



State of Idaho

DEPARTMENT OF WATER RESOURCES

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

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

C. L. "BUTCH" OTTER
Governor

DAVID R. TUTHILL, JR.
Director

September 18, 2008

TIMOTHY S SWENSON
JENNIFER SWENSON
50 WEBSTER LN
HORSESHOE BEND ID 83629

RE: Change in Ownership Water Right Nos. 65-2035, 65-3504 & 65-11141

Dear Mr. & Mrs. Swenson:

In April 2008 the Department processed a Notice of Change of Water Right Ownership you submitted for the water rights referenced above based on the documentation you provided. Recent review of an Application for Transfer of Water Rights 65-2035 & 65-11141 submitted by Sands LLC providing ownership documentation for those rights and 65-3504 has raised questions about ownership of the rights.

DR & J Investments Limited Partnership was the Grantor for three warranty deeds involved in the sale of the property and associated water rights. The true intention of the language used in the two deeds signed October 27, 2004 is unclear. The deed granted to Sands LLC further complicates the question of ownership of the water rights when considered with the deeds granted to the Swensons. (See attached deeds.)

It appears that the change to Department records identifying you as the current owner of Rights 65-2035, 65-3504 & 65-11141 was completed without knowledge of all pertinent information. The ownership of these rights appears to be in dispute and until the ownership is clarified or reconciled by agreement or a court decision to quiet title, the Department will change the water right records back to reflect the prior owner.

The Department cannot process an ownership change or an application for transfer without proper documentation. No further action will be taken in either of these matters until the ownership question is resolved.

Please contact the Department if you have any questions regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads "Pamela S Skaggs". The signature is written in black ink and is positioned above the printed name and title.

Pamela S Skaggs
Water Rights Supervisor

Attachments

Cc: Sands LLC
C/O Jerry A Kiser
Stoppello & Kiser
620 W Hays St
Boise ID 83702

Instrument # 199332

IDAHO CITY, BOISE COUNTY, IDAHO

2004-11-10 04:37:34 No. of Pages: 2

Recorded for: SANDS LLC

RORA A. CANODY

Ex-Officio Recorder Deputy

Index to: DEEDS

Fee: 6.00

WARRANTY DEED

FOR VALUE RECEIVED, DR&J INVESTMENTS LIMITED PARTNERSHIP, a Nevada limited partnership, the Grantor, does hereby grant, bargain, sell, and convey unto SANDS LLC, an Idaho limited liability company, Grantee, whose current address is 7145 W. State St #187, Boise, Idaho 83703, the following water rights as they are described on the records of the Idaho Department of Water Resources: #65-02035, #65-03504, and #65-11141.

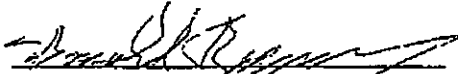
Along with all easements, rights-of-way, and existing and natural watercourses associated with said water rights.

To have and to hold the said water rights, together with said easements, rights-of-way, and existing and natural watercourses, unto the said Grantee, its heirs and assigns forever. And the said Grantor hereby covenants to and with said Grantee, that it is the owner in fee simple of said water rights and appurtenances; that the said water rights and appurtenances are free from all encumbrances; and, that it will warrant and defend the same from all lawful claims whatsoever.

DATED this 8th day of Nov., 2004.

DR&J INVESTMENTS LIMITED PARTNERSHIP,
a Nevada Limited Partnership

By:



DR Holdings, Inc., General Partner,
Donald J. Rumsey, President

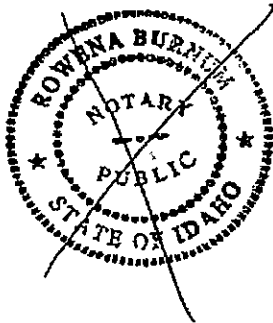
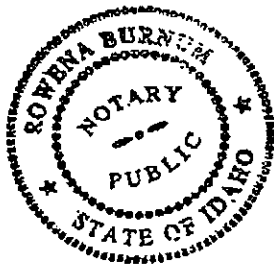


EXHIBIT A

STATE OF IDAHO,)
) ss.
County of Ada.)

On this 8th day of Nov., 2004, before me, the undersigned, a Notary Public in and for said State, personally appeared DONALD J. RUMSEY, known and/or identified to me to be President of DR Holdings, Inc., the corporation which is a general partner of the partnership of DR&J Investments Limited Partnership, and subscribed said partnership name to the foregoing instrument and acknowledged to me that he executed the same in said partnership name.

WITNESS MY HAND AND OFFICIAL SEAL.





NOTARY PUBLIC for Idaho
My Commission Expires: 6-10-2006