

Date: November 21, 2006

Pages including this cover **17**

To: IDWR

Fax: 208.287.6700

From: Sebastian Nardecchia

Phone: 408.544.0580

*This document was
Fax'd on 11/21/06*

Subject: Water right error reply

*This is hardcopy
original.*

Please see the attached documentation in regards to four (4) water rights error replies. Please feel free to call me with any questions or if any clarification is required.

Thank you,



Sebastian Nardecchia
408.544.0580

a
RECEIVED

NOV 28 2006

DEPARTMENT OF
WATER RESOURCES

0November 21, 2006

State of Idaho
Department of Water Resources
322 East Front Street
PO Box 83720
Boise, ID 83720-0098

Subject; Water rights error reply

To whom it may concern,

There are four (4) water right numbers in contention here. They are as follows:

1. 37-7549
2. 37-2586
3. 37-13184
4. 37-13166

All of these water rights were purchased as part of a 760 acre purchase. Sebastian Nardecchia, Adam Clingerman, Forrest Stamps and Pasquale Miele (referred to in this letter as "the purchasing group") purchased this property from David Coates in late 2004. All four (4) of these water rights were part of the sale. However David Coates failed to transfer ownership rights from his father, Everett Coates to himself so that the water rights could be legally transferred to the purchasing group. Several efforts have been made to contact David Coates to have him make the necessary transfers that would lead to these four (4) water rights finally being reflected in the names of the purchasing group. A recent contact with David Coates indicated that he was going to personally get the necessary transfers in place so that the water rights would be in the names of the purchasing group.

Our purchasing group received adjudication papers for the 37-7549 as well as 37-2586. To date water rights 37-7549 have been agreed to by David Coates as being part of the sale. Water rights 37-2586 has not yet been transferred to the purchasing group and may be in contention by David Coates as whether it is part of the original sale. Also in contention are water rights 37-13166 and 37-13184 which our purchasing group believes was included in the original sale of the 760 acres in late 2004. I have attached the water right papers for each of the four (4) water rights as well as the signature page of the original closing documents that clearly point out it includes all water rights except for the 46 acre McStay portion.

Rightful owner information for the above four (4) mentioned water rights:

Sebastian Nardecchia
1394 Van Patten Drive
Danville, CA 94526
408.544.0580

Adam Clingerman
587 Old Orchard Drive
Danville, CA 94526
925.351.6148

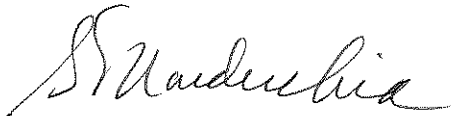
Forrest Stamps
1953 Hollyview Drive
San Ramon, CA 94582
925.383.3183

Pasquale Miele
New York
631.420.6498 (EST)

Please review this situation and let us know if more is required to get these water rights appropriately transferred to the purchasing group.

You can reach me at 408.544.0580. I look forward to hearing from you.

Sincerely,

A handwritten signature in cursive script, appearing to read 'S Nardecchia', written in dark ink.

Sebastian Nardecchia

Attachments:

1. Completed error reply forms for 37-7549 & 37-2586
2. Copy of all four (4) water rights
3. Copy of closing documents signature page indicating water right inclusion with original sale.

11/01/2006

NOTICE OF ERROR
REPLY

Please type or print clearly, fill out this form completely and mail.

Return this reply form to IDWR by the deadline date printed below if you want IDWR to change your recommendation or you want to let IDWR know that you agree with its recommendation.

YOUR DEADLINE FOR RETURNING A NOTICE OF ERROR REPLY IS: November 21, 2006

Water right number: 37-2586

EVERETT COATES ESTATE

RT 1 BOX 1140

FAIRFIELD ID 83327

Telephone Number: (208) 764-2669

1. Describe the portion of the proposed recommendation with which you disagree (e.g. priority date, period of use, source):

See Cover letter included

2. Describe the changes you wish to make in the proposed recommendation:

See Cover letter included

3. Give a brief explanation as to why you disagree with these portions:

See Cover letter included

☒ I AGREE with this proposed recommendation; no changes need to be made.

