof, upon surrender and cancellation of certificate (s) for a like number of units or shares, with duly executed assignment and power of transfer endorsed thereon or attached thereto, and with such proof of the authenticity of the signatures to such assignment and power of transfer as the Company or its agents may reasonably require. The transferee or assignee of any Member's interest shall have no right to participate in the management of the business and affairs of the Company or to become a Member unless the Members, other than transferring or assigning Members, unanimously approve, in writing, the transfer or assignment to the transferee or assignee.

Section 3. Lost, stolen or destroyed certificates. The Company may issue a new certificate for units or shares in place of any certificate previously issued by it and alleged to have been lost, stolen, or destroyed. A majority of the Managers may,

in their discretion, require the owner or the owner's legal representative to give the Company a bond containing such terms as a majority of the Managers may require to protect the Company or any person injured by the execution and delivery of a new certificate.

ARTICLE V. FORMATION

Section 1. Name. The name of the Company is WATERONE ENTERPRISES, LLC.

Section 2. Business. This Company is to be formed to engage in any lawful act, business or activity for which the Company may be formed under the laws of the State of California.

Section 3. Term. The term of this Company shall be until December 31, 2020.

Section 4. Registered Agent. The Company's registered agent for service of process is Steve Nicolaou, whose address is 628 Central Avenue, Tracy, California 95376.

Section 5. Place of business. The Company's principal place of business is 251 Versailles Court, Tracy, California.

ARTICLE VI. CAPITAL AND PROFITS AND LOSSES

Section 1. Capital contributions. Each Member has made the contributions to the capital of the Company as more specifically identified in Exhibit "A" attached hereto and made a part hereof.

An individual capital account shall be established and maintained for each member and shall be credited with the amount of his capital contribution to the Company. A Member shall not

be entitled to interest on his or her capital contribution, or to withdraw any part of his or her capital account, or to receive any distribution from the Company, except as specifically provided herein or by law.

Section 2. Profits and losses. The net profits and losses of the Company shall be shared by the Members in proportion to their respective capital interests in the Company. It is agreed by and between the Members that **VIRGINIA CANAVERO** and **THOMAS SCROGGINS** each have a fifty percent (50%) capital interest in the Company. The terms "net profits" and "net losses" shall mean, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with the Internal Revenue Code of 1986 ("the Code"), as amended, with the goal that the Company is to be treated for tax purposes as a partnership under the Code.

Section 3. Cash flow. The "cash flow of the Company" for each fiscal year or other period shall be equal to the net profits or net losses of the Company for such year or period, determined in Accordance with Article VI, Section 1, above, plus:

(A) depreciation and other noncash charges deducted in determining such net profits or net losses;

(B) the net cash proceeds resulting from any refinancing of Company property or the sale of any Company property received during such year or period, and minus:

(C) principal payments made during such year or period on Company loans;

(D) any other cash expenditures made during such year or period which have not been deducted in determining the net profits or net losses of the Company for such year or period; and

(E) any amount determined by the Members to be required to maintain sufficient working capital and/or a reserve for repairs and/or replacements.

The cash flow of the Company shall be determined for each fiscal year and, as so determined, shall, in proportion to their respective interests in the Company, be distributed to the Members as often as determined by the Manager, but not less often than annually.

Section 4. Fiscal year. The fiscal year for the Company shall be the calendar year.

ARTICLE VII. ADDITIONAL FUNDS

Section 1. New capital or loans. The Members acknowledge that the income produced by the properties to be owned and managed by the Company may be insufficient to pay all of the costs of operating said properties, including within the meaning of the ter "costs of operating" (and without limiting the generality of said term) all real estate taxes, assessments and other governmental charges, insurance premiums, costs of repair and maintenance, costs of improvements and the principal and interest payments required to be made on the Company loans. If, as determined by the vote of all those who hold an interest in the Company, additional funds are required to pay the costs of

operating, such additional funds shall be advanced to the Company by the Members (and any assignee/transferee of a Company interest who has not been admitted as a Member) in proportion to the capital interest each Member (or assignee/transferee) then holds in the Company. Such additional funds advanced to the Company shall be treated as additional capital contributions or loans, as determined by the vote of all those holding an interest in the Company.

ARTICLE VIII. RESTRICTIONS ON MEMBER'S TRANSFERABILITY

Section 1. New members. A new Member may be admitted into the Company only if (i) all the other members approve of such admission; and (ii) said new Member executes such instruments as the other Members determine are necessary or desirable to effect such admission and to confirm the agreement of the person or entity being admitted to be bound by all of the covenants, terms, and conditions of this Agreement then in effect. Said new Member shall receive a capital interest and an interest in the net profits and net losses and cash flow of the Company in an amount to be determined by all the other Members at the time of said admission.

Section 2. Restrictions on transfer and encumbrance; right of first refusal. Except as otherwise specifically permitted pursuant to the further provisions of this Agreement, each of the Members agrees that he or she will not, without the prior written consent of all members, transfer, assign, sell, give, pledge, hypothecate, or otherwise encumber his or her interest

in the Company ("Interest"), and any attempt to do any of the foregoing without such prior written consent shall be null and void and of no effect.

In the event of a proposed sale or other disposition for value to an outside party of all or any portion of his or her interest by any Member ("the Seller"), written notice thereof shall be given by certified mail, return receipt requested, to the Company, specifying the name of the prospective purchaser or transferee, the extent of the interest proposed to be sold or otherwise disposed of (the "Offered Interest"), and the price and all other terms and conditions of the proposed transaction.

For a period of thirty (30) days after its receipt of such said notice, the Company shall have the first right and option to purchase the entire Offered Interest on the same terms as are set forth in the notice. The Company may purchase the Offered Interest utilizing such assets, lines of credit or other sources of funds as may be obtained for such purpose. Thereafter, the Offered Interest so purchased by the Company shall be retired; and all further allocations and distributions of the Company to the Members shall be in the proportion which the interest of each remaining Members bears to the interest of all remaining Members after retirement of the Offered Interest.

In the event the Company shall not elect to purchase the Offered Interest, the Seller shall have the right, for an additional period of thirty (30) days, to sell or otherwise dispose of the Offered Interest to the proposed purchaser or transferee (the "Purchaser") upon the same terms and conditions

and for the same price as were set forth in the Seller's notice to the Company. If such transaction with the Purchaser is not consummated within the thirty (30) day period provided for in this paragraph, the Company's right to purchase the Offered Interest shall once again be reinstated as set forth herein, and the Seller shall not have the right to sell the Offered Interest to a Purchaser unless Seller has once again complied with all of the provisions of this Article VIII, Section 2.

If the sale or other disposition to an outside party is effected in compliance with the provisions of this Article VIII, Section 2, the Members shall be deemed to have approved of the Purchaser's admission into the Company.

ARTICLE IX. EXPULSION OF A MEMBER

Section 1. Events of expulsion. A Member shall cease to be a Member and shall have no interest in common with the remaining Members or in the Company when the Member does any of the following:

(A) Obtains or becomes subject to an order for relief under the Bankruptcy Code;

(B) Obtains or becomes subject to an order or decree of insolvency under state law;

(C) Makes an assignment for the benefit of creditors;

(D) Consents to or suffers the appointment of a receiver or trustee to any substantial part of his assets that s not vacate within thirty (30) Days;

(E) Consents to or suffers an attachment or execution of any substantial part of his or her assets that is not released within thirty (30) days;

(F) Consents to or suffers a charging order against his or her interest in the Company that is not released or satisfied within thirty (30) days; or,

(G) Fails to comply with any of his or her obligations as imposed by this Agreement or any amendment thereto.

