

C. No. 95-9331

RECEIVED

AUG 10 2006

DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

CLAIM TO A WATER RIGHT

95-9331

RECEIVED

FEB 1 2007

IDWR/North

Under the provisions of Section 42-243, *Idaho Code*, any person claiming a water right established by diversion and application of water to beneficial use must file a claim with the Department of Water Resources. **The filing of this claim does not confirm the water right claimed.** Water rights represented by a valid permit, license, decree, or previous claim are exempt from this requirement, as are uses of water for domestic purposes as defined in Section 42-111, *Idaho Code*. A filing fee must be submitted with this claim. See the instruction sheet to determine the appropriate fee.

Notice is hereby given that Nancy Carlson
(Name of Claimant)
203 Springview Dr, Lynden, WA 98264 Telephone No: (360) 318-9741
(Mailing Address) (Zip Code)

claims a right to the diversion and beneficial use of surface or ground water. The extent and nature of said claim is as follows:

1. Date of Priority: (When the water was first applied to beneficial use) 1968
A claim is not acceptable for the use of surface water with a priority later than May 20, 1971. A claim is not acceptable for the use of ground water with a priority date later than March 25, 1963, unless the water is used for domestic purposes as defined in Section 42-111, Idaho Code.

2. Describe the source of water: (Name of stream, lake, spring, etc., or ground water)
2 springs into 3.5' diam. reservoir tributary to sinks

3. Describe the purpose for which the water has been used and the time during the year when you have used the right claimed:

(cfs or af)	(Irrigation, Domestic, Stock, Etc.)	(Both dates inclusive) (MM/DD) (MM/DD)
Quantity <u>.04 cfs</u>	Use <u>Domestic</u>	Period of Use From <u>01/01</u> to <u>12/31</u>
Quantity _____	Use _____	Period of Use From _____ to _____
Quantity _____	Use _____	Period of Use From _____ to _____
Quantity _____	Use _____	Period of Use From _____ to _____

4. .04 cfs TOTAL QUANTITY USED.
(cfs or af)

5. A) Location of point of diversion is SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of _____ Govt. Lot _____
Sec. 1 Township 49 N Range 4 W B.M., Kootenai County; additional points
of diversion, if any: _____

B) Describe means of diversion of water: (Pump and pipeline, well, diversion dam, reservoir, length of ditch etc.). Give sizes and capacities. Be specific. Describe any changes in the system and give the date of the change.

Gravity flow pipeline from 2 springs connected to the reservoir.
Pipeline runs about 450 feet from springs/reservoir to house.

In 2004-2005 Duddleston's tore out a major section of the water line.
They replaced the upper section with white pvc pipe and the lower section
with black thick walled pipe.

6. A) Describe the place of use within each 40-acre tract in the appropriate box using the symbols listed below. If the use is for irrigation, describe the location by listing the number of irrigated acres within each 40-acre tract.
D - domestic, S - stockwater, M - municipal, C - Commercial, I - Industrial, X - other

Twp	Rge	Sec	NE¼				NW¼				SW¼				SE¼				TOTAL ACRES
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
49N	4W	1											D						

TOTAL ACRES _____

- B) If water is used for purposes other than irrigation, fully describe the use. Be specific. Domestic use

NOTE: Include here the type and number of stock watered: _____

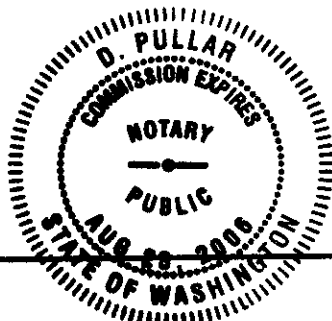
7. Remarks: See attached: 1) Affidavit of Nancy Carlson; 2) Affidavit of Gail Larson; 3) 2 p. copies of Kootenai County Assessor and Treasurer records indicating house built in 1968; 4) ASCS Archive maps from 1965 + 1970; 5) Guide to Building in Kootenai Co; 6) Copy of 5-31-04 Settlement Agreement; 7) Copy of 8-3-04 Two Springs Reservoir Agreement.
8. **Map** - Attach an 8½"x11" map clearly identifying the point of diversion and the place of use by 40-acre subdivisions, section, township and range of the public land survey system. (A photocopy of a USGS 7½ minute topographic quadrangle map is preferred.) Attach an **aerial photograph** of the place of use if available.

State of Washington)
) ss.
 County of Whatcom)

Be it known that the undersigned, being duly sworn, deposes and says that he, she, they subscribed the forgoing claim to a water right, together with all attached information, and that the matters and facts therein are true to the best of the affiant's knowledge.

Nancy Carlson
 Claimant's Signature (and title if claim is for an organization)

Sworn to before me this 6 day of February, 2006.



D. Pullar
 Notary Public

Residing at: Whatcom Co.

