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JUN 30 2010

DEPARTMENT OF
WATER RESOURCES

Attorneys for Quail Hollow, LLC, Bluegrass, LLC,
David Hendrickson, and Robert and Kathleen Donnelly

Scott L. Campbell, ISB No. 2251
Andrew J. Waldera, ISB No. 6608
MOFFATT, THOMAS, BARRETT, ROCK &
FIELDS, CHARTERED
101 S. Capitol Boulevard, 10th Floor
Post Office Box 829
Boise, Idaho 83701-0829
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Facsimile: (208) 385-5384
22798.0000

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. 39576

Subcase Nos.	63-00012	63-00013
63-00014	63-00015	63-00016
63-00308	63-02103A	63-02103B
63-03603	63-04037	63-05067
63-05195	63-07595	63-09758
63-21875	63-27649	63-27671
63-30006	63-30007	63-31050
63-31051	63-31052	63-31053
63-31054	63-31055	63-31056
63-31057	63-31058	63-31059
63-31060	63-31062	63-32895

AFFIDAVIT OF ANDREW J. WALDERA IN
SUPPORT OF RULE 56(f) MOTION

STATE OF IDAHO)
) ss.
County of Ada)

Andrew J. Waldera, having been duly sworn upon oath, deposes and states as follows:

1. I am one of the attorneys representing Quail Hollow, LLC, Bluegrass, LLC, David Hendrickson, and Robert and Kathleen Donnelly in the above-captioned subcases. I have knowledge of the files in this matter, and the statements contained herein are based upon my personal knowledge.

2. Attached hereto as Exhibit A is a true and correct copy of the settlement offer extended by Edwards Family, LLC ("Edwards") to Quail Hollow, LLC and David Hendrickson (collectively "Quail Hollow"), and Bluegrass, LLC/Robert and Kathleen Donnelly (collectively "Donnelly"), dated April 19, 2010.

3. Attached hereto as Exhibit B is a true and correct copy of correspondence from me to counsel for Edwards agreeing to settlement in principle on behalf of Quail Hollow and Donnelly, dated April 26, 2010.

4. Given the parties' settlement in principle, Edwards, Quail Hollow, and Donnelly mutually agreed to suspend all litigation (including discovery) in order to complete final documentation of the settlement, and to conserve the resources of both the parties and the court. Attached hereto as Exhibit C are true and correct copies of the pertinent pages of the deposition of Garnette Edwards, dated May 13, 2010, and taken by Charlie Honsinger on behalf of his clients (the Terteling entities and the Ryans). As can be seen at 9:6-10:21, counsel for Edwards and myself formally acknowledged our clients' settlement in principle and suspension of litigation on the record. It was the parties' intention to have all settlement documentation

finalized by early June 2010, with counsel for Edwards taking the lead on drafting settlement documents for the parties' review.

5. On or about June 2, 2010, counsel for Edwards informed me via telephone that it was her expectation to provide me with settlement documents for review by either Thursday, June 3 or Friday, June 4, 2010. I informed counsel for Edwards that I would be out of the office both of those days, but that I would review any draft settlement documents upon my return to the office on Monday, June 7, 2010. Settlement documents were not yet available upon my return to the office.

6. Attached hereto as Exhibit D is a true and correct copy of an e-mail I received from counsel for Edwards, dated June 8, 2010, informing me that I should receive draft settlement documents for review within the "next day or so," *i.e.*, June 9 or 10, 2010.

7. Attached hereto as Exhibit E is a true and correct copy of a transcription of a voicemail left for me on June 18, 2010, by counsel for Edwards. As the voicemail indicates, counsel for Edwards filed her Motion for Summary Judgment prior to submitting draft settlement documents for my review. Though the voicemail still announces Edwards' intention to settle, and that the draft settlement documents are "basically ready to go," I have yet to receive any such documents as of the date of this affidavit.

