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SEP 30 2010

DEPARTMENT OF
WATER RESOURCES

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September 29, 2010

Mr. Jerome Shulkin
Shulkin Hutton Inc., P.S.
7525 SE 24th Street, Suite 330
Mercer Island, Washington 98040

Re: Water Permit No. 37-7426; Application for Water Permit No. 37-8165
EBS No. 1762.6

Dear Mr. Shulkin:

I am writing you with regard to your letters of August 12, 2010, and September 15, 2010, to John W. Homan, Deputy Attorney General for the State of Idaho, regarding Water Permit No. 37-07426 and Application for Permit No. 37-8165.

Under 11 USC Section 554, a trustee may abandon property of a bankruptcy estate if it determines it is "burdensome to the estate or that it is of inconsequential value and benefit to the estate". The effect of a trustee abandoning property in the bankruptcy estate is that whatever legal or equitable interest which the debtor may have had in the property is no longer included in the property of the bankruptcy estate. *In Re: Renaissance Stoneworks, LLC*, 373 BR 817, 48 Bankr.Ct.Dec.(CRR) 206 (Bankr.E.D.Mich.2007). Nothing in the Bankruptcy Act suggests that a trustee's abandonment of property from a bankrupt's estate constitutes an adjudication of title to such assets. You have cited no authority in either of your letters that the Notice of Bankruptcy given by the Trustee constitutes a judicial determination that title to the water rights is in the Erkins family.

My previous correspondence to the Idaho Department of Water Resources, dated June 17, 2010, referencing your August 12, 2010, letter contains references to final orders of courts of competent jurisdiction that did quiet title to the water rights you have referred to. These final non-appealable orders did adjudicate the ownership of the water rights. Your clients have no part of the ownership interest in the water rights as a result of those decisions.

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Your assertions to the Idaho Department of Water Resources in your letters, that the notice of abandonment in the bankruptcy case of the Erkins in the Middle District of Florida, Fort Meyers Division constitutes an order that the Erkins have title to the water rights in derogation of the subsequent court decisions referred to in my June 17, 2010 letter is blatantly wrong. Without competent authority to represent your position, your letters constitute an attempt to unlawfully interfere with my client's legitimate property and business interests by mischaracterizing the effect of the notice of abandonment.

Please advise your clients to cease all further attempts to mischaracterize the legal effect of the Notice of Abandonment in Case No. 9:03-bk-10502-ALP in the United States Bankruptcy Court, Middle District of Florida, Fort Myers Division mailed on October 9, 2007. If they attempt to interfere with my client's property interest in the subject water rights, my client will initiate appropriate proceedings against all responsible parties.

Very truly yours,



Allen B. Ellis

ABE:am
cc: John Homan