My commission expires: 8/23/06

FOR DEPARTMENT USE ONLY

Received by [Signature] Date 2/10/06
 Prelim. check by _____ Date _____
 Fee 100.00 Receipt # N017363
 Receipt prepared by [Signature] Date 2/10/06

Published in Coa Free
 Publication dates 3/2 + 9/06
 Publication checked by CP Date 3/10/06
 Exceptions filed by _____

By this statement I attest that:

My parents Henry E. Larson and Nancy Mae Anderson Larson owned parcel #6100 in Section 1 T49N R04WBM Kootenai County Idaho. I have personal knowledge that in 1968, Dad built a house (now owned by myself and my sons and known as the Carlson/Pugh house or Pugh or Halfway house) along the lakefront on this property. I saw him doing the actual construction. 1968-1969 was a heavy snow year and the snow was cleared from the roof of this house to prevent damage to the structure, but it was too late and the ridge beam broke. Dad jacked it up and "fixed" it but the roof was never square. I also saw Dad, personally, laying the water line from the spring (he developed in 1934) to this house. It was clearly his intention this house get water from this spring for domestic use. Also in 1968 Dad laid a water line from Coeur d'Alene Lake to the house for supplemental domestic use, irrigation, and fire suppression.

My husband and I and our two sons lived in this house in 1973-1974 (the spring of very high water for Lake Coeur d'Alene) while building our home in the Post Falls area. At that time we drew our domestic water from the spring and supplemented with lake water.

Attached is a current copy of "A Guide to Building in Kootenai County". Kootenai County Idaho did not require building permits until 1971 so no permit was issued for this house. I attach copies of Kootenai County Assessor Records "Regular Roll for 1998" showing this house built in 1968; and Treasurer Records "Regular Roll for 2004" also showing this house built in 1968.

Also attached are copies – not as clear as I would like – of Aerial photos taken for ASCS (Agricultural Stabilization and Conservation Service) purposes. The copies of the photos were obtained from the ASCS archives housed in the Dalton Branch of Kootenai County Libraries. One photo was taken 7/24/1965 and shows no clearing and no construction where this house is now located. The second photo taken in 1970 shows the clearing and a structure (barely) where this house is located.

This property was part of the total properties included in my father's Testamentary Trust which was divided and deeds recorded in September 2004. This house and additional acreage was deeded to myself and my two sons, Eric Carlson and Jon Carlson in 2004 and is now designated as #20195 or (6360) of Section 1 SW1/4 SW1/4 T49N R04WBM Kootenai County Idaho. Water rights from these two springs and reservoir were specifically reserved for the Carlsons and this house as historic and to "run with the land" in the Henry E. Larson Testamentary Trust Settlement Agreement of case number 88415 dated May 30, 2004, attached. My sister, Gail Larson, and I were trustees for this trust. This recorded agreement is signed by Van Larson, Gail Larson, myself (Nancy Carlson), Jon Carlson, Eric Carlson, Sandra Swick, and Karen Duddleston. Further recognition of the water rights of Carlsons and this house is documented with the "Two Springs Reservoir Agreement" (attached) signed August 3, 2004 by Van Larson, Judy Carey, Nancy Carlson, Jon Carlson, Eric Carlson and Karen Duddleston. This document was also recorded.

Van Larson/Judy Carey Larson, James and Karen Duddleston, and Randal and Sandra Swick are the only other parties with any interest in the two springs and reservoir AND they have, by their signatures on the above documents, acknowledged our undisputed water right. Therefore the above parties have no basis for objection to this water right.

Dated and signed this 6th day of February, 2006.

Nancy L Carlson

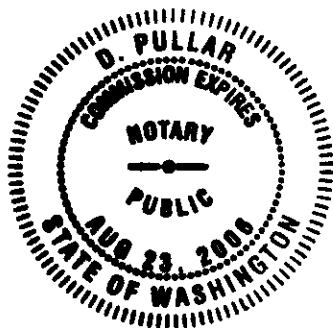
Nancy L. Carlson

STATE OF WASHINGTON)

County of Whatcom) ss.

I certify that I know or have satisfactory evidence that NANCY L. CARLSON is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: 2/6/06



D. Pullar
Print Name: D. Pullar
Notary Public in and for the State of
Washington, residing at Whatecom Co
My commission expires: 8/23/06

By this statement I attest that:

My parents, Henry E. Larson and Nancy Mae Anderson Larson owned parcel #6100 in Section 1 49NO R04W BM Kootenai County Idaho. I have personal knowledge that in 1968, Dad built a house along the lakefront on this property, and he, personally, laid the water line from the spring he had developed in 1934 to this house. It was clearly his intention the house get water from this spring for domestic use. Also in 1968 Dad laid a water line from Coeur d'Alene Lake to the house for supplemental domestic use, irrigation, and fire suppression.

In 2004 this property was deeded to my sister, Nancy Lyn Larson Carlson, and her two sons, Eric Carlson and Jon Carlson and is now designated as #20195 or (6360) of Section 1 SW1/4 SW1/4 T49 NO R4W BM Kootenai County ID. Water rights from this spring were specifically addressed and reserved for Carlsons and this house (referred to as Pugh's, and I will refer to it as Carlson/Pugh) in the Settlement Agreement of May 30, 2004. The Settlement Agreement was agreed to and signed by Van Larson, Gail Larson, Nancy Larson Carlson, Sandra Swick, Karen Duddleston, Guenever Larson, Eric Carlson, and Jon Carlson. There was also a Two Springs Reservoir Agreement drawn up and signed on August 3rd, 2004 further recognizing the water rights of the Carlsons to the spring water. The Two Springs Reservoir Agreement was signed by Van Larson, Judy L. Carey, Nancy Larson Carlson, Eric Carlson, Jon Carlson, and Karen Duddleston.