Section 2. Purchase price for expelled Member. Upon any event of expulsion occurring as described above, the expelled Member shall be obligated to sell all of his or her interest in the Company to the Company. That purchase price shall be determined as follows:

(A) Within thirty (30) days of the event of expulsion, the Company and the Member whose interest is to be appraised, or that Member's personal representative, either (1) shall jointly appoint an appraiser for this purpose, or (2) failing this joint action, shall each separately designate an appraiser and, within ten (10) days after their appointment, the two designated appraisers shall designate a third appraiser.

If, within ten (10) days after the appointment of all appraisers, a majority concur on the value of the interest being appraised, that appraisal shall be binding and conclusive. If a majority of the appraisers do not concur within that period, the determination of the appraiser whose appraisal is neither the highest or lowest shall be binding. The appraisal expenses shall

be shared equally between the Company and the Member whose interest is being purchased.

Section 3. Terms of purchase price. Payment of the purchase price for the purchased interest by the Company shall be made, at the Company's option, fully in cash or partly in cash and partly by note. If the latter option is chosen, a cash payment equal to twenty (20) percent of the purchase price shall be made to the person or persons entitled thereto. The deferred portion of the purchase price for the interest being purchased shall be represented by a promissory note executed by the Company. The Note shall bear interest at the prime lending rate for the Bank of America at the time and shall provide for the payment of seventy-two (72) monthly installments commencing upon the first day of the month following the month for which the cash portion of the purchase price was paid by the purchasing party, and all subsequent payments shall be due on the first day of each month thereafter until paid in full. The Note shall provide full privilege of prepayment for all or a portion of the principal without penalty. Any pre-paid sum shall be applied against the installments thereafter following due in inverse of their maturity, or against all of the remaining installments equally, at the option of the maker of the Note. The Note shall provide that, in the case of default, at the election of the holder, the entire sum of the principal and accrued but unpaid interest shall be immediately due and payable, and maker shall pay holder all reasonable attorneys' fees incurred by the latter in the event legal action is commenced because of the default. The Note

shall be secured by a pledge of the interest being purchased in the transaction to which the Note relates, and the parties do hereby agree that they shall execute all documents necessary to perfect such a security interest, including, but not limited to, documents such as Pledge Agreements, Security Agreements, Financing Statements, Deeds of Trust and any other documents reasonably necessary to provide the seller with the security contemplated herein to assure the purchaser's full performance of its obligations under the terms of this section.

Section 4. Death of a Member. Within a period commencing with the death of a Member and ending 90 days after the death of the Member, the deceased Member's estate shall sell and the Company shall have the option to purchase all of the deceased Member's interest in the Company, with the price and terms to be determined in accordance with Sections 2 and 3 above of this Article IX.

ARTICLE X. DIVORCE OF MEMBER

Section 1. Purchased of Divorced Spouse's Interest. In the event of the dissolution of marriage of any married Member decreed by a court of competent jurisdiction which requires that Member to transfer all or a portion of his or her interest in the Company to his or her spouse, such spouse shall be obligated to sell and transfer his or her interest in the Company to the divorcing Member in accordance with the terms and conditions appearing in Section 3 of Article IX of this Agreement at the price which the court ordering the dissolution has fixed as the interest's fair market value.

ARTICLE XI. DISSOLUTION & TERMINATION

Section 1. Termination of the Company. The Company shall be terminated and dissolved upon:

- (A) the vote of all holding an interest in the Company;
- (B) the expiration of the term of the Company; or,
- (C) the death, retirement, expulsion, or resignation of a Member, if the remaining Members do not vote unanimously to purchase such dead, retiring, expelled or resigned Member's interest as provided for in Article IX, Sections 2 and 3, and to continue the business of the Company, except that if the Company owns life insurance in accordance with Section 4 of Article IX, then the remaining Members shall be obligated to purchase the interest of a deceased Member.

Upon the determination of the Company as herein provided, a full and general accounting shall be taken of the Company's business, and its affairs shall be wound up. Any net profits or net losses earned or accrued since the previous accounting shall be allocated among the Members. The Members shall wind up and liquidate the Company by selling the Company's assets and distributing the net proceeds therefrom, in cash, after the payment of all Company liabilities (including expenses and fees incurred in connection with the sale of assets and liquidation), to the members in proportion to the positive balances in their capital accounts.

Section 2. Living trust as Member. In the event a Member consists of a revocable living trust, then the death, resignation, expulsion or withdrawal of the last of the settlors

of such trust shall constitute the death, resignation, expulsion or withdrawal of a Member for the purpose of this Article X.

Section 3. Continuing governance. In the event of a dissolution of the Company, the business affairs of the Company shall continue to be governed by the terms of this Agreement during the winding up of the Company's business and affairs.

ARTICLE XII. MISCELLANEOUS

Section 1. Governing law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 2. Severability. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the rest of the Agreement shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

Section 3. Successors. This Agreement shall be binding on and inure to the benefit of the respective successors, heirs, assigns, and personal representatives of the parties, except as otherwise provided for herein.

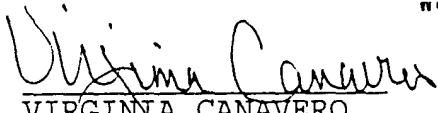
Section 4. Entire agreement. This instrument contains the entire agreement of the parties relating to the rights granted and obligations assumed hereunder. Any oral representations or modifications concerning this instrument shall be of no force and effect unless contained in a subsequent written modification or amendment signed by all of the parties.

Section 5. Investment letter. Each Member hereby represents, warrants and covenants to and with the Company and each of the Members that the interest in the Company being acquired by him or her is being acquired for his or her own personal account and with no present intention of reselling or otherwise transferring such interest or any portion thereof; that he or she has no contract, undertaking, or arrangement with any person to sell or transfer to such person or to have any person sell for him or her all or any portion of his or her interest in the Company, or to afford or allow any participation therein by any other person. The foregoing warranties and covenants do not preclude the existence of such rights, if any, as a Member's spouse may have to his or her interest under community property law.

Section 6. Consent to representation. The Members have been told by Steve Nicolaou, Attorney at Law, that he is representing the interests of the Company, and that he cannot represent the other individual members' interest. The parties understand that although Mr. Nicolaou is preparing documents for the formation of this Company in which the Members wish to invest, they should consult their own separate legal counsel regarding the transaction they wish to enter into, and do hereby waive any claims they may have in the future that they were not adequately represented by legal counsel of their own choice.

IN WITNESS WHEREOF, the Members have executed this Agreement on this 30th day of June, 2000, at Tracy, California.

"The Members"


VIRGINIA CANAVERO


THOMAS SCROGGINS

TRUSTEE'S QUITCLAIM DEED

THIS INDENTURE, Made as of this 17th day of January, 2001, by and between Lois K. Murphy, trustee, ("Grantor"), and Waterone Enterprises, LLC ("Grantee"), at 251 Versailles Ct., Tracy, CA 95376.

WITNESSETH:

WHEREAS, Grantor was duly and regularly appointed as qualified trustee of the bankruptcy estate of Matthew Olivas and Trini R. Olivas ("Debtors"), being bankruptcy Case No. 00-01741, now pending in the United States Bankruptcy Court for the District of Idaho; and,

WHEREAS, The trustee Grantor has authority to sell property of the estate pursuant to 11 USC 363(b)(1) and said Notice of Sale by Trustee was filed with the bankruptcy court on December 15, 2000 with a duly noticed auction held on January 12, 2001;

WHEREAS, Grantor sold and Grantee purchased at said auction whatever rights the bankruptcy estate may have had in real property of the Debtors being subject to an Amended Order, Judgment and Decree of Foreclosure filed May 12, 2000 and various other liens and encumbrances including IRS liens; and,

NOW, THEREFORE, for valuable consideration received, Grantor does hereby release and quitclaim to Grantee, its successors and assigns forever, any right, title, interest, and estate the debtors and the bankruptcy estate may have had by operation of law or otherwise in and to the following real property situated in Owyhee, Idaho, described as follows:

See Exhibit A attached.

