



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

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March 20, 2009

C. L. "BUTCH" OTTER
Governor

DAVID R. TUTHILL, JR.
Director

TERRY & ROSANNA ANDERSEN
RECREATIONAL PROPERTIES A&B LLC
775 YELLOWSTONE PMB 121
POCATELLO ID 83201

RE: Water Right Nos. 29-4075 and 29-13285

Dear Mr. & Mrs. Andersen:

This letter is in reply of your faxes dated February 17th and 24th, 2009. In the most recent fax you ask that the Idaho Department of Water Resources (Department) rescind the acknowledgement letter to Indian Springs LLC. I interpret this to mean that you want the Department to change the ownership of the water right into the name of Recreational Properties A&B LLC.

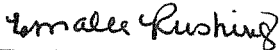
On March 2, 2009, you spoke with Deputy Attorney General John Homan. Mr. Homan indicated that the Department had prepared a letter in response to your faxes and read portions of this letter to you. After conversing with you about the situation, Mr. Homan agreed to hold off mailing the letter for two weeks to allow you time to have your attorney contact our office. To the best of my knowledge, as of this date, no phone call has been received.

On February 2, 2009, the Department received a Notice of Change in Water Right Ownership from Indian Springs, LLC. The Sheriff's Deed recorded as Instrument # 195437 which was attached to the notice provided sufficient evidence that the property together with appurtenances was conveyed to Indian Springs, LLC. Water rights are considered an appurtenance and are typically conveyed with the property unless specific language excluding the water right is included in the conveyance document. Based on the documentation submitted, the ownership has been changed to Indian Springs, LLC.

Please understand that it is not the role of the Department of Water Resources to adjudicate who owns the water rights. That is the function of the Court. The Department will change ownership and list the current owner in its records based upon the proof submitted with the *Notice of Change in Water Right Ownership* form. The Department is relying on the sheriff's deed submitted with the form as a basis to change the ownership into the name of Indian Springs, LLC. The Department acknowledges that you have an appeal pending before the Idaho Supreme Court. Should you prevail in your appeal, you may submit the appropriate legal documents that demonstrate that Recreational Properties A&B LLC is the owner the water right and the Department will review the documentation and change the ownership of the water rights as appropriate.

Please feel free to contact this office should you have any questions about this matter.

Sincerely,


Emalee Rushing
Office Services Supervisor

Cc: INDIAN SPRINGS LLC
5530 BURNT RD
BELGRADE MT 59714

SUPPORT DATA
IN FILE # 29-4075