Dated and signed this 30 day of January, 2006.

Gail L. Larson

GAIL L LARSON

STATE OF New York)

County of Stags) ss.

I certify that I know or have satisfactory evidence that GAIL L LARSON is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: January 30, 2006

Jeannette M. Armstrong
Print Name: JEANNETTE M. ARMSTRONG
Notary Public in and for the State of
New York, residing at Town of Spring Field
My commission expires: 11-16-2009

Jeannette M. Armstrong
Notary Public, State of New York
Orange County

I, Dennis L. Carlson, do hereby attest to the following facts as being true to the best of my knowledge:

I first became acquainted with Henry Larson in the fall of 1964 and he became my father-in-law in 1966. I had many occasions to be at his house and to work with him on many projects including the setting of a foundation and some construction work on a house located on the shore of Swede Bay (Coeur d'Alene Lake) during the spring and summer of 1968. This house is located in the SW1/4, SW1/4 of Section 1, Township 49 North, Range 4 West Boise Meridian and is currently identified as being within parcel #20195 on the Kootenai County Assessor's maps of that township and range. Henry Larson and his wife Nancy Mae Anderson Larson purchased this property in the 1930's and developed an unnamed spring on this property to provide domestic and irrigation water to their home located nearby. In 1968, Henry Larson dug a ditch and laid pipe from the spring to the new house to provide domestic and irrigation water to the new house. He also laid a pipe at this time into Coeur d'Alene Lake and pumped water to the new house for additional domestic, irrigation and fire protection service. The provision of water to this house from the spring and from Coeur d'Alene Lake has continued without interruption to the present time.

Dated and signed this 7th day of February, 2006.

Dennis L. Carlson

Dennis L. Carlson

STATE OF WASHINGTON)

County of Whatcom) ss.

I certify that I know or have satisfactory evidence that DENNIS L. CARLSON is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: 2/7/2006



D. Pullar

Print Name: D. Pullar

Notary Public in and for the State of

Washington, residing at Whatcom Co

My commission expires: 8/23/2006

[illegible]

AT8.1 117864 49N04W-01-6100 REAL REGULAR ROLL for 2004 23 APR 2004
 5030 01 49N 04W *CAMA* Code Area 249-000 10:30:56
 CARSON, VAN BARKER ETAL TRUSTEE
 1676 W VALHALLA RD
 COEUR D'ALENE, ID 83814
 Location: 1766 W SWEDE BAY RD, COEUR D ALENE
 SW-SW EX TX#S, & 1X \$9502 Last Year's Market: \$448,890 LAND
 52,100 IMPROVEMENTS
 -100,566 EXEMPTIONS
 \$400,424 Total
 REVAL YEAR 2003

Category	Note	Acres	Front Ft	Market	Blt	Apprd	Init Factor
07 TIMBER-BARE LAND	Y2	28.955		72,390		0303	CWM 1.000
07 TIMBER-BARE LAND	Y2	0.206	30.000	31,500		0303	CWM 1.000
10 HOMESITE	1W434	0.689	100.000	345,000		0303	CWM 1.000
31 RES IMPROV/CAT 10	H1			43,530	68	0303	CWM 1.000
1 RES IMPROV/CAT 10	DK1			8,570	80	0303	CWM 1.000
93 AG EXEMPTION	07			-100,566		0682	*1
		29.850	130.000	400,424			

WASTE CODING: 1.00 RESIDENTIAL

SPECIAL ASSESSMENTS	Code	Amount	Acres	Amount	Acres
MICA	452	23.42	29.850		
WASTE DISPOSAL	457	84.00			
MICA FPA	482	2.98			