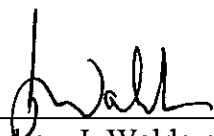
8. On June 14, 2010, I called Kathleen Donnelly to discuss these SRBA matters with her and her husband with respect to water right nos. 63-02103A and 63-02103B. Mrs. Donnelly informed me that her husband (the principal of Bluegrass, LLC) had fallen gravely ill roughly one and a half to two years ago and that he had returned to his primary residence in Texas to undergo treatment. That treatment continues to date. Mrs. Donnelly also informed me that due in part to Mr. Donnelly's illness that Donnelly had sold all of the real

property and appurtenant water rights they owned in Idaho, including water right nos. 63-02103 A and B. Water right 63-02103A is now owned by Ray Eldridge and water right no. 63-02103B is now owned by the Hams, a family whose primary residence is located in Texas. Upon learning this information, I called and spoke with, or left voicemails for, the real estate agents who represented Donnelly, Eldridge, and the Hams to inform them of the status of these SRBA proceedings. I will be following up these telephonic communications with written correspondence upon my return to the office on July 6, 2010.

9. Based upon the representations of, and agreements with, counsel for Edwards, my clients suspended all litigation and discovery given the parties' longstanding agreement settling this matter in principle with respect to water right nos. 63-02103A, 63-02103B, 63-04037, 63-09758, and 63-21875. My clients observed the mutually agreed to litigation hold in good faith, and in an effort to conserve the resources of the parties and the court. Given Edwards summary judgment filing, certain discovery is now necessary to respond to that filing as explained within the Rule 56(f) motion filed contemporaneously herewith.

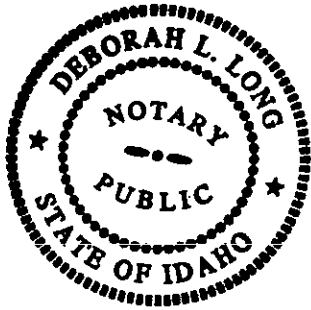
10. Despite all repeated assurances that Edwards still intends to honor its settlement in principle with Quail Hollow and Donnelly, I have yet to receive any proposed, draft settlement documentation to date. Consequently, and unfortunately, I must request this Rule 56(f) continuance and seek the necessary discovery discussed within the Rule 56(f) motion filed contemporaneously herewith on an expedited and immediate basis.

Further your affiant sayeth naught.



Andrew J. Waldera

SUBSCRIBED AND SWORN to before me this 27th day of June, 2010.



Deborah Long
NOTARY PUBLIC FOR IDAHO
Residing at Bluse, Idaho
My Commission Expires 10/10/2013

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 29th day of June, 2010, I caused a true and correct copy of the foregoing **AFFIDAVIT OF ANDREW J. WALDERA IN SUPPORT OF RULE 56(f) MOTION** to be served by the method indicated below, and addressed to the following:

Dana L. Hofstetter
HOFSTETTER LAW OFFICE, LLC
608 W. Franklin St.
Boise, ID 83702-5509

☒ U.S. Mail, Postage Prepaid
☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile

Charles L. Honsinger
RINGERT LAW, CHTD.
455 S. Third Street
P.O. Box 2773
Boise, ID 83701-2773

☒ U.S. Mail, Postage Prepaid
☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile

David Niznik
Diane Peck-Niznik
3911 Whitehead
Boise, ID 83703

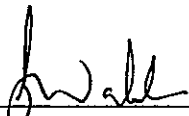
☒ U.S. Mail, Postage Prepaid
☐ Hand Delivered
☐ Overnight Mail
☐ Facsimile

Nick Spencer
OFFICE OF THE ATTORNEY GENERAL, STATE OF
IDAHO
322 E. Front Street
P.O. Box 83720
Boise, ID 83720-0098

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Director
IDAHO DEPARTMENT OF WATER RESOURCES
322 E. Front Street, 6th Floor
P.O. Box 83720
Boise, ID 83720

☒ U.S. Mail, Postage Prepaid
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Andrew J. Waldera

HOFSTETTER LAW OFFICE

608 West Franklin Street
Boise, Idaho 83702

Dana@IdahoWaterLaw.com

Dana L. Hofstetter
Attorney at Law

Telephone: (208) 424-7800
Facsimile: (208) 424-8774

April 19, 2010

Confidential
Rule of Evidence 408
For Settlement Only

Via E-Mail and U.S. Mail

Charles L. Honsinger
Ringert Law Chartered
P.O. Box 2773
Boise, Idaho 83701-2773

Andrew J. Waldera
Moffatt Thomas
P.O. Box 829
Boise, Idaho 83701-0829

Re: Snake River Bain Adjudication ("SRBA") – Stewart Gulch Geothermal Subcases

Dear Charlie and Andy:

On behalf of Edwards Family LLC, I am pleased to propose the following settlement offer to your clients in connection with the SRBA Stewart Gulch Geothermal Subcases. As you know, we have previously explored a settlement approach that sought to maintain a certain aquifer level. However, that settlement approach failed to reach unanimous approval. In the interest of trying to resolve this matter while preserving that and other legal issues, Edwards would like to suggest the following alternative settlement approach. The parties would withdraw their SRBA Objections and Responses in each others' SRBA Subcases involving use of the Stewart Gulch Geothermal Aquifer while pursuing their own Objections, if any, in the SRBA Subcases in which they are the Claimant to the extent that these Objections do not violate the terms of the January 24, 2002 Settlement Agreement between Edwards and Terteling. Further, the parties would adopt the following aquifer protection principles in the January 24, 2002 Settlement Agreement between Edwards and Terteling for all their rights from the Stewart Gulch Geothermal Aquifer decreed in the SRBA:

Exhibit A

1. The parties shall use all reasonable efforts to ensure the continued operation of Water District 63-S, including the continued appointment of a District watermaster and implementation of an improved District measurement and reporting program to be developed and agreed upon by the parties.
2. The parties shall use all reasonable efforts to ensure that the Department's Boise Front Low Temperature Geothermal Resource Ground Water Management Area moratorium (or some other substantially similar Department moratorium that also includes the Stewart Gulch Geothermal Aquifer) remains in effect to prevent the development of new water rights diverted from the Stewart Gulch Geothermal Aquifer. The parties also shall use all reasonable efforts to seek and obtain an area of drilling concern designation pursuant to Idaho Code § 42-238(15) or another appropriate regulatory designation, order, determination, decision, etc. from the Department to prohibit development in the Stewart Gulch Geothermal Aquifer of any new water rights that are exempted from Department water right permitting and licensing requirements, such as domestic water rights. Thereafter, the parties shall use all reasonable efforts to have the Department maintain such designation, order, determination, decision, or other regulatory mechanism.
3. The parties also shall use all reasonable efforts to ensure that the Department continues to include the Stewart Gulch Geothermal Aquifer either in a designated ground water management area, such as the Boise Front Ground Water Management Area, in a designated critical ground water area or in some other substantially similar designated area under Idaho law.
4. The parties shall agree to establish the Stewart Gulch Geothermal Aquifer as a separate source in the SRBA for purposes of water right administration.
5. The parties shall agree that the SRBA partial decrees for any Stewart Gulch geothermal irrigation rights shall include a provision prohibiting the diversion of all irrigation water rights from the Stewart Gulch Geothermal Aquifer unless the heat value has first been removed by another beneficial use, except to the extent the right may be used as a backup irrigation source as permitted by the Department and providing that the water right holder shall exercise best efforts to use and maintain surface water rights and cold ground water rights for irrigation whenever possible.
6. If any party ceases use (including monitoring) of any wells in the Stewart Gulch Geothermal Aquifer for five consecutive years, the party shall immediately close and appropriately seal such wells. The wells shall be closed and sealed in such a way to prevent any leakage or loss of the geothermal resource.

Charles L. Honsinger
Andrew J. Waldera
April 19, 2010
Page 3

7. The parties agree to undertake all reasonable and appropriate efforts to have the SRBA decrees for the respective water rights reference this Agreement in substantially the following manner: "This water right is subject to the terms of an Agreement dated _____, 2010 recorded at the Ada County Recorder's Office as Instrument No. _____."

This settlement offer will remain open for one week from the date of this letter. If this proposal is acceptable to your clients, I will prepare a written Settlement Agreement based on these terms and circulate it for review. Thank you for your consideration of this matter.

Sincerely,

HOFSTETTER LAW OFFICE, L.L.C.

A handwritten signature in black ink, appearing to read "Dana Hofstetter", written over a horizontal line.

Dana L. Hofstetter

Moffatt Thomas

MOFFATT THOMAS BARRETT ROCK & FIELDS, CHTD.

