

Conversation Memorandum

Date: May 26, 2011

To: File 29-8162

From: Craig L. Saxton *CLS*

Re: Conversation with George Katsilometes regarding Permit 29-8162

Per my request, George Katsilometes, FL Duke Walden, John Mehlhaff, Evelee Hill Rush, and the Lava Hot Springs Foundation were cc'd a May 13, 2011 letter to Craig and Vickie Lyon confirming receipt of Proof of Beneficial use for 29-8162. The reason for this was because they were parties identified in the January 13, 2009 order granting permit 29-8163.

Mr. Katsilometes called today in opposition to the issuance of permit 29-8162. Mr. Katsilometes said that no one from the Lava Hot Springs Foundation had any knowledge that this permit was granted. I told Mr. Katsilometes that the Certificate of Mailing shows that a copy of the order was mailed to:

BOB MELINE
LAVA HOT SPRINGS FOUNDATION
420 EAST MAIN
LAVA HOT SPRINGS ID 83246

Mr. Katsilometes said that Mr. Meline never informed the other foundation members of this mailing and that everyone on the foundation should be notified. I sent Mr. Katsilometes an e-mail with links to the order and the backfile for permit 29-8162 and he said he would make sure that everyone on the board was aware of this. We discussed how the records related to 29-8162 were public record and could be accessed through the internet or upon request.

He also asked that everyone on the board, including himself, be notified when IDWR was to conduct a field examination to verify beneficial use of permit 29-8162.

Mr. Katsilometes argues that permit 29-8162 grants use of "live" water, not waste water as stated on the permit. He stated that the water used under permit 29-8162 has not been previously put to beneficial use and there for it isn't "waste water".