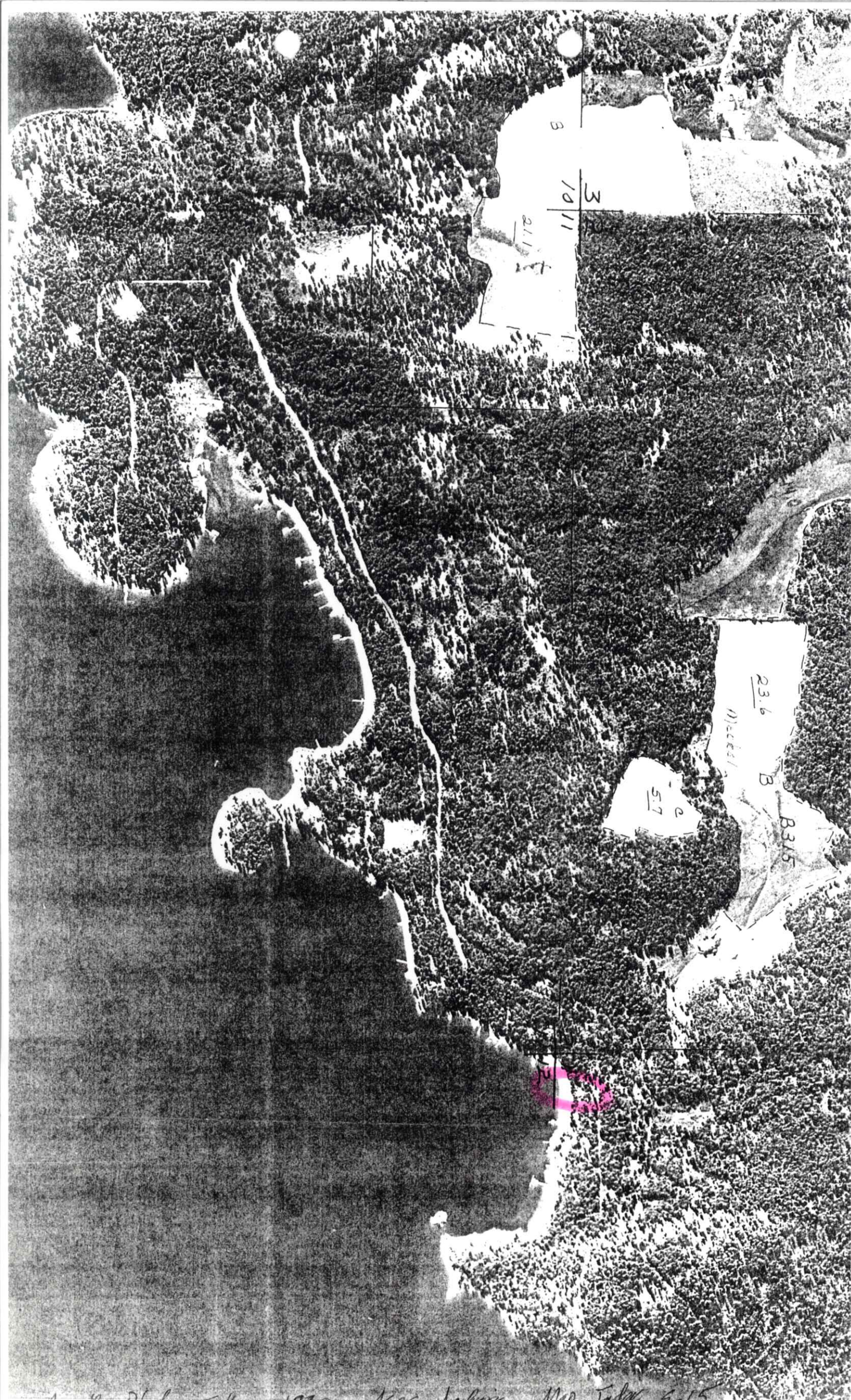
*** 1998 ***	Code/SA	Levied	Adjust	Paid	Balance
	031-000	3,257.74		3,257.74	
	452	23.44		23.44	
	457	84.00		84.00	
	482	1.50		1.50	
NO TRANSACTION for 1998					

*** 1999 ***	Code/SA	Levied	Adjust	Paid	Balance
	031-000	3,413.20		3,413.20	
	452	23.44		23.44	
	457	84.00		84.00	
	482	1.50		1.50	
NO TRANSACTION for 1999					

*** 2000 ***	Code/SA	Levied	Adjust	Paid	Balance
	249-000	3,735.58		3,735.58	
	452	23.44		23.44	
	457	84.00		84.00	
	482	1.50		1.50	
NO TRANSACTION for 2000					

*** 2001 ***	Code/SA	Levied	Adjust	Paid	Balance
	249-000	3,487.92		3,487.92	
	452	23.44		23.44	
	457	84.00		84.00	
	482	1.50		1.50	
NO TRANSACTION for 2001					

*** 2002 ***	Code/SA	Levied	Adjust	Paid	Balance
	249-000	3,454.84		3,454.84	
	452	23.42		23.42	



Aerial Photo Taken 1970 ASCS Archives - Map Index E-15



Aerial photo Taken: 7-24-1965
Source - Kootenai County Librarian - Dalton Brueh.
ASCS Archives 65-DOS-IFF-275 ^{Kidder} Map-614