Boise
Idaho Falls
Pocatello
Twin Falls

Eugene C. Thomas
John W. Barrett
Richard C. Fields
John S. Simko
John C. Ward
D. James Manning
David B. Lincoln
Gary T. Dance
Larry C. Hunter
Randall A. Peterman
Mark S. Prusynski
Stephen R. Thomas
Glenna M. Christensen
Gerald T. Husch
Scott L. Campbell
Robert B. Burns

Michael E. Thomas
Patricia M. Olsson
Christine E. Nicholas
Bradley J. Williams
Lee Radford
Michael O. Roe
Nancy J. Garrett
David S. Jensen
James L. Martin
C. Clayton Gill
Michael W. McGreaham
David P. Gardner
Julian E. Gabiola
Tara Martens
Kimberly D. Evans Ross
Mark C. Peterson

Tyler J. Anderson
Jon A. Stenquist
Jason G. Murray
Rebecca A. Rainey
Paul D. McFarlane
Tyler J. Henderson
C. Edward Cather III
Andrew J. Waldera
Dylan B. Lawrence
Benjamin C. Ritchie
Matthew J. McGee
David J. Dance
Robert E. Bakes, of counsel
Willis C. Moffatt, 1907-1980
Kirk R. Helvie, 1956-2003

US Bank Plaza Building
101 S Capitol Blvd 10th Fl
PO Box 829
Boise Idaho 83701 0829

April 26, 2010
via E-mail
dana@idahowaterlaw.
com
and U.S. Mail

208 345 2000
800 422 2889
208 385 5384 Fax
www.moffatt.com

Dana L. Hofstetter
Hofstetter Law Office, LLC
608 W. Franklin St.
Boise, ID 83702-5509

Re: Response to Edwards Settlement Proposal dated April 19, 2010
MTBR&F File No. 22798.0000

Dear Dana:

I am writing in response to the above-referenced settlement proposal received from your client. I am pleased to report that Quail Hollow (Dave Hendrickson) is more or less in agreement with your client's proposal. However, I would like to point out the following comments/observations before you work to craft the subsequent settlement agreement formally memorializing the parties' agreement in principle:

1. Regarding the continuation of Water District 63-S, and the implementation of an improved District measurement and reporting program (enumerated Paragraph No. 1 of the proposal), the development of such a measurement and reporting program above and beyond what is currently in place is best left to the Water District itself. Quail Hollow will continue to participate, as it has historically, in the Water District. Likewise, Quail Hollow will implement those measures adopted by and through the District. In short, Quail Hollow will continue to foster the status quo, but it does not believe that any agreement between the parties should impose water measurement and reporting requirements different from those observed by the District as a whole. I presume that this clause of the settlement proposal was a holdover from the 2002 agreement between Terteling and Edwards, and that the monitoring/reporting program originally envisioned in that 2002 agreement is what is already up and running now.
2. With respect to cooperative efforts to restrict further development of the geothermal aquifer beyond those rights already existing (enumerated Paragraph No. 2 of the proposal), Quail Hollow has no objection to lending support where it can. However, any forthcoming settlement agreement should not restrict Quail Hollow's potential efforts to drill a new cold water well, or wells, in the future to replace or supplement the

Exhibit B

Client:1617035.1

SCANNED

cold water well already in place. Quail Hollow is sensitive to the reasonable protection of the geothermal aquifer, and it does not want to be precluded from further trying to meet its irrigation needs from non-geothermal sources of groundwater (thereby allowing it to limit its reliance upon the geothermal resource). Consequently, the forthcoming settlement agreement needs to be clear regarding the parties' intent to protect the geothermal resource only, and not to unduly restrict further development of local cold water sources.

