

TO: File
FROM: John Homan 
DATE: November 14, 2006
RE: Water Right Ownership for 37-4040, 37-4041, 37-7426, 37-8165, 37-11069 and 37-11072

Chronology of Events involving Application, Permit, Claim or Water right Files 37-4040, 37-4041, 37-7426, 37-8165, 37-11069 and 37-11072

Robert and Bernadette Erkins originally owned the White Arrow Ranch in Gooding County and Devils Creek in Jerome County. The Estate of Gaston and Snow maintained a claim for an account receivable in the amount of \$ 3,915,206.35 against the Erkins. On December 28, 1998, Albert Bianco, the plan administrator for the Gaston/Snow Estate assigned the Estate's interest in the account receivable over to Pana-Tek. Either the Estate or Pana-tek filed an action to obtain a judgment on the amount owed by Erkins. Judgment in the amount of \$ 3,915,206.35 was entered on April 6, 2000 in favor of the Estate.

The Estate proceeded to execute on the judgment, which resulted in the U.S. Marshall being commanded to sell the Erkins' White Arrow and Devils Corral properties and apply the proceeds to satisfy the judgment. Pana-Tek, successor to the Estate, bought the White Arrow Ranch at auction on February 12, 2002 for a credit bid \$1,900,000 and the Devils Corral property for a credit bid of \$500,000. On February 19, 2003, the U.S. Marshall issued Pana-Tek separate Marshalls' Deeds for each property that included specific language conveying appurtenant water rights with the real property.

Pana-Tek quit claimed its interest in the properties to George Panagiotou on June 19, 2003. George Panagiotou subsequently quit claimed his interest on June 19, 2003 in the White Arrow property to Bliss Valley LLC and his interest in Devils Corral to Devils Corral LLC. A representative of Bliss Valley LLC and Devils Corral filed a Notice of Change in Water Right Ownership with IDWR on March 9, 2004.

Notwithstanding the events above, on May 20, 2003 Erkins filed a voluntary Chapter 11 petition in U.S. Bankruptcy Court in the Middle District of Florida. Schedule A in the bankruptcy case was later amended on June 24, 2004 to include as assets the water rights appurtenant to the White Arrow and Devils Corral properties.

The Meglon Trust, another creditor of the Erkins, filed a claim in bankruptcy court for \$1,300,000. Petros Eliopoulos, the local representative for the Meglon Trust believes the water rights listed as assets on Schedule A still belong to the Erkins and were not legally deeded to Pana-Tek under the February 19, 2003 Marshall's Deed. Eliopoulos has presented IDWR with documents from another related case asserting that all relief has been stayed pursuant to the automatic stay provision under bankruptcy law.