ORIGINAL COPY

BOOK 22 PAGE 498
No. 1901524

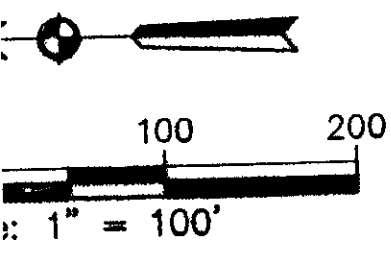
STATE OF IDAHO
COUNTY OF KOOTENAI

AT THE REQUEST OF:
MECKEL ENGINEERING & SURVEYING

At 35 minutes past 4 o'clock P M
Date: September 17, 2004

DANIEL J. ENGLISH, RECORDER
By Carrie Phillips
Deputy

Fee \$ 10.00



RECORD OF SURVEY/ COURT ORDERED PARTITION EXHIBIT

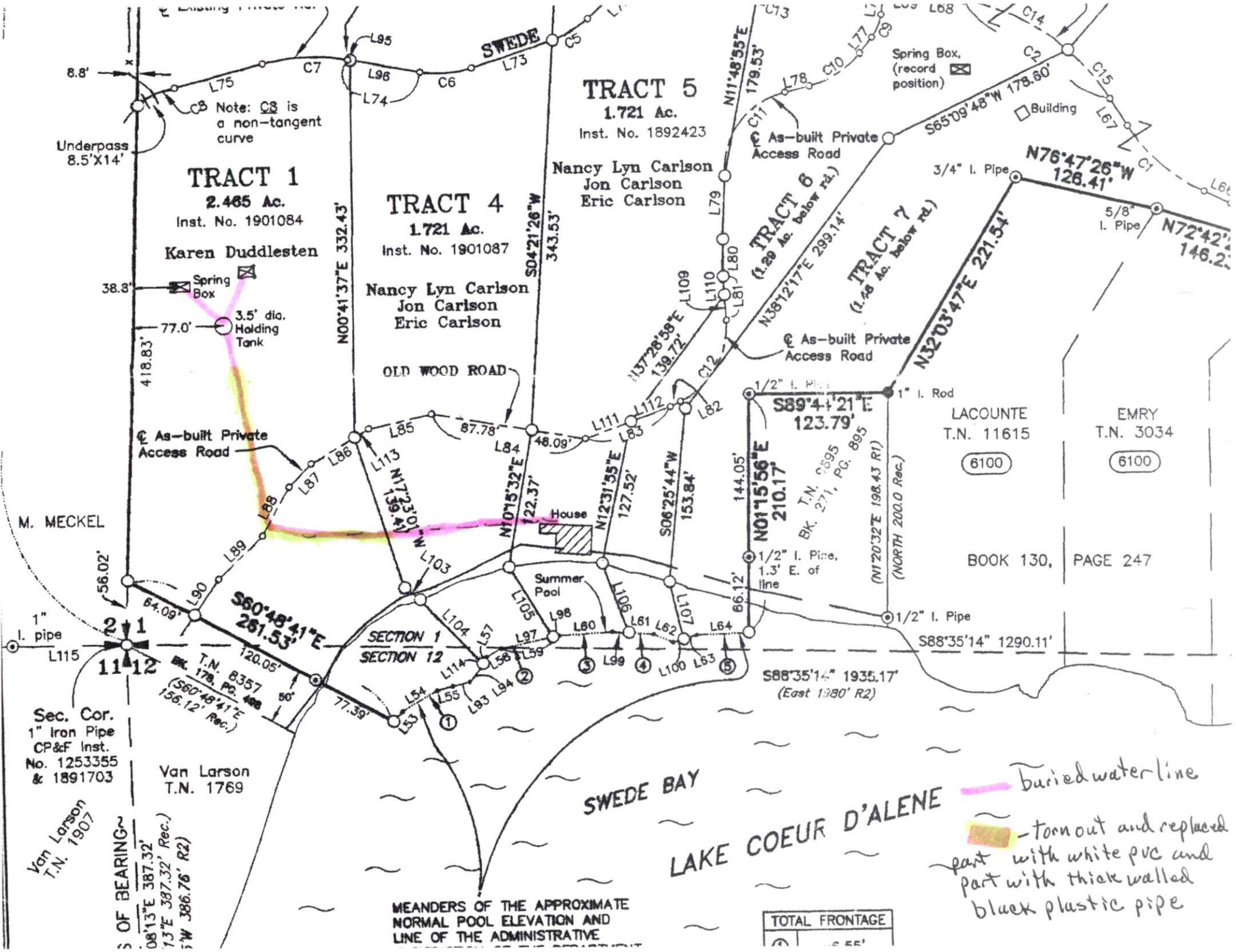
GOV'T. LOT 1, SEC. 12 &
THE SW 1/4 OF THE SW 1/4, SEC. 1,
T.49N., R.4W., B.M.,
KOOTENAI COUNTY, IDAHO

SURVEYOR'S CERTIFICATE
I, SCOTT M. RASOR, PROFESSIONAL LAND SURVEYOR No. 6374 IN THE STATE OF IDAHO, DO HEREBY CERTIFY THAT THIS SURVEY WAS MADE BY ME OR UNDER MY SUPERVISION FOR THE H. E. LARSON TRUST.