Said conveyance is made subject to all liens and encumbrances of any kind remaining on the property and is further made without any warranties of title, condition, marketability, habitability, fitness or any other express or implied warranty. Grantor does not warrant that the bankruptcy estate had any such interest. The property is conveyed "AS IS and WHERE IS".

IN WITNESS THEREOF, Signed:

Lois K. Murphy
By Lois K. Murphy, Trustee

STATE OF IDAHO)) ss. County of Ada) On this <u>17th</u> day of January, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Lois K. Murphy, known or identified to me to be the person whose name is subscribed to the within instrument, as Trustee in Bankruptcy for Matthew Olivas and Trini R. Olivas, and acknowledged to me that he executed the same as in his own name as Trustee in said Bankruptcy. IN WITNESS THEREOF, I have hereunto set my hand and affixed my official seal as of the day and year in this certificate first above written. <i>Michael L. Fairless</i> Notary Public of Idaho Residing in Boise, Idaho Commission Expires: <u>9-27-01</u>	RECORDING INFORMATION: 235339 FILED - RECORDED 01 MAR 19 AM 9:13 OWYHEE COUNTY, IDAHO BY <i>Lois K. Murphy</i> DEPOSIT <i>\$6 King & Robinson</i>
--	---

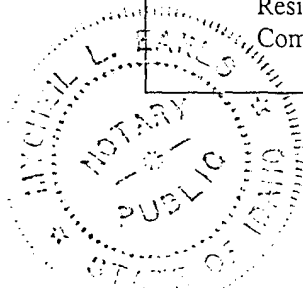


EXHIBIT "A"

A parcel of land within the West Half of the Northwest Quarter (W $\frac{1}{2}$ NW $\frac{1}{4}$) of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass-cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;

THENCE South 54°09' East, 859.6 feet to the true point of beginning;

THENCE South 34°13' East, 560.0 feet;

THENCE South 55°47' West, 1230.7 feet to the west boundary of said Section 24;

THENCE North 0°13' East, 678.9 feet along the west boundary of said Section 24;

THENCE North 55°47' East, 846.9 feet to the True Point of Beginning. Together with all water rights evidenced by water right numbers

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND: 51-04037, A51-04037

PARCEL NO. 1:

and A51-12780

A parcel of land in the NW $\frac{1}{4}$ of Section 24, Township 16 South, Range 9 East, Boise Meridian, being more particularly described as follows:

BEGINNING at the NW corner of the NW $\frac{1}{4}$ of Section 24, Township 16 South, Range 9 East, Boise Meridian

THENCE running South 0°12'13" West for a distance of 358.0 feet to a point;

THENCE running South 35°36'34" East for a distance of 512.9 feet, said point is the TRUE POINT OF BEGINNING, said point is also the SW corner of Lot 1, Block 12 of Murphy Hot Springs Subdivision No. 1 as recorded in Owyhee County Courthouse;

THENCE South 26°30' East for a distance of 124.28 feet;

THENCE North 56°28' East for a distance of 189.61 feet;

THENCE North 46°27' West for a distance of 128.32 feet to a point, which lies on the Southerly boundary of said Murphy Hot Springs Subdivision No. 1;

THENCE South 55°47' West for a distance of 145.43 feet, along the Southerly boundary of Lot 1, Block 12, Murphy Hot Springs Subdivision No. 1 to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW $\frac{1}{4}$ of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, described as follows:

BEGINNING at the Northeast corner of Lot 28, Block 7, Murphy Hot Springs Subdivision No. 2, Owyhee County, Idaho;

THENCE North 34°13'00" West 37.5 feet to a point;

THENCE South 55°47'00" West 85 feet, more or less, to the East Bank of Jarbidge River;

THENCE in a Southeasterly direction 37.5 feet, more or less, to the Northwest corner of Lot 29, Block 7 of Murphy Hot Springs Subdivision No. 2;

THENCE North 55°47'00" East 80.8 feet to the Point of Beginning.

TOGETHER with 0.060 (cfs) of water evidenced by IDWR Water Right Number 51-04037.

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

Please print or type. Attach pages with additional information. Instructions are included at the end of this form.
 Incomplete forms will be returned.

1. Please list the water right number(s) and/or adjudication claim number(s) (if any) for each water right to be changed. List just the adjudication claim number if there is no corresponding water right record on file with the department. Indicate, by checking in the space provided (under the "split" heading), if the change in ownership is limited to a portion of a water right in which case division of the existing water right or adjudication claim record will be required.

Water Right No(s).	Adjudication Claim No(s).	Split	Water Right No(s).	Adjudication Claim No(s).	Split
<u>51-04037</u>	<u>51-04037</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

2. The following **REQUIRED** information must be submitted with this form:

- A. The appropriate **FILING FEE**. See instructions for fee amounts.
- B. A copy of the most recent **DEED, TITLE POLICY, CONTRACT OF SALE** or other legal document indicating your ownership of the property and water right(s) or claim(s) in question, **WITH ATTACHED LEGAL DESCRIPTION**.
- C. Either of the following (if necessary to clarify division of water rights or other complex property descriptions):
PLAT OF PROPERTY or **SURVEY MAP** clearly showing the location of the point(s) of diversion and place of use of your water right(s) and/or adjudication claim(s) (these are usually attached to your deed or on file with the county).
OR
 If your water right(s) and/or adjudication claim(s) is for ten or more acres of irrigation, you must submit a USDA Farm Service Agency **AERIAL PHOTO** with the irrigated acres outlined and point(s) of diversion clearly marked. The **AERIAL PHOTO** should be submitted in place of the **PLAT OF PROPERTY** or **SURVEY MAP**.

3. Name and Address of Former Owner/Claimant(s) Matthew Olivas
Desert Hot Springs
Rogerson, Idaho 83302
4. New Owner/Claimant(s) WaterOne Enterprises, LLC
 Name Connector (Check one): ☐ and, ☐ or, ☐ and/or
- New Mailing Address 251 Versailles Court
- City, State and ZIP Code Tracy, California 95376
- New Telephone Number (209) 839-1151
5. Date you acquired the property 01/17/2001

6. If the change in ownership affects the entire water right for each water right or adjudication claim number listed in item 1, THEN SKIP THIS ITEM AND GO TO ITEM 7. If the change in ownership divides the water right(s) among multiple owners, you must describe, in detail, your portion of each water right after the change. Fill in the appropriate spaces in the box(es) below to describe your water right(s) after the change (one water right per box, you may copy this page as necessary). If your quantity of water is greater than a proportionate split, you must attach documentation to show justification for a larger amount. If you are not sure how to identify your portion of the original water right or adjudication claim records, please contact the nearest IDWR office for assistance.

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	

7. Signature of New Owner(s) or Claimant(s) _____
(include title if applicable)

Thomas Scroggins, CEO, WaterOne Enterprises, LLC

For Snake River Basin Adjudication Claims: Please attach a Notice of Appearance completed by your attorney, if you wish IDWR to correspond with him/her for all matters related to your claims.