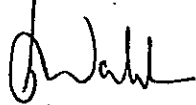
3. Regarding the geothermal "heat use" remark to be included on the parties' SRBA partial decrees (enumerated Paragraph No. 5 of the proposal), the remark included will have to be carefully crafted so as not to interfere with Quail Hollow's use of the geothermal aquifer purely for irrigation purposes. Again, Quail Hollow's geothermal irrigation rights were developed prior to the enactment of Idaho Code Section 42-233. Thus, Quail Hollow makes no "heat use" of the water, nor can it. Also, Quail Hollow will continue to use its geothermal wells to supplement its maximization of cold water use. However, sometimes geothermal water may be all that is available to Quail Hollow should the cold water well break down and need repair. The forthcoming settlement agreement must recognize these facts and not restrict Quail Hollow's use of its existing geothermal rights.
4. Quail Hollow generally agrees with the concept posed in enumerated Paragraph 6 of the proposal. However, the parties cannot be forced to abandon and cap existing geothermal wells if non-use results from the use of alternative or supplemental sources of cold water. Again, Quail Hollow continues to investigate the potential development of additional cold water sources of water, which would benefit those who rely upon the geothermal aquifer. However, Quail Hollow's development efforts, and potential use of greater quantities of cold water (and, therefore, less geothermal water), cannot be penalized in the forthcoming settlement agreement.

Last, I note that the first page of your letter seeks to "preserve that and other legal issues." Presumably, the "legal issues" to which you refer relate to the arguable protection of artesian flow/aquifer pressure under *Silkey v. Tiegs*. Quail Hollow understands that your client may choose to pursue that issue at some future date in an administrative proceeding before the Idaho Department of Water Resources. Then again, that day may never (hopefully) come. Regardless, to the extent that your client is requiring any express reservation of rights clause in the forthcoming settlement agreement, Quail Hollow is not willing to agree to such a clause. Instead, the parties will remain silent on the issue, and let sleeping dogs lie for the time being. If the issue is broached on some future date with the Department, then the parties will address the issue at that point.

Dana L. Hofstetter
April 26, 2010
Page 3

Thank you and your client again for submitting the above-referenced settlement proposal last week. Quail Hollow believes that it is a significant step in the right direction. If you have any questions regarding the comments/observations contained herein, please let me know. You can reach me directly at 385-5418.

Very truly yours,



Andrew J. Waldera

AJW/dll

cc: Charles L. Honsinger (*via E-mail clh@ringertlaw.com and U.S. Mail*)
David Hendrickson

Debby Long

From: Debby Long
Sent: Monday, April 26, 2010 10:13 AM
To: 'Hofstetter Law Office'
Cc: 'Charlie Honsinger'; Andy Waldera
Subject: 2010-04-26 Response to Edwards Settlement Proposal
Attachments: 1617249_1_2010-04-26 Hofstetter re Response to Edwards Settlement Proposal dated April 19 2010.PDF

Dear Ms. Hofstetter,

Please find attached a letter of today's date from Andy Waldera on behalf of Quail Hollow. Please contact me if you have any problems opening the attached file.

Debby Long, PLS
Administrative Assistant to
Scott L. Campbell and Andrew J. Waldera
Moffatt Thomas Barrett Rock & Fields, Chtd.
Direct Dial 208-385-5323