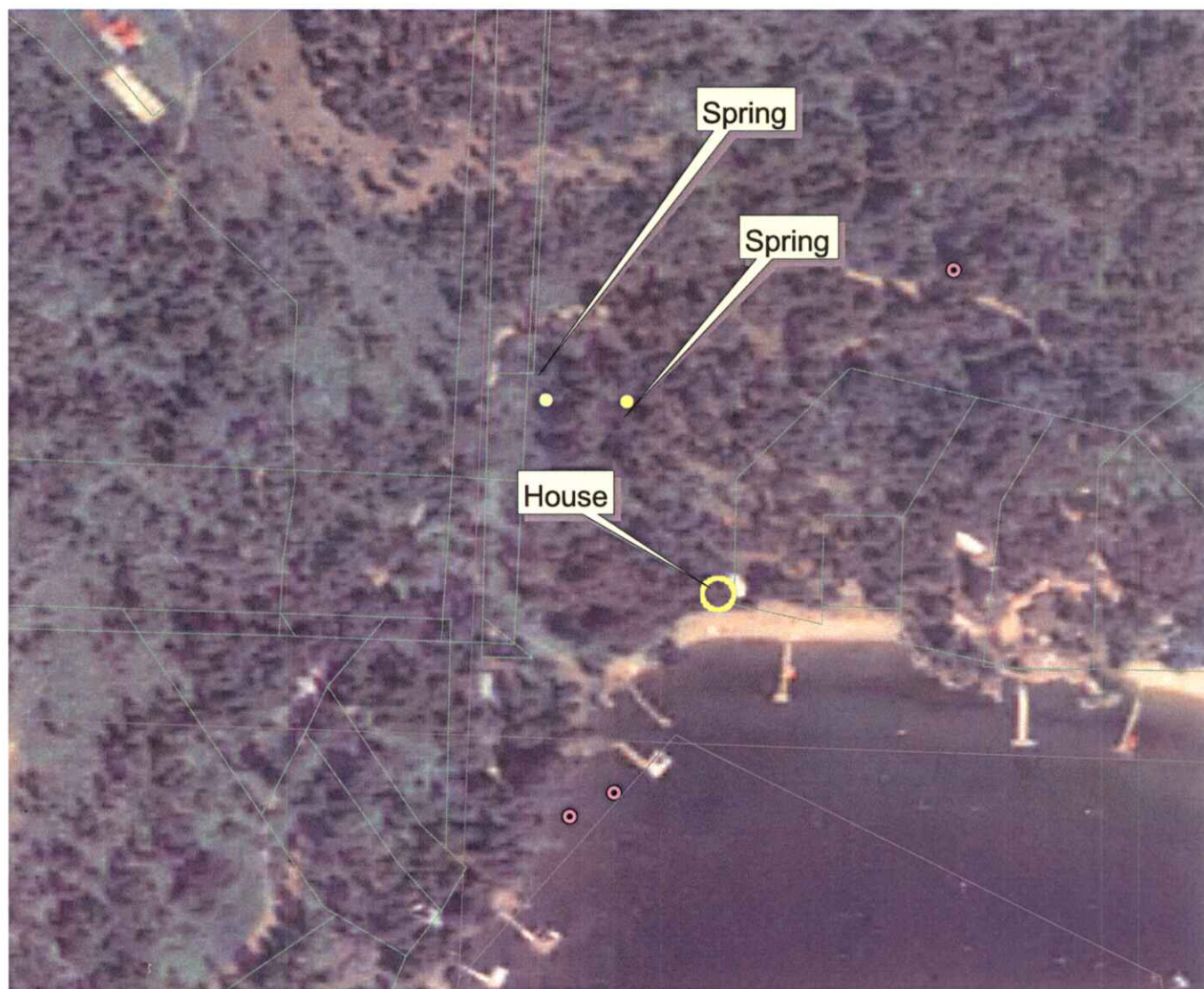
Scott M. Rasor 9/17/04
SCOTT M. RASOR, PLS 6374 DATE



67.38'
50.53'
38.01'
③④⑤







0.03 0 0.03 0.06 Miles

-  Pou.shp
-  Pod.shp
-  Kootenai taxlots
-  GCDB49N04W GCDB
-  Right POD



RECEIVED

MAR 10 2006

IDWR/North

AFFIDAVIT OF PUBLICATION

STATE OF IDAHO,
County of Kootenai, } ss.

Debbie Magnuson

being first duly sworn

upon oath deposes and says:

1. I am now and at all times hereinafter mentioned was a citizen of the United States, resident of the State of Idaho, over the age of twenty-one years and not a party of the above entitled action.

2. I am now and at all times hereinafter mentioned was the printer (principal clerk) of the "Coeur d'Alene Press," a newspaper printed and published daily except Sunday in Coeur d'Alene, Kootenai County, Idaho, and having a general circulation in said county

3. The

Legal Notice

of which the annexed is a printed copy, was published in the regular Thursday issue of said newspaper for 2 consecutive weeks commencing on the 2nd day of March 2006, and ending on the 9th day of March 2006, and such publication was made as often during said period as said newspaper was regularly issued.

4. That said newspaper has been continuously and uninterruptedly published in said Kootenai County, during a period of more than seventy-eight consecutive weeks immediately prior to the first publication of said notice Debbie Magnuson On this 9th day of March in the year of 2006, before me, a Notary Public, personally appeared Debbie Magnuson, known or identified to me to be the person whose name subscribed to the within instrument, and being by me first duly sworn, declared that the statements therein are true, and acknowledged to me that he executed the same.

Debbie Magnuson
Notary Public for the State of Idaho,
residing at Coeur d'Alene, Idaho.

MY COMMISSION EXPIRES 6/18/09

LEGAL NOTICE

The following claim(s) have been filed based on diversion and beneficial use of water:

95-9328

GAIL LARSON

PO BOX 125

SPRINGFIELD NY 13468

Point(s) of Diversion SWSW S1 T49N R04W KOOTENAI County

Source SPRING - Tributary To SINKS 0.04 CFS

Use: DOMESTIC 01/01 To 12/31

Total Diversion: 0.04 CFS

Priority Date: 12/31/1932

Place Of Use: DOMESTIC

T49N R04W S1 SWSW

95-9329

GAIL LARSON

PO BOX 125

SPRINGFIELD CENTER NY 13468

Point(s) of Diversion SWSW S1 T49N R04W KOOTENAI County

Source COEUR D'ALENE LAKE - Tributary To SPOKANE RIVER 0.04 CFS

Use: DOMESTIC 01/01 To 12/31

Total Diversion: 0.04 CFS

Priority Date: 12/31/1968

Place Of Use: DOMESTIC

T49N R04W S1 SWSW

95-9330

NANCY CARLSON

203 SPRINGVIEW DR

LYNDEN WA 98264

Point(s) of Diversion SWSW S1 T49N R04W KOOTENAI County

Source COEUR D'ALENE LAKE - Tributary To SPOKANE RIVER 0.04 CFS

Use: DOMESTIC 01/01 To 12/31

Total Diversion: 0.04 CFS

Priority Date: 12/31/1968

Place Of Use: DOMESTIC

T49N R04W S1 SWSW

95-9331

NANCY CARLSON

203 SPRINGVIEW DR

LYNDEN WA 98264

Point(s) of Diversion (2) SWSWSW S1 T49N R04W KOOTENAI

County

Source SPRING - Tributary To SINKS

Use: DOMESTIC 01/01 To 12/31 0.04 CFS

Total Diversion: 0.04 CFS

Priority Date: 12/31/1968

Place Of Use: DOMESTIC

T49N R04W S1 SWSW

Exceptions to a claim may be filed with the Department of Water

Resource, Northern Region, 1910 Northwest Blvd, Suite 210, Coeur

D'Alene ID 83814 together with an exception fee of \$25.00.

KARL J DREHER, Director

Legal 8770

March 2, 9, 2006

James and Karen Duddleston
1912 Glenview Drive
Las Vegas, NV 89134
(702) 256-5445
lvkaren@cox.net

RECEIVED

FEB 23 2006

DEPARTMENT OF
WATER RESOURCES

RECEIVED
MAR 01 2006
IDWR/North

February 17, 2006

State of Idaho, Department of Water Resources
PO Box 83720
Boise, Idaho 83720

RE: Water Right Application 96-9331

In the Water Rights Application referenced above, Mrs. Nancy Carlson has filed as back-up documents a Settlement Agreement (6) and copy of the Two Springs Reservoir Agreement and is using these documents to make a statutory claim for water rights for a spring located on property owned by my husband and I. We object to this claim without additional action by your department.

Under the Settlement Agreement filed with the Carlsons application for the Two Springs, the Carlsons have an obligation to clean the spring box by March 30, of each year. Mrs. Carlson failed to perform this task in the year 2005, and in addition, in April 2005 severed the domestic use of this water source under her own house located on parcel # 20194.

Therefore, the claim filed for domestic use is in error as this spring does not serve a beneficial domestic use for Mrs. Carlson's property and has not for almost a year. If Mrs. Carlson is changing her claim to serve irrigation on her property then I do not believe she has a right at all to a new claim on the spring located on my property. If Mrs. Carlson now feels that she has rights under the above referenced documents, the Department should invalidate her objections to my permit application # 95-9268 which claimed rights under the same documents. It appears Mrs. Carlson wants to use the document only in her favor.

In addition, under the referenced document Mrs. Carlson can only use this spring for the benefit of the existing house, not for additional lots or other uses. At this time, it appears Mrs. Carlson plans to use this claim for irrigation purposes, which are not detailed in the filed Water Rights Claim. This spring has been used only for domestic drinking and interior household water, and not for irrigation, as there have historically been 3 houses using this spring for domestic water. Because the waterlines to the domestic house

system have been replaced by a lake water system, Claim #96-9331 filed by Mrs. Carlson should be a new use, subject to a new application, not an existing use. The spring on our property has not served the Carlson's property for irrigation purposes.

Mrs. Carlson's application does not reflect the current use of the water in question. I would request that Mrs. Carlson's application be held until these issues are resolved.