DATE:

11-21-06

SIGNATURE:

Sebastian Nardicchia

Please print your name:

SEBASTIAN NARDECCHIA

408.544.0580

IDWR State Office, 322 E Front St
PO Box 83720, Boise, ID 83720-0098, (208) 451-4129

11/01/2006

PRELIMINARY RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 17-2586
 NAME AND ADDRESS: EVERETT CONTES ESTATE
 RT 1 BOX 1140
 FAIRFIELD ID 83327
 SOURCE: GROUND WATER
 QUANTITY: 1.360 CFS
 539.00 APY
 PRIORITY DATE: 10/28/1955
 POINT OF DIVERSION: T01S R16E S3 SENSES Within CAMAS County

PURPOSE AND PERIOD OF USE:

PURPOSE OF USE	PERIOD OF USE	QUANTITY
IRRIGATION	04/15 10/31	1.360 CFS 539.00 APY

PLACE OF USE:

IRRIGATION Within BLAINE County

T01S R16E S02	SESW	39.00	T01S R16E S02	SWSE	38.00
T01S R16E S03	SESE	40.00	T01S R16E S10	NENE	40.00
T01S R16E S10	SENE	37.00	T01S R16E S10	NESE	37.00
T01S R16E S10	SWSE	38.00	T01S R16E S10	SESE	38.00
T01S R16E S11	NENW	40.00	T01S R16E S11	SWNW	39.00
T01S R16E S11	SENW	40.00	T01S R16E S11	NWSW	39.00
T01S R16E S11	NWSE	40.00	T01S R16E S11	SWSE	38.00
T01S R16E S11	SESE	38.00	T01S R16E S14	NWNE	38.00
T01S R16E S15	NENE	37.00	T01S R16E S15	NWNE	34.00
T01S R16E S15	SWNE	35.00	T01S R16E S15	SENE	39.00

764 ACRES TOTAL

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

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - License

11/01/2006

NOTICE OF ERROR
REPLY

Please type or print clearly, fill out this form completely and mail.

Return this reply form to IDWR by the deadline date printed below if you want IDWR to change your recommendation or you want to let IDWR know that you agree with its recommendation.

YOUR DEADLINE FOR RETURNING A NOTICE OF ERROR REPLY IS: November 21, 2006

Water right number: 37-7549

EVERETT COATES ESTATE

RT 1 BOX 1140

FAIRFIELD ID 83327

Telephone Number: (208)764-2669

1. Describe the portion of the proposed recommendation with which you disagree (e.g. priority date, period of use, source):

See cover letter included

2. Describe the changes you wish to make in the proposed recommendation:

See cover letter included

3. Give a brief explanation as to why you disagree with these portions:

See cover letter included

☐ I AGREE with this proposed recommendation; no changes need to be made.

DATE:

11-21-06

SIGNATURE:

Sebastian Nardecchia

Please print your name:

SEBASTIAN NARDECCHIA

408.544.0580

IDWR State Office, 322 E Front St
PO Box 93720, Boise, ID 83720-0030, (800)451-4129

11/01/2006

IDaho DEPARTMENT OF WATER RESOURCES
PRELIMINARY RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 37-7549
 NAME AND ADDRESS: EVERETT COMTES ESTATE
 RT 1 BOX 1146
 FAIRFIELD ID 83327
 SOURCE: WILLOW CREEK TRIBUTARY: CAMAS CREEK
 QUANTITY: 4.000 CFS
 PRIORITY DATE: 01/26/1977
 POINT OF DIVERSION: T01S R16E S10 SESEW Within CAMAS County
 PURPOSE AND PERIOD OF USE:

PURPOSE OF USE	PERIOD OF USE	QUANTITY
IRRIGATION	6/01 11/01	4.000 CFS
PLACE OF USE: IRRIGATION WITHIN CAMAS COUNTY		
T01S R16E S10 SENE	40.00	T01S R16E S10 NENE 40.00
T01S R16E S10 SWSE	40.00	T01S R16E S10 SESE 40.00
T01S R16E S15 NENE	40.00	T01S R16E S15 NWN2 40.00
T01S R16E S15 SWNE	40.00	T01S R16E S15 SENP 40.00
320 ACRES TOTAL		

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

This right is conditioned upon completion of the appropriation in accordance with the statutory procedure for appropriation of water rights. This right remains subject to all conditions set forth in the permit upon which this right is based, and will be subject to all conditions set forth in the license issued by IDWR upon completion of the statutory appropriation process.

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(G), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Permit

Page 1

09/13/2004

IDAHO DEPARTMENT OF WATER RESOURCES
 Adjudication Claim Report 37-7549

WATER RIGHT NUMBER: 37-7549

<u>Owner Type</u>	<u>Name and Address</u>
Original Owner	EVERETT COATES C/O DAVID COATES PO BOX 322 GOODING, ID 83330 (208)934-5174
Current Owner	EVERETT COATES ESTATE RT 1 BOX 1140 FAIRFIELD, ID 83327 (208)764-2669

Priority Date: 01/26/1977

Basis: Permit

Status: Active

<u>Source</u>	<u>Tributary</u>
WILLOW CREEK	CAMAS CREEK

<u>Beneficial Use</u>	<u>From To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	6/01 to 11/01	4.000 CFS	
	<u>Total Diversion:</u>	4.000 CFS	

Location of Point(s) of Diversion

WILLOW CREEK	SE1/4SE1/4SW1/4	Sec. 10, Twp 01S, Rge 10E, B.M.
CAMAS County		

Place of Use

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01S	10E	10				40.0									40.0		40.0	40.0	160.0
01S	10E	15	40.0	40.0	40.0	40.0													160.0

Total Acres: 320

Conditions of Approval:Remarks:

- General THIS ACREAGE CURRENTLY IN CRP PROGRAM UNTIL 1998.

Page 2

09/13/2004

IDAHO DEPARTMENT OF WATER RESOURCES
Water Permit Report 37-7549Comments:Dates and Other Information:

Permit Proof Due Date: 4/1/1980
Permit Proof Made Date: 3/12/1980
Permit Approved Date: 3/28/1977
Permit Moratorium Expiration Date:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
Field Exam Date:
Date Sent to State Office:
Date Received at State Office:
State or Federal:
Owner Name Connector:
Water District Number: 37
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False

Combined Use Limits:

Page 1

09/13/2004

IDAHO DEPARTMENT OF WATER RESOURCES

Water Permit Report 37-7549

WATER RIGHT NUMBER: 37-7549

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	EVERETT COATES C/O DAVID COATES PO BOX 322 GOODING, ID 83330 (208)934-5174

Priority Date: 01/26/1977

Basis:

Status: Active

<u>Source</u>	<u>Tributary</u>
WILLOW CREEK	CAMAS CREEK

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
IRRIGATION	6/01	11/01	4,000 CFS	
	<u>Total Diversion:</u>		4,000 CFS	

Location of Point(s) of Diversion

WILLOW CREEK	SW1/4SE1/4	Sec. 10, Twp 01S, Rge 16E. B.M.
CAMAS County		

Place of Use

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01S	16E	10			40.0									40.0		40.0	40.0	160.0	
01S	16E	15	40.0	40.0	40.0	40.0												160.0	

Total Acres: 320

Conditions of Approval:

- 016 See remarks for additional conditions of approval.
- 01B The right holder shall either install a measuring device or provide a certified measurement by a professional engineer or install an access port or other device as specified by the Department.