For Office Use Only

Received by _____ Date _____ Fee _____
 Received by _____ Date _____ Receipt No. _____
 Processed by _____ AJ Date _____ WR _____ Date _____

TRUSTEE'S QUITCLAIM DEED

THIS INDENTURE, Made as of this 17th day of January, 2001, by and between Lois K. Murphy, trustee, ("Grantor"), and Watereone Enterprises, LLC ("Grantee"), at 251 Versailles Ct., Tracy, CA 95376.

WITNESSETH:

WHEREAS, Grantor was duly and regularly appointed as qualified trustee of the bankruptcy estate of Matthew Olivas and Trini R. Olivas ("Debtors"), being bankruptcy Case No. 00-01741, now pending in the United States Bankruptcy Court for the District of Idaho; and,

WHEREAS, The trustee Grantor has authority to sell property of the estate pursuant to 11 USC 363(b)(1) and said Notice of Sale by Trustee was filed with the bankruptcy court on December 15, 2000 with a duly noticed auction held on January 12, 2001;

WHEREAS, Grantor sold and Grantee purchased at said auction whatever rights the bankruptcy estate may have had in real property of the Debtors being subject to an Amended Order, Judgment and Decree of Foreclosure filed May 12, 2000 and various other liens and encumbrances including IRS liens; and,

NOW, THEREFORE, for valuable consideration received, Grantor does hereby release and quitclaim to Grantee, its successors and assigns forever, any right, title, interest, and estate the debtors and the bankruptcy estate may have had by operation of law or otherwise in and to the following real property situated in Owyhee, Idaho, described as follows:

See Exhibit A attached.

Said conveyance is made subject to all liens and encumbrances of any kind remaining on the property and is further made without any warranties of title, condition, marketability, habitability, fitness or any other express or implied warranty. Grantor does not warrant that the bankruptcy estate had any such interest. The property is conveyed "AS IS and WHERE IS".

IN WITNESS THEREOF, Signed:


By: Lois K. Murphy, Trustee

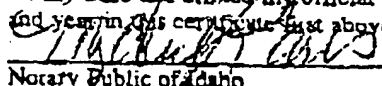
STATE OF IDAHO)) ss. County of Ada) On this 17th day of January, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Lois K. Murphy, known or identified to me to be the person whose name is subscribed to the within instrument, as Trustee in Bankruptcy for Matthew Olivas and Trini R. Olivas, and acknowledged to me that he executed the same as in his own name as Trustee in said Bankruptcy. IN WITNESS THEREOF, I have herunto set my hand and affixed my official seal as of the day and year in this certificate first above written.  Notary Public of Idaho Residing in Boise, Idaho Commission Expires: 9-27-01	RECORDING INFORMATION.
---	-------------------------------

EXHIBIT "A"

A parcel of land within the West Half of the Northwest Quarter (NW1/4) of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;
THENCE South 54°03' East, 859.6 feet to the true point of beginning;

THENCE South 34°11' East, 560.0 feet;

THENCE South 33°47' West, 1330.7 feet to the west boundary of said Section 24;

THENCE North 0°11' East, 678.9 feet along the west boundary of said Section 24;

THENCE North 33°47' East, 846.8 feet to the True Point of Beginning - Together with all water rights evidenced by water right numbers

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND: S1-04037, A51-04037

PARCEL NO. 1:

and A51-12780

A parcel of land in the NW1/4, Section 24, Township 16 South, Range 9 East, Boise Meridian, being more particularly described as follows:

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THENCE North 56°31' East for a distance of 189.61 feet;

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THENCE North 55°47'00" East 80.8 feet to the Point of Beginning.

TOGETHER with 0.060 (cfs) of water evidenced by IDWR Water Right Number S1-04037.



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190

FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

May 31, 2001

WATERONE ENTERPRISES LLC
251 VERSAILLES CT
TRACY CA 95376

RE: Water Right No. 51-04037

Dear Property Owner(s):

Enclosed is a copy of the above referenced water right, which reflects the change in ownership of the land and appurtenant water rights covered under the original filing. Also enclosed is a copy of the Notice of Completed Administrative Proceedings which has been sent to the Snake River Basin Court as notification of the change.

Thank you for your patience and cooperation, as we have had several ownership changes to process. If you have any questions concerning the enclosed water rights, please feel free to contact this office.

Sincerely,

Denise Buffington
Office Specialist I
Adjudication Section
Western Region

DB:db

Enclosures

cc: Mathew Olivas
Ling & Robinson, Attorneys at Law

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

In Re SRBA

Water Rights: 51-04037

Case No. 39576

NOTICE OF COMPLETED
ADMINISTRATIVE
PROCEEDING

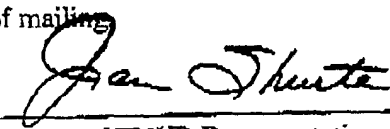
IDWR has completed the following administrative proceeding:

- ☐ Address change
- ☒ Substitution of Party
- ☐ IC § 42-222 transfer
- ☐ Point of diversion ☐ Place of use
- ☐ Period of use ☐ Nature of use
- ☐ Split of water right ☐ Change in ownership
- ☐ Other
- ☐ IC § 42-219 license

IDWR certifies that it has completed its investigation into the changes to the elements of the water rights listed above as set forth in the attached *Amended Director's Report(s)* for said water right(s). No other changes have been made to the elements of these water rights except as set forth above.

IDWR has served copies of the *Notice of Completed Administrative Proceeding* and *Amended Director's Report(s)* on the claimant(s), prior claimant(s) and all parties in the subcases affected, if any, as reflected on the attached certificate of mailing.

DATED: May 31, 2001


Signature of IDWR Representative

IDAHO DEPARTMENT OF WATER RESOURCES

PRELIMINARY RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 51-4037

NAME AND ADDRESS: WATERONE ENTERPRISES LLC
251 VERSAILLES CT
TRACY, CA 95376

SOURCE: MURPHY HOT SPRINGS TRIBUTARY: EAST FORK JARBIDGE RIVER

QUANTITY: 0.06 CFS

THE QUANTITY OF WATER UNDER THIS RIGHT SHALL NOT
EXCEED 13,000 GALLONS PER DAY.

PRIORITY DATE: 06/20/1885

POINT OF DIVERSION: T16S R09E S24 SWNWNW Within OWYHEE County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
COMMERCIAL	1-01 12-31	0.02 CFS
HEATING	1-01 12-31	0.04 CFS
DOMESTIC	1-01 12-31	0.02 CFS

USE IS FOR 1 HOME; COMMERCIAL USE. POOL, BATHS,
LODGE; AND HEATING

PLACE OF USE:

COMMERCIAL Within OWYHEE County	
T16S R09E S24	NWNW
HEATING Within OWYHEE County	
T16S R09E S24	NWNW
DOMESTIC Within OWYHEE County	NWNW
T16S R09E S24	

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

THE QUANTITY OF WATER DECREED FOR THIS WATER
RIGHT IS NOT A DETERMINATION OF HISTORICAL BENEFICIAL
USE.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Beneficial Use

WATER TEMPERATURE MEASURED AT 117 DEGREES F

CERTIFICATE OF MAILING

I certify that on May 31, 2001, I delivered the original and copies of this form, including all attachments, to the following persons, postage prepaid if required and addressed as follows:

1. Original to:

Clerk of the District Court
Snake River Basin Adjudication
P.O. Box 2707
Twin Falls, ID 83303-2707

☐ overnight mail
☒ regular mail
☐ hand-delivered
☒ facsimile

2. Copies to:

Clive Strong
Office of the Attorney General
P.O. Box 44449
Boise, ID 83711-4449

☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile

United States Dept of Justice
Environment & Natural Resource Div
550 West Fort Street MSC 033
Boise ID 83724

☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile

3. Copies to all parties to the subcase:

Matthew Olivas (Seller)
Desert Hot Springs
Rogerson ID 83302

☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile

WaterOne Enterprises LLC (Purchaser)
251 Versailles Ct
Tracy CA 95376

☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile

Ling and Robinson (Attorney)
615 "H" St
PO Box 396
Rupert ID 83350-0396

☐ overnight mail
☒ regular mail
☐ hand-delivered
☐ facsimile



RECEIVED

MAR 12 2002

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

Department of Water Resources
Southern Region

Please print or type. Attach pages with additional information. Instructions are included at the end of this form.
 Incomplete forms will be returned.