DEPOSITION OF GARNETTE EDWARDS (VOLUME I) TAKEN 5-13-10

1	IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT	1	APPEARANCES CONTINUED
2	STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS	2	
3		3	For David Hendrickson
4		4	and Quail Hollow Golf
5	In Re SRBA)Subcase No.s 63-12, 63-13, 63-14,	5	Club: MOFFATT THOMAS
6	Case 38576)63-15, 63-16, 63-308, 63-2103A,	6	By: Andy Waldera
7	)63-2103B, 63-3603, 63-04037,	7	Post Office Box 829
8	)63-5067, 63-5195, 63-7595,	8	Boise, Idaho 83701-0829
9	)63-9758, 63-21875, 63-27649,	9	
10	)63-27671, 63-30006, 63-30007,	10	Also Present: Ed Squires, R.P.G.; Andrew
11	)63-31050, 63-31051, 63-31052,	11	Terteling, and Rose Ryan.
12	)63-31053, 63-31054, 63-31055,	12	
13	)63-31056, 63-31057, 63-31058,	13	
14	63-31059, 63-31060, 63-31062	14	
15	63-32895	15	
16		16	
17	DEPOSITION OF GARNETTE EDWARDS	17	
18	VOLUME I	18	
19	MAY 13, 2010	19	
20	BOISE, IDAHO	20	
21		21	
22		22	
23		23	
24		24	
25		25	
Page 1		Page 3	
1	DEPOSITION OF GARNETTE EDWARDS	1	EXAMINATION
2	VOLUME I	2	
3	BE IT REMEMBERED that the Deposition of	3	GARNETTE EDWARDS PAGE
4	GARNETTE EDWARDS was taken by the attorney for the	4	By: Mr. Honsinger 6, 180
5	Claimant/Objector, The Terteling Company, Inc., at the	5	By: Ms. Hofstetter 178
6	offices of Ringert Law Chartered, 455 S. Third, Boise,	6	EXHIBITS
7	Idaho, before Leda Waddle, a Court Reporter	7	1 Articles Of Organization, LLC 22
8	(Idaho No. 758) and Notary Public in and for the County	8	2 Annual Report Form 28
9	of Ada, State of Idaho, on Thursday, the 13th of May,	9	3 Certificate of Assumed Business Name 35
10	2010, commencing at the hour of 9:45 a.m., in the	10	4 IDWR Recommended Water Right No. 63-16 40
11	above-entitled matter.	11	5 Silkey v. Tiegs Decree 43
12	APPEARANCES:	12	(Exhibits 6 through 10 skipped.)
13	For Witness,	13	11 IDWR Recommended Water Right No. 63-12 54
14	Garnette Edwards: HOFSTETTER LAW OFFICE, LLC	14	12 IDWR Recommended Water Right No. 63-13 74
15	By: Dana L. Hofstetter	15	13 IDWR Recommended Water Right No. 63-15 76
16	608 W. Franklin Street	16	14 IDWR Recommended Water Right No. 63-3603 92
17	Boise, Idaho 83702	17	15 IDWR Recommended Water Right No. 63-7595 117
18	For Claimant/Objector,	18	16 IDWR Recommended Water Right No. 63-27649 118
19	The Terteling Company,	19	17 IDWR Recommended Water Right No. 63-27671 121
20	Inc., and Rose and	20	18 IDWR Recommended Water Right No. 63-30006 128
21	Mary Ryan: RINGERT LAW CHARTERED	21	19 IDWR Recommended Water Right No. 63-31050 130
22	By: Charles L. Honsinger	22	20 IDWR Recommended Water Right No. 63-31051 132
23	455 S. Third	23	21 IDWR Recommended Water Right No. 63-31052 135
24	Post Office Box 2773	24	22 IDWR Recommended Water Right No. 63-31053 146
25	Boise, Idaho 83701-2773	25	23 IDWR Recommended Water Right No. 63-31054 148
Page 2		Page 4	

DEPOSITION OF GARNETTE EDWARDS (VOLUME I) TAKEN 5-13-10

1 go ahead and allow her to make her objection, to state it
2 on the record, and then go ahead and answer the question
3 unless she instructs you not to answer the question.
4 Okay?
5 A. (Witness nodding.)
6 MR. HONSINGER: And Andy and Dana, you had
7 something you wanted to put on the record as well? Is
8 that correct.
9 MR. WALDERA: Yes.
10 Just for purposes of clarification, this
11 deposition has been noticed by Terteling and also the
12 Ryans.
13 MR. HONSINGER: Yes.
14 MR. WALDERA: Quail Hollow has settled in
15 principle. I guess I'll lump in Blue Grass, LLC and the
16 Donnellys.
17 Robert and Kathleen Donnelly have an agreement
18 in principle with Edwards, and at this point between
19 those parties, we have suspended discovery pending final
20 documentation of the settlement agreement, which would
21 also include the deposition of Ms. Edwards to be
22 continued, if necessary, at the parties' request, as well
23 as any other depositions.
24 So it's just a suspension of discovery, and it's
25 our hope to have the settlement, a final written

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1 settlement document memorialized by the parties by the
2 first week of June, so that we will know one way or the
3 other what we need to do from there, so.
4 Thank you.
5 MS. HOFSTETTER: And this is Dana Hofstetter,
6 and I would confirm that Quail Hollow and related parties
7 have reached a settlement of the Edwards Family, LLC in
8 principal, and we have agreed to suspend discovery
9 pending development of a written agreement.
10 And once the settlement is executed, which we
11 anticipate in early June, the proceedings between Quail
12 Hollow and related entities and Edwards would cease.
13 So at this point Quail Hollow and Edwards are
14 now not pursuing discovery or litigation against each
15 other but are focusing on development of a written
16 settlement agreement.
17 MR. HONSINGER: Can we go off the record one
18 more time?
19 MR. WALDERA: Yes.
20 (Brief discussion was had off the record.)
21 MR. HONSINGER: Could I ask you to mark this,
22 Leda? This is Exhibit 39.
23 (Exhibit 39 was marked for identification.)
24 MS. HOFSTETTER: What we have produced today are
25 documents that have not previously been produced to our