Remarks:

- General WATER MAY NOT DIVERTED UNLESS ALL OF THE PRIOR WATER RTS. INCLUDING THOSE ON THE WOOD RIVER & FOR THE STORAGE OF WATER IN MAGIC RESERVOIR ARE FULLFILLED.

Page 2

09/13/2004

IDAHO DEPARTMENT OF WATER RESOURCES

Adjudication Claim Report 37-2586

Total Acres: 764

Conditions of Approval:Remarks:Comments:Dates and Other Information:

Claim Received Date: 10/20/1989

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

State or Federal: S

Owner Name Connector:

Water District Number:

Generic Max Rate Per Acre:

Generic Max Volume Per Acre:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Carey Act Number:

Mitigation Plan: False

Combined Use Limits:

Page 1

09/13/2004

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 37-13166

WATER RIGHT NUMBER: 37-13166

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	EVERETT COATES ESTATE RT 1 BOX 1140 FAIRFIELD, ID 83327 (208)764-2869

Priority Date: 09/08/1955

Basis: Decreed

Status: Active

<u>Source</u>	<u>Tributary</u>
UNNAMED STREAM	WILLOW CREEK

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
STOCKWATER STORAGE	1/01	12/31		10.00 AF
STOCKWATER FROM STORAGE	1/01	12/31		10.00 AF
	<u>Total Diversion:</u>			10.00 AF

Location of Point(s) of Diversion

UNNAMED STREAM	NE1/4NE1/4SW1/4	Sec. 9, Twp 01S, Rge 16E, B.M.
CAMAS County		

Place of Use

STOCKWATER STORAGE

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01S	16E	9																	

STOCKWATER FROM STORAGE

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01S	16E	9																	

Conditions of Approval:

1. C18 THIS PARTIAL DECREE IS SUBJECT TO SUCH GENERAL PROVISIONS NECESSARY FOR THE DEFINITION OF THE RIGHTS OR FOR THE EFFICIENT ADMINISTRATION OF THE WATER RIGHTS AS MAY BE ULTIMATELY DETERMINED BY THE COURT AT A POINT IN TIME NO LATER THAN THE ENTRY OF A FINAL UNIFIED DECREE. SECTION 42-1412(6), IDAHO CODE.

Page 2

09/13/2004

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 37-13166

2. N11 THE QUANTITY OF WATER DECREED FOR THIS WATER RIGHT IS NOT A DETERMINATION OF HISTORICAL BENEFICIAL USE.
3. N13 THE QUANTITY OF WATER UNDER THIS RIGHT SHALL NOT EXCEED 13,000 GALLONS PER DAY.

Remarks:

1. Explanatory PARCEL NO. 01S16E094600A STOCKWATER, 300 CATTLE & WILDLIFE

Comments:Dates and Other Information:

Licensed Date:
Decreed Date: 1/12/2001
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal: S
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number: 39576
Judicial District: FIFTH
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Caray Act Number:
Mitigation Plan: False

Combined Use Limits:

Page 1

09/13/2004

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 37-13164

WATER RIGHT NUMBER: 37-13164

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	EVERETT COATES ESTATE RT 1 BOX 1140 FAIRFIELD, ID 83327 (208)764-2669

Priority Date: 05/03/1906

Basis: Decreed

Status: Active

<u>Source</u>	<u>Tributary</u>
GROUND WATER	

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
DOMESTIC	1/01 to 12/31	0.040 CFS	
<u>Total Diversion:</u>		0.040 CFS	

Location of Point(s) of Diversion

GROUND WATER	SW1/4SW1/4SE1/4	Sec. 10, Twp 01S, Rge 16E, B.M.
CAMAS County		

Place of Use

DOMESTIC

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
01S	16E	10																	X

Conditions of Approval:

1. C18 THIS PARTIAL DECREE IS SUBJECT TO SUCH GENERAL PROVISIONS NECESSARY FOR THE DEFINITION OF THE RIGHTS OR FOR THE EFFICIENT ADMINISTRATION OF THE WATER RIGHTS AS MAY BE ULTIMATELY DETERMINED BY THE COURT AT A POINT IN TIME NO LATER THAN THE ENTRY OF A FINAL UNIFIED DECREE. SECTION 42-1412(6), IDAHO CODE.
2. N11 THE QUANTITY OF WATER DECREED FOR THIS WATER RIGHT IS NOT A DETERMINATION OF HISTORICAL BENEFICIAL USE.
3. N13 THE QUANTITY OF WATER UNDER THIS RIGHT SHALL NOT EXCEED 13,000 GALLONS PER DAY.

Remarks:

1. Explanatory PARCEL NO. 01S16E100100A

Page 2

09/13/2004

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report 37-13164

Comments:Dates and Other Information:

Licensed Date:
Decreed Date: 1/12/2001
Water Supply Bank Enrollment Accepted:
Water Supply Bank Enrollment Removed:
Enlargement Use Priority Date:
Enlargement Statute Priority Date:
State or Federal: S
Owner Name Connector:
Water District Number:
Generic Max Rate Per Acre:
Generic Max Volume Per Acre:
Decree Defendant:
Decree Plaintiff:
Civil Case Number: 39576
Judicial District: FIFTH
Swan Falls Trust or Nontrust:
Swan Falls Dismissed:
DLE Act Number:
Carey Act Number:
Mitigation Plan: False
Combined Use Limits:

COPY**Addendum #3**

Date of Addendum: 09/08/2004

This is an ADDENDUM to the Real Estate Purchase and Sale Agreement, identified as:
Document # Forrest 05122004 **Date of Document:** 05/12/2004

Page 1 of 1

Property Address: See Legal Description Attached to Purchase and Sale Agreement**Buyer(s):** Stamps / Clingerman / Nardecchia**Seller(s):** Coates / Miller

The undersigned Parties hereby agree as follows:

Buyers and Sellers by signatures herewith agree and covenant that the following terms and conditions are to be made a part of the above referenced Purchase and sale Agreement:

A.) All appurtenant water rights originally attached to the subject property are hereby included with the sale and transfer of the subject property. Those water rights attached and appurtenant to a certain 46 acre piece purchased by McStay in an unrelated transaction and sold by Coates / Miller (Sellers) is excluded and excepted from any appurtenant water rights attached to the subject property. See attached Exhibit 'A'

HOW THEY WILL COOK UP WATER RIGHTS.

B.) Sellers (Coates / Miller) and Buyers (Stamps / Clingerman / Nardecchia) agree by signatures herewith that the Sellers shall carry a note in the amount of \$500,000.00 (Five Hundred Thousand and / 00 Dollars) which is subordinated to a US Bank First Bank Mortgage and shall be secured by Promissory Note and Second Mortgage in favor of the Sellers. Buyers to pay 7% interest per annum in monthly interest-only payments due on or by the first of each month starting November 01, 2004 and shall continue monthly until the principal balance has been paid in full. Any payments received after the tenth day of each successive month shall result in a 5% late fee to the Sellers from the Buyers. The principal balance of \$500,000.00 (Five Hundred Thousand and / 00 Dollars) and any other late fees due shall be paid in full on or by January 01, 2010. There will be no penalty to Buyers for prepayment.

This ADDENDUM, upon its execution by both parties, is made an integral part of the aforementioned Agreement. In the event of any conflict or inconsistency between the provisions of this Addendum and the aforementioned Agreement, the provisions of this Addendum shall control in all respects.

Buyer's Signature**Buyer's Signature**X
Signature

Date

X
Signature

Date

Seller's Signature**Seller's Signature**X *Deirda L. Miller* 9/11/04
Signature DateX *David S. Coates* 9-11-04
Signature Date