1. Please list the water right number(s) and/or adjudication claim number(s) (if any) for each water right to be changed. List just the adjudication claim number if there is no corresponding water right record on file with the department. Indicate, by checking in the space provided (under the "split" heading), if the change in ownership is limited to a portion of a water right in which case division of the existing water right or adjudication claim record will be required.

Water Right No(s).	Adjudication Claim No(s).	Split	Water Right No(s).	Adjudication Claim No(s).	Split
	51-4037				

2. The following **REQUIRED** information must be submitted with this form:

- A. The appropriate **FILING FEE**. See instructions for fee amounts. N/A
- B. A copy of the most recent **DEED, TITLE POLICY, CONTRACT OF SALE** or other legal document indicating your ownership of the property and water right(s) or claim(s) in question, **WITH ATTACHED LEGAL DESCRIPTION**.
- C. Either of the following (if necessary to clarify division of water rights or other complex property descriptions):
PLAT OF PROPERTY or **SURVEY MAP** clearly showing the location of the point(s) of diversion and place of use of your water right(s) and/or adjudication claim(s) (these are usually attached to your deed or on file with the county).

OR

If your water right(s) and/or adjudication claim(s) is for ten or more acres of irrigation, you must submit a USDA Farm Service Agency **AERIAL PHOTO** with the irrigated acres outlined and point(s) of diversion clearly marked. The **AERIAL PHOTO** should be submitted in place of the **PLAT OF PROPERTY** or **SURVEY MAP**.

3. Name and Address of Former Owner/Claimant(s)

WATER ONE ENT. LLC

379 N 400 W PAUL, ID 83347

4. New Owner/Claimant(s)

PURITY SWEET

Name Connector (Check one): ☐ and, ☐ or, ☐ and/or

New Mailing Address

379 N 400 W

City, State and ZIP Code

PAUL, ID 83347

New Telephone Number

208 438 2529

5. Date you acquired the property

3-12-02

RECEIVED

MAR 13 2002

WATER RESOURCES
WESTERN REGION

COPY

6. If the change in ownership affects the entire water right for each water right or adjudication claim number listed in item 1, THEN SKIP THIS ITEM AND GO TO ITEM 7. If the change in ownership divides the water right(s) among multiple owners, you must describe, in detail, your portion of each water right after the change. Fill in the appropriate spaces in the box(es) below to describe your water right(s) after the change (one water right per box, you may copy this page as necessary). If your quantity of water is greater than a proportionate split, you must attach documentation to show justification for a larger amount. If you are not sure how to identify your portion of the original water right or adjudication claim records, please contact the nearest IDWR office for assistance.

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
Water Right and/or Adjudication Claim Number _____		
Water Use	Diversion Rate or Volume (cubic feet per second or acre-feet per annum)	Description (acres, number and type of stock, homes, etc)
Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	

DESCRIPTION OF YOUR PORTION OF WATER RIGHT (If the right(s) will not be split, skip this area and proceed to item 7)		
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Irrigation	_____	_____
Stock	_____	_____
Domestic	_____	_____
Other _____	_____	_____
Total	_____	

7. Signature of New Owner(s) or Claimant(s) *Chris Doyeri*
(include title if applicable) _____

For Snake River Basin Adjudication Claims: Please attach a Notice of Appearance completed by your attorney, if you wish IDWR to correspond with him/her for all matters related to your claims.

For Office Use Only

Received by _____ Date _____ Fee _____
 Received by _____ Date _____ Receipt No. _____
 Processed by _____ AJ Date _____ WR _____ Date _____

QUITCLAIM DEED

For Value Received Waterone Enterprises LLC

Do hereby convey, release, remise and forever quit claim

unto Purity Sweet Inc., A Idaho Corporation
address is 359 North 400 West Paul, Idaho 83347
the following described premises, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY
REFERENCE AND MADE A PART HEREOF.

REQUEST OF
Paul Dozier
W/O

238438

FILED - RECORDED

02 JAN 22 PM 2:50

OWYHIE COUNTY RECORDER
BY *Clarice Leslie*
DEPUTY

Together with their appurtenances.

Dated:

Don Dozier
Matthew John
Danny Crystal
Members of Waterone Enterprises LLC

Brian Day

STATE IDAHO COUNTY OF OWYHIEE

On this 17th day of January 2002, I hereby certify that his instrument was filed for
before me, a notary public in and for said State,
personally appeared

known to me to be the persons who in names the
grantor subscribed to the within instrument, and
acknowledged to me that he executed the same.

Clarice Leslie

Notary Public

Residing at 205 E. Keller Paul, ID 83347.
Comm. Expires 1-26-2005

✓ 031367

STATE IDAHO COUNTY OF OWYHIEE

I hereby certify that his instrument was filed for
record at the request of

at _____ minutes past _____ o'clock _____ m.,
This _____ day of _____
19____, in my office, and duly recorded in Book of
Deeds at page _____

Ex-Officio Recorder

By _____ Deputy.

Fees \$
Mail to:

EXHIBIT "A"

A parcel of land within the West Half of the Northwest Quarter (W $\frac{1}{2}$ NW $\frac{1}{4}$) of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

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EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND:

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TOGETHER with 0.060 (cfs) of water evidenced by IDWR Water Right Number 51-04037.

FILED

— A.M. 2:05 P.M.

DEC 11 2001

CYNTHIA EATON, CLERK

LAURIE FREDERICK

Deputy Clerk

Kimbell D. Gourley/ISB 3578
 Derrick J. O'Neill/ISB 4021
 JONES ♦ GLEDHILL ♦ HESS ♦ ANDREWS ♦
 FUHRMAN ♦ BRADBURY & EIDEN, P.A.
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 Boise, Idaho 83701
 Telephone: (208) 331-1170
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Attorneys for Plaintiffs

IN THE DISTRICT COURT OF THE THIRD JUDICIAL DISTRICT
 OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF OWYHEE

WATERONE ENTERPRISES, LLC, A)
 California Limited Liability Company,)
 THOMAS SCROGGINS, an individual,)
 and VIRGINIA CANAVERO, an individual,)

Plaintiffs,)

vs.)

