

LAW OFFICES
SHULKIN HUTTON INC., P.S.
 7525 SE 24TH STREET
 SUITE 330
 MERCER ISLAND, WASHINGTON 98040
 (206) 623-3515
 TELECOPIER (206) 682-9289

JEROME SHULKIN*

A. J. HUTTON, JR.
1925 - 1995

ALSO ADMITTED IN OREGON*

RECEIVED**SEP 15 2010**

FACSIMILE COVER SHEET

Department of Water Resources

Date:	09/15/2010	No. Pages (including this page)	3
From:	J. Shulkin by ME	Our File No.:	3360
RE: Water Permit # 37-7426 / Erkins			
Attachment: yes			
COMMENTS			
Mr. Shulkin's letter dated September 15, 2010			

Recipients:	Company:	Phone Number:	Fax Number:
John Homan	Office of the At. General		208-287-6700
Craig Saxton	Water Rights Supervisor		208-287-6700
Allen Ellis	Ellis Brown, Shells Chartered		208-345-9564

The information contained in this facsimile is confidential and may also be attorney-privileged. The information is intended only for the use of the individual or entity to whom it is addressed. If you are not the intended recipient, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that any use, dissemination, distribution or copying of this communication is strictly prohibited. If you have received this facsimile in error, please immediately notify us by a collect telephone call to (206) 623-3515, and return the original message to us at the address above via the US Postal Service. Thank you.

DOCUMENT1

RECEIVED

SEP 15 2010

A. J. HUTTON, JR.
1925 - 1995

Department of Water Resources

LAW OFFICES
SHULKIN HUTTON INC., P.S.
7525 SE 24TH STREET
SUITE 330
MERCER ISLAND, WASHINGTON 98040
(206) 623-3515
TELECOPIER (206) 682-9289

JEROME SHULKIN*

ALSO ADMITTED IN OREGON*

September 15, 2010

VIA FACSIMILE (208) 287-6700 AND US MAIL

John W. Homan
Office of the Attorney General
PO Box 83720
Boise, Idaho 83720-0098

Re: Water Permit No. 37-7426

Dear Mr. Homan:

As a reference point, I refer you to my letter to you dated August 12, 2010, your response of August 20, 2010, and Mr. Saxton's letter to Magic MFG, Inc. dated August 31, 2010 (received on September 7th). I have never received direct correspondence from Mr. Ellis.

In my letter of August 12th, I sought a concession that your department not act in derogation of the bankruptcy court without an appropriate hearing. Your response, in effect was: IDWR will act to pass the water rights to Bliss Valley Properties or Pana-Tek, Inc., and if a different court (other than the federal District Court in case no. CV-02-142-S-BLW) reverses or otherwise establishes that the Erkins are the rightful owners, IDWR would change its records.

The issue, as I see it, relates to the decision of the District Court after reconsideration was sought from Judge Windmill. The date of that ruling is most important relative to the effective establishment of ownership. Well and good, but I expected cooperation in permitting an appropriate review to reach the proper determination. Unfortunately, IDWR has chosen to issue a license to Magic MFG, if I read Mr. Saxton's letter correctly.

If I am to seek enforcement from the Florida Bankruptcy Court, I need to reopen the case and seek a directive and sanctions for breach of that Court's Order declaring the Erkins to be the owners of the water rights. Neither IDWR nor the State of Idaho is exempt from the bankruptcy court's jurisdiction to enforce its own order. The process is costly and time consuming, and if the Erkins are successful, the fees and awards may be quite expensive. I have tried to avoid that for the sake of all of the parties and contestants.

If IDWR will hold its position in abeyance while we either meet under agreed terms and get a resolution, or I go before the court in Florida, that will be acceptable, but I want to know

RECEIVED

SEP 15 2010

September 15, 2010

Page 2

Department of Water Resources

before I embark on the Florida route. I would appreciate a response by next Monday, September 20, 2010.

Sincerely,
SHULKIN HUTTON INC., P.S.



Jerome Shulkin

cc: Craig L. Saxton (208-287-6700)
Allen B. Ellis (208-345-9564)
Mr. and Mrs. Erkins

JS/me