Page 10

1 knowledge, that are non-privileged, and that are not
2 public records, either court proceedings or Idaho
3 Department Of Water Resources records.
4 So these are documents that were in the
5 possession of Edwards Family, LLC, to recap, that were
6 not privileged, not already in the public record and not
7 previously produced.
8 MR. HONSINGER: Okay.
9 CONTINUED EXAMINATION
10 BY MR. HONSINGER:
11 Q. Ms. Edwards, I've handed you what has been
12 marked as Deposition Exhibit 39. And my understanding is
13 that deposition Exhibit 39, pursuant to your attorney's
14 discussion, are documents that you produced pursuant to
15 the request in Exhibit 38, the Notice Of Deposition.
16 Is that correct?
17 A. Yes.
18 Q. Okay. Can you briefly describe for me these
19 documents, starting at the top and working towards the
20 back?
21 A. Well, the first document is how much it cost to
22 drill the well, and it's written in my grandfather's
23 handwriting.
24 Q. So this is the first document on Exhibit 39,
25 which is an invoice.

Page 11

1 Is that what it is?
2 A. Actually, no. It's his estimation of what that
3 would cost.
4 Q. And your grandfather's name was?
5 A. Thomas F. Edwards.
6 Q. And this was his estimate; right?
7 A. Yes.
8 Q. Okay. And this was the estimate to drill which
9 well?
10 A. The well that we are discussing right now.
11 Q. Is that the geothermal well?
12 A. Yes. It is.
13 Q. All right. And what about the second page?
14 A. I don't know what that is.
15 Q. Okay. And what about the third page?
16 A. That's the cover of the notebook.
17 Q. Okay. And are the next probably 15 to 20 pages
18 of Exhibit 39, perhaps even 25 to 30 pages of Exhibit 39,
19 are those all pages within that notebook?
20 A. Yes.
21 Q. Okay.
22 And what is the significance of that notebook?
23 A. My understanding is that it was just notes that
24 he kept on the other wells and notes that he kept on
25 drilling his own well.

Page 12

Andy Waldera

From: Dana Hofstetter [Dana@IdahoWaterLaw.com]
Sent: Tuesday, June 08, 2010 4:02 PM
To: Williams, Ray
Cc: Spencer, Nick; Music, Vicky; Andy Waldera
Subject: Quail Hollow Rights

Ray:

I am putting the finishing touches on a proposed settlement agreement between Edwards and the Quail Hollow entities and proposed SF5s are Exhibits to that document. It would save a lot of time at my end if I could have Word versions of the current SF5s/DR Recos for the following water rights 63-9758, 63-2103A, 63-2103B, 63-4037 and 63-21875. I am hoping to finalize this document in the next day or so.

Thank you,
Dana Hofstetter

Exhibit D

VOICEMAIL TRANSCRIPTION SHEET

TO: Andy Waldera
FROM: Dana Hofstetter
TRANSCRIBED BY: Sherry Hennessy
RE: Quail Hollow Golf Club
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MESSAGE:

Hi, Andy. It's Dana Hofstetter. Sounds like you've been busy in trial.

I wanted to let you know that I filed summary judgment in the Stewart Gulch matter and you'll be getting a package on Monday, probably, in connection with that. But I also want you to know that we needed to do that because the Tertelings didn't want to settle. So we still – Edwards is very interested in settling with the other parties, and the settlement agreements are – or draft settlement agreements – are basically ready to go and I anticipate getting them to you next week. Anyway, just don't be surprised when you get the summary judgment in the mail. It doesn't mean that the settlement is off.

I'll talk to you next week. I hope you have a nice weekend. If you have any questions, give me a call. 424-7800. Thank you.