MATTHEW OLIVAS and TRINA OLIVAS,)
 husband and wife; SYLVIA OLIVAS, an)
 individual, JOSEPH SHELTON, an)
 individual, C. CRELLIN SCOTT, an)
 individual, DON DOZIER, an individual,)
 NANCY DOZIER, an individual, BRENT)
 DOZIER, an individual, DANNY)
 CRYSTAL, an individual, TRUST)
 COMPANY OF AMERICA, and HIGH)
 DESERT RESOURCES, LLC, an Idaho)
 limited liability company, PURITY)
 SWEET, INC., an Idaho corporation,)
 and/or JOHN DOES 1-10 AS)
RESIDENTS OF:)

Case No. CV01-03402

VERIFIED COMPLAINT

)
A parcel of land within the West Half of the)
Northwest Quarter (W1/2NW1/4) of)
Section 27, Township 16 South, Range 9)
East, Boise Meridian, Owyhee County,)
Idaho, and more particularly described as)
follows:)
)

COMMENCING at a brass-cap marking)
the Northwest corner of Section 24,)
Township 16 South, Range 9 East, Boise)
Meridian;)
THENCE South 54°09' East 859.6 feet to)
the true point of beginning;)
THENCE South 34°13' East, 560.0 feet;)
THENCE South 55°47' West , 1230.7 feet)
to the west boundary of said Section 24;)
THENCE North 0°13' East, 678.9 feet)
along the west boundary of said Section)
24;)
THENCE North 55°47' East, 846.9 feet to)
the True Point of Beginning.)
)

EXCEPTING THE FOLLOWING)
DESCRIBED 2 PARCELS OF LAND:)
)

PARCEL NO. 1:)
)

A parcel of land in the NW1/4, Section 24,)
Township 16 South, Range 9 East, Boise)
Meridian, begin more particularly)
described as follows:)
)

BEGINNING at the NW corner of the)
NW1/4 of Section 24, Township 16 South,)
Range 9 East, Boise Meridian)
THENCE running South 0°12'33" West for)
a distance of 358.0 feet to a point;)
THENCE running South 35°36'34" East)
for a distance of 512.9 feet, said point is)
the TRUE POINT OF BEGINNING, said)
point is also the SW corner of Lot 1, Block)
12 of Murphy Hot Springs Subdivision No.)
)

1 as recorded in Owyhee County
Courthouse;
THENCE South 26°30' East for a distance
of 124.28 feet;
THENCE North 56°28' East for a distance
of 189.61 feet;
THENCE North 46°27' West for a
distance of 128.32 feet to a point, which
lies on the Southerly boundary of said
Murphy Hot Springs Subdivision No. 1;
THENCE South 55°47' West for a
distance of 145.43 feet, along the
Southerly boundary of Lot 1, Block 12,
Murphy Hot Springs Subdivision No. 1 to
the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW1/4 of Section
24, Township 16 South, Range 9 East,
Boise Meridian, Owyhee County, Idaho,
described as follows:

BEGINNING at the Northeast corner of
Lot 28, Block 7, Murphy Hot Springs
Subdivision No. 2, Owyhee County, Idaho;
THENCE North 34°13'00" West 37.5 feet
to a point;
THENCE South 55°47'00" West 65 feet,
more or less, to the East Bank of Jarbidge
River;
THENCE in a Southeasterly direction 37.5
feet, more or less, to the Northwest corner
of Lot 29, Block 7 of Murphy Hot Springs
Subdivision No. 2;
THENCE North 55°47'00" East 80.8 feet
to the Point of Beginning.

Defendants.

COMES NOW the Plaintiff, by and through its attorneys of record, Jones ♦ Gledhill ♦ Hess ♦ Andrews ♦ Fuhrman ♦ Bradbury & Eiden, P.A., and for a cause of action against Defendants hereby complains and alleges as follows:

I.

JURISDICTION AND VENUE

1. Plaintiff Waterone Enterprises, LLC, a California limited liability company ("Waterone"), is the owner of the real property located in Owyhee County, Idaho, and more particularly described in paragraph 15 below.

2. Plaintiff Thomas Scroggins ("Scroggins") is an individual who at all times relevant hereto resided in California and asserts an ownership in Waterone.

3. Plaintiff Virginia Canavero ("Canavero") is an individual who at all times relevant hereto resided in California and asserts an ownership in Waterone.

4. Defendants Matthew Olivas and Trina Olivas, husband and wife, are individuals who at all times relevant hereto resided in Owyhee County, Idaho.

5. Sylvia Olivas is an individual who may claim an interest in and to the Property.

6. Joseph Shelton is an individual who may claim an interest in and to Waterone or the Judgment.

7. C. Crellin Scott is an individual who may claim an interest in and to Waterone or the Judgment.

8. Don Dozier is an individual who may claim an interest in and to Waterone or the Judgment.

9. Nancy Dozier is an individual who may claim an interest in and to Waterone or the Judgment.

10. Brent Dozier is an individual who may claim an interest in and to Waterone or the Judgment.

11. Danny Crystal is an individual who may claim an interest in and to Waterone or the Judgment.

12. Trust Company of America is a Colorado Corporation, which may claim an interest in the Judgment.

13. High Desert Resources, LLC is an Idaho limited liability company, which may claim an interest in and to the Property, Waterone, and/or the Judgment.

14. Purity Sweet, Inc., is an Idaho corporation that may claim an interest in and to the Property.

15. Does 1-10 are occupants of the property located at (the "Property"):

A parcel of land within the West Half of the Northwest Quarter (W1/2NW1/4) of Section 27, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass-cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;
THENCE South 54°09' East 859.6 feet to the true point of beginning;
THENCE South 34°13' East, 560.0 feet;
THENCE South 55°47' West, 1230.7 feet to the west boundary of said Section 24;
THENCE North 0°13' East, 678.9 feet along the west boundary of said Section 24;
THENCE North 55°47' East, 846.9 feet to the True Point of Beginning.
Together with all water rights.

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND:

PARCEL NO. 1:

A parcel of land in the NW1/4, Section 24, Township 16 South, Range 9 East, Boise Meridian, begin more particularly described as follows:

BEGINNING at the NW corner of the NW1/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian

THENCE running South 0°12'33" West for a distance of 358.0 feet to a point;

THENCE running South 35°36'34" East for a distance of 512.9 feet, said point is the TRUE POINT OF BEGINNING, said point is also the SW corner of Lot 1, Block 12 of Murphy Hot Springs Subdivision No. 1 as recorded in Owyhee County Courthouse;

THENCE South 26°30' East for a distance of 124.28 feet;

THENCE North 56°28' East for a distance of 189.61 feet;

THENCE North 46°27' West for a distance of 128.32 feet to a point, which lies on the Southerly boundary of said Murphy Hot Springs Subdivision No. 1;

THENCE South 55°47' West for a distance of 145.43 feet, along the Southerly boundary of Lot 1, Block 12, Murphy Hot Springs Subdivision No. 1 to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW1/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, described as follows:

BEGINNING at the Northeast corner of Lot 28, Block 7, Murphy Hot Springs Subdivision No. 2, Owyhee County, Idaho;

THENCE North 34°13'00" West 37.5 feet to a point;

THENCE South 55°47'00" West 65 feet, more or less, to the East Bank of Jarbidge River;

THENCE in a Southeasterly direction 37.5 feet, more or less, to the Northwest corner of Lot 29, Block 7 of Murphy Hot Springs Subdivision No. 2;

THENCE North 55°47'00" East 80.8 feet to the Point of Beginning.

II.

**QUIET TITLE AND SLANDER OF TITLE TO THE PROPERTY
(I.C. § 6-401 et seq.)**

16. Matthew Olivas and Trina Olivas (collectively "Olivas") formerly owned the Property.

17. Olivas filed for relief under Chapter 7 Bankruptcy Code on or about July 13, 2000, Case No. 00-01741 ("Bankruptcy Proceeding"). The Chapter 7 Trustee, Lois Murphy, in the Bankruptcy Proceeding sold the Property to Waterone on January 12, 2001, pursuant to a Deed executed and delivered by the Chapter 7 Trustee to Waterone. A true and correct copy of the Trustee's Quitclaim Deed transferring the Property is attached hereto as Exhibit A, and incorporated herein by reference.