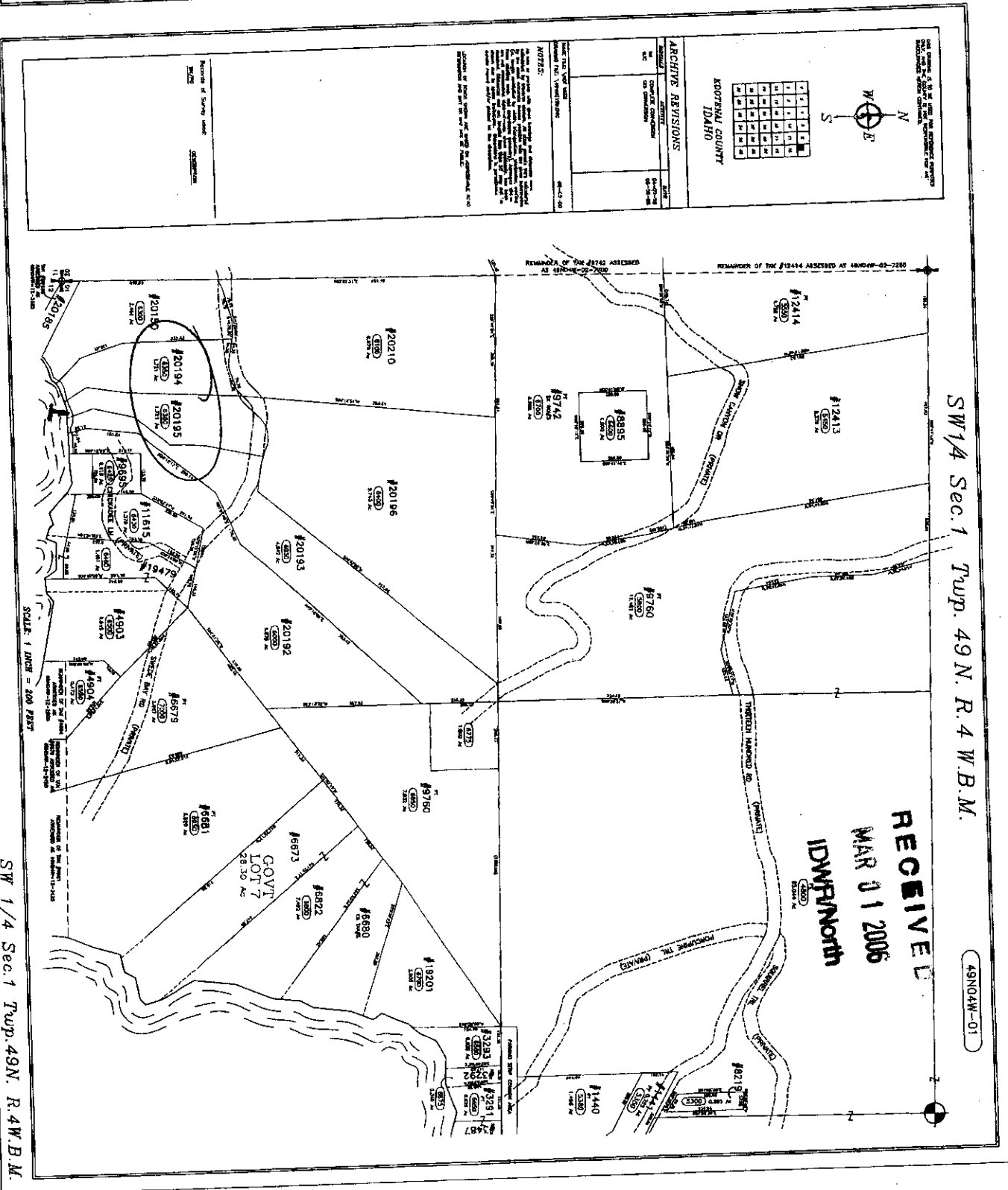
Sincerely,

A handwritten signature in black ink that reads "Karen Duddleston". The signature is written in a cursive style with a large, stylized "K" and "D".

Karen Duddleston

The revision dates below represent the file save dates for the posting of the listed revisions.
The archive dates for these revisions are posted within the ARCHIVE REVISIONS box in the drawing title block.

04/01/93 - bc
49NDUW-01-8775 out of 5800 (2N)
49NDUW-01-8850 out of 5800 (2N)
01/17/02 - RE
49NDUW-01-8700 - redacted as for § 50101 (02)
11/05/02 - WMC
Pm 49NDUW-01-8600 redacted as for § 51475 (02)
06/05/04 - WMC
49NDUW-01-8600. Pm of the § 50150 out from 6100, redacted
49NDUW-01-8600. Pm of the § 50150 obtained on fm of 49NDUW-12-3175 (02)
06/02/04 - WMC
49NDUW-12-3175 redacted as for § 50150 items 3000 (04)
09/07/04 - WMC
49NDUW-01-8600, 4320 at 6100 (02)
49NDUW-01-8600 out of 6100 at 5400 (02)
49NDUW-01-8400 redacted as for § 50150 (02)
09/21/04 - WMC
49NDUW-12-3175 contained of 11-24-03 for § 50150,
49NDUW-12-3175 redacted as for § 50150.
16/05 - WMC
Retired fm, an 49NDUW-12-3115 (to whom in this section) (02)



TWO SPRINGS RESERVOIR AGREEMENT

THIS AGREEMENT is made this 3rd day of August, 2004, by and between VAN B. LARSON and JUDY L. CAREY, husband and wife, NANCY LYN CARLSON, ERIC CARLSON, JON CARLSON and KAREN DUDDLESTEN as follows:

RECITALS

There is located on the real property described on Schedule A attached hereto and made a part hereof two springs and a reservoir.

VAN LARSON and JUDY L. CAREY have equal rights to the water from the two springs/reservoir with NANCY LYN CARLSON, ERIC CARLSON and JON CARLSON. These riparian water rights are prescriptive, grandfathered and run with the land legally described on Schedules B (VAN LARSON and JUDY L. CAREY) and C (NANCY LYN CARLSON, ERIC CARLSON and JON CARLSON), attached hereto and made a part hereof.

KAREN DUDDLESTEN, as owner of the property described on Schedule A in which the two springs/reservoir are located, has equal rights to the water from the two springs/reservoir, subject to any applicable governmental regulations and permits.

The purpose of this Two Springs Reservoir Agreement is to recognize each party's right in and to the water for the two springs/reservoir and to insure maintenance of the two springs/reservoir.

AGREEMENT

Each party agrees that the other parties have an equal right to the two springs/reservoir and an equal right to take water from the two springs/reservoir, subject to any applicable governmental regulations and permits.

Each party recognizes that the other parties have the right to enter on the lands described on Schedule A and to place, replace, bury and maintain water pipes as they now exist for the purpose of conducting water from the two springs/reservoir to their respective dwelling places that are currently receiving water from the two springs/reservoir.

Each party who actually draws water from the two springs/reservoir agrees that they