18. Waterone is the fee simple owner of the Property.

19. Subsequent to such transfer by the Chapter 7 Trustee to Waterone, some of the Defendants have asserted an ownership interest in the Property, and attempted to convey an interest in the Property.

20. On July 25, 2001, Matthew Olivas, Joseph Shelton, C. Crellin Scott, Don Dozier, Danny Crystal, and Brent Dozier attempted to convey an interest in the Property to Purity Sweet, Inc.

21. Other conveyances may have occurred by and between the Defendants.

22. Defendants have wrongfully, unlawfully, and improperly created a cloud upon Waterone's title to the Property, and thereby slandered the title to such Property.

23. Waterone seeks a judgment decreeing that it holds fee simple title to the Property and that the Defendants have no right, title, or interest in the Property.

24. In addition, Waterone has been damaged in an amount to be proven at trial as a direct and proximate cause of the Defendants' slander of title.

III.

ACTION FOR EJECTMENT AND RESTITUTION OF PROPERTY

25. Plaintiff was entitled to possession of the Property from and after the date of sale, January 12, 2001.

26. Defendants have failed and refused to surrender the Property.

27. Because of Defendants' failure and refusal to surrender the Property, Plaintiff is entitled to an amount equal to the fair rental value of the Property from January 12, 2001, through the date of eviction, in an amount to be proven at trial.

28. Waterone is entitled to have the Defendants evicted from the Property.

IV.

ACTION TO QUIET TITLE AND FOR DECLARATORY JUDGMENT AS TO OWNERSHIP OF WATERONE (I.C. § 8-401 et seq. and § 10-1201 et seq.)

29. That Scroggins and Canavero on June 30, 2000, formed Waterone and are its sole members and managers.

30. That Matthew Olivas, Joseph Shelton, C. Crellin Scott, Don Dozier, Danny Crystal, and Brent Dozier may assert they are part owners of Waterone.

31. Waterone seeks the Court to enter a declaratory judgment decreeing that Scroggins and Canavero are the sole members and managers of Waterone.

V.

ACTION FOR DECLARATORY JUDGMENT AS TO OWNERSHIP OF THE JUDGMENT

32. On or about February 4, 1994, Syliva Olivas, as grantor, executed in favor of Harry B. Showalter and Anita Showalter, husband and wife, as beneficiaries, a Deed of Trust on the Property to secure an outstanding loan obligation.

33. On May 12, 2000, an Amended Order, Judgment of Decree of Foreclosure was entered in favor of Harry Showalter and Anita Showalter ("Showalters"), and against Sylvia Olivas, Matthew Olivas, and Trina Olivas, in relation to the aforesaid loan obligation and deed of trust, which judgment authorized the Showalters to foreclose upon the Property.

34. On or about October 5, 2000, the Showalters executed an Assignment of Cause of Action on Assignment of Deed of Trust in favor of Trust Company of America and High Desert Resources, LLC, whereby the Showalters conveyed all their right, title and interest in and to the Judgment.

35. On or about October 24, 2000, High Desert Resources, LLC, executed in favor of Joseph Shelton a certain Assignment of Trustee and Security Agreement in order to secure repayment of the sum of \$200,000, which assignment attempted to convey High Desert Resources, LLC's interest in the Judgment to Joseph Shelton.

36. On or about February 26, 2001, Joseph Shelton, C. Crellin Scott and Nancy Dozier, executed in favor of Waterone a certain Assignment of First Mortgage Obligation, which conveyance sought to convey the Judgment to Waterone.

37. On or about July 25, 2001, Joseph Shelton, C. Crellin Scott, Don Dozier, Danny Crystal, and Brent Dozier attempted to convey to Purity Sweet, Inc. the Judgment.

38. Other conveyances by Defendants of the Judgment and its related loan documents may have occurred.

39. Waterone requests the Court to enter a Declaratory Judgment decreeing who is the rightful holder or owner of the Judgment and the obligations evidenced thereby.

VI.

ATTORNEYS FEES

40. Because of Defendants' slander of title to the Property, and assertion of ownership in Waterone or the Judgment, Waterone has been required to retain the law firm of Jones ♦ Gledhill ♦ Hess ♦ Andrews ♦ Fuhrman ♦ Bradbury & Eiden, P.A., to represent it in this action and is entitled to an award of attorney's fees pursuant to Idaho Code §§ 12-120, 12-121 and other applicable Idaho statutes, in the amount of \$4,000.00 if this matter is not contested and for such other and further relief as the court may deem appropriate if this matter is contested.

WHEREFORE, Waterone prays for judgment against Defendants as follows:

COUNT 1:

A. For a judgment decreeing that Waterone is the fee simple owner of the Property and that the Defendants have no right, title, or interest in the Property;

B. For damages in an amount to be proven at trial for slander of title.

COUNT 2:

C. For surrender of the Property and the eviction of the Defendants from the Property.

D. For damages in an amount equal to the fair rental value of the Property from January 12, 2001, through the date of eviction of the Defendants from the Property.

COUNT III

E. For a judgment decreeing that Scroggins and Canavero are the sole owners of Waterone and that the Defendants have no right, title, or interest in Waterone.

COUNT IV

F. For a judgment decreeing who is the owner of the Judgment.

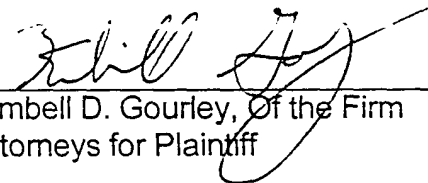
ALL COUNTS

G. For attorney fees and costs in the amount of \$4,000.00 if judgment is entered in this matter by default and for such further and reasonable sums as the court may deem just if this matter is contested.

H. For such other relief as the court deems just and equitable.

DATED this 7th day of December, 2001.

JONES ♦ GLEDHILL ♦ HESS ♦ ANDREWS ♦
FUHRMAN ♦ BRADBURY & EIDEN, P.A.

By 
Kimbell D. Gourley, Of the Firm
Attorneys for Plaintiff

VERIFICATION

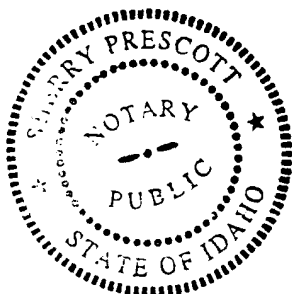
STATE OF IDAHO)
 : ss.
COUNTY OF ADA)

THOMAS SCROGGINS, being first duly sworn, deposes and says:

That he is the manager/member for Waterone Enterprises, LLC, the Plaintiff herein; that he has read the foregoing Complaint, knows the contents thereof, and believes the same to be true and correct to the best of his information, knowledge and belief.

Thomas Scroggins
THOMAS SCROGGINS

SUBSCRIBED AND SWORN to before me this 3 ^{December} day of ~~November~~ 2001.



Sherry Prescott
Notary Public for Idaho
Residing in Boise, Id
Commission expires 11-12-05

EXHIBIT

tabbles

A

TRUSTEE'S QUITCLAIM DEED

THIS INDENTURE, Made as of this 17th day of January, 2001, by and between Lois K. Murphy, trustee, ("Grantor"), and Waterone Enterprises, LLC ("Grantee"), at 251 Versailles Ct., Tracy, CA 95376.

WITNESSETH:

WHEREAS, Grantor was duly and regularly appointed as qualified trustee of the bankruptcy estate of Matthew Olivas and Trini R. Olivas ("Debtors"), being bankruptcy Case No. 00-01741, now pending in the United States Bankruptcy Court for the District of Idaho; and,

WHEREAS, The trustee Grantor has authority to sell property of the estate pursuant to 11 USC 363(b)(1) and said Notice of Sale by Trustee was filed with the bankruptcy court on December 15, 2000 with a duly noticed auction held on January 12, 2001;

WHEREAS, Grantor sold and Grantee purchased at said auction whatever rights the bankruptcy estate may have had in real property of the Debtors being subject to an Amended Order, Judgment and Decree of Foreclosure filed May 12, 2000 and various other liens and encumbrances including IRS liens; and,

NOW, THEREFORE, for valuable consideration received, Grantor does hereby release and quitclaim to Grantee, its successors and assigns forever, any right, title, interest, and estate the debtors and the bankruptcy estate may have had by operation of law or otherwise in and to the following real property situated in Owyhee, Idaho, described as follows:

See Exhibit A attached.

Said conveyance is made subject to all liens and encumbrances of any kind remaining on the property and is further made without any warranties of title, condition, marketability, habitability, fitness or any other express or implied warranty. Grantor does not warrant that the bankruptcy estate had any such interest. The property is conveyed "AS IS and WHERE IS".

IN WITNESS THEREOF, Signed:

Lois K. Murphy
By Lois K. Murphy, Trustee

STATE OF IDAHO)
) ss.
County of Ada)

On this 17th day of January, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared Lois K. Murphy, known or identified to me to be the person whose name is subscribed to the within instrument, as Trustee in Bankruptcy for Matthew Olivas and Trini R. Olivas, and acknowledged to me that he executed the same as in his own name as Trustee in said Bankruptcy.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my official seal as of the day and year in this certificate first above written.

Michael L. Earls
Notary Public of Idaho

Residing in Boise, Idaho

Commission Expires: 9-27-01

RECORDING INFORMATION:

2353339

01 MAR 19 AM 9:13

FILED - RECORDED

Ling Robinson

OWYHEE COUNTY, IDAHO
BY *Ling Robinson*
RECORDING CLERK

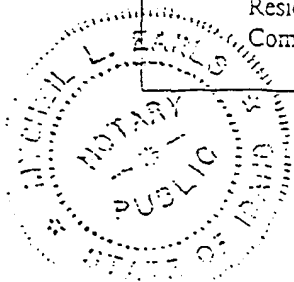


EXHIBIT "A"

A parcel of land within the West Half of the Northwest Quarter (NW1/4) of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, and more particularly described as follows:

COMMENCING at a brass-cap marking the Northwest corner of Section 24, Township 16 South, Range 9 East, Boise Meridian;

THENCE South 54°09' East, 859.6 feet to the true point of beginning;

THENCE South 34°13' East, 550.0 feet;

THENCE South 55°47' West, 1230.7 feet to the west boundary of said Section 24;

THENCE North 0°13' East, 678.9 feet along the west boundary of said Section 24;

THENCE North 55°47' East, 846.9 feet to the True Point of Beginning. Together with all water rights evidenced by water right numbers

EXCEPTING THE FOLLOWING DESCRIBED 2 PARCELS OF LAND: S1-04037, A51-04037

PARCEL NO. 1:

and A51-12760

A parcel of land in the NW1/4, Section 24, Township 16 South, Range 9 East, Boise Meridian, being more particularly described as follows:

BEGINNING at the NW corner of the NW1/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian

THENCE running South 0°12'13" West for a distance of 358.0 feet to a point;

THENCE running South 35°36'34" East for a distance of 512.9 feet, said point is the TRUE POINT OF BEGINNING, said point is also the SW corner of Lot 1, Block 12 of Murphy Hot Springs Subdivision No. 1 as recorded in Owyhee County Courthouse;

THENCE South 26°30' East for a distance of 124.28 feet;

THENCE North 56°28' East for a distance of 189.61 feet;

THENCE North 46°27' West for a distance of 128.32 feet to a point, which lies on the Southerly boundary of said Murphy Hot Springs Subdivision No. 1;

THENCE South 55°47' West for a distance of 145.43 feet, along the Southerly boundary of Lot 1, Block 12, Murphy Hot Springs Subdivision No. 1 to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the NW1/4 of Section 24, Township 16 South, Range 9 East, Boise Meridian, Owyhee County, Idaho, described as follows:

BEGINNING at the Northeast corner of Lot 28, Block 7, Murphy Hot Springs Subdivision No. 2, Owyhee County, Idaho;

THENCE North 34°13'00" West 37.5 feet to a point;

THENCE South 55°47'00" West 85 feet, more or less, to the East Bank of Jarbidge River;

THENCE in a Southeasterly direction 37.5 feet, more or less, to the Northwest corner of Lot 29, Block 7 of Murphy Hot Springs Subdivision No. 2;

THENCE North 55°47'00" East 80.8 feet to the Point of Beginning.

TOGETHER with 0.060 (cfs) of water evidenced by IDWR Water Right Number S1-04037.

Kevin J. Beaton (ISB #3080)
STOEL RIVES LLP
101 S. Capitol Blvd., Ste. 1900
Boise, Idaho 83702-5958
Telephone: (208) 389-9000
Facsimile: (208) 389-9040

Attorneys for WaterOne Enterprises LLC,
a California limited liability company

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

IN RE SRBA	)	Case No.: 51-04037
	)	
Case No. 39576	)	OBJECTION
_____	)	

1. NAME AND ADDRESS OF PERSON OBJECTING:

WaterOne Enterprises, LLC, a California limited liability company
251 Versalles Court
Tracy, CA 95376

2. NAME AND ADDRESS OF ATTORNEY, IF ANY:

Kevin J. Beaton
Stoel Rives LLP
101 S. Capitol Blvd., Ste. 1900
Boise, ID 83702-5958

3. CLAIMANT OF WATER RIGHT AS LISTED IN DIRECTOR'S REPORT:

Purity Sweet, Inc.
379 N. 400 W.
Paul, Idaho 83347
(208) 438-2529

4. I object to the following elements as recommended in the Director's Report.

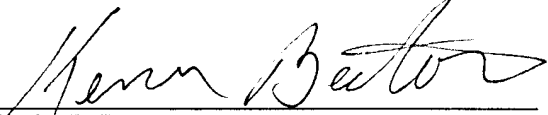
The name and address of the Claimant of Water Right No. 51-04037 should be WaterOne Enterprises, LLC.

5. I object because this water right was not recommended, but should be recommended with the elements described above.

6. REASONS SUPPORTING OBJECTION(S): See Motion and Affidavit of Thomas Scroggins.

Dated this 23rd day of April, 2002

STOEL RIVES LLP

By: 
Kevin J. Beaton
Attorneys for WaterOne Enterprises, LLC

VERIFICATION

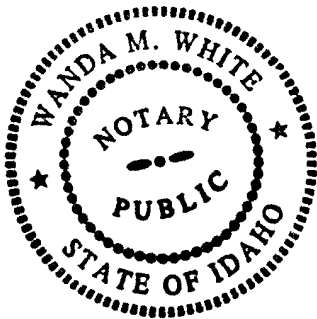
State of Idaho)
) ss.
County of Ada)

Thomas Scroggins, duly sworn, upon oath deposes and says:

That I am the party/claimant filing this objection, as defined by I.C. §§ 42-1401A(1) and (6) or that I am the attorney for the party/claimant objecting and that I have read this objection, know its contents and believe that the statements are true to the best of my knowledge.

Thomas Scroggins
THOMAS SCROGGINS

SUBSCRIBED AND SWORN to before me this 22nd day of April, 2002.



Wanda M. White
NOTARY PUBLIC in and for the
State of Idaho, residing at: *mt. Home*
My Commission Expires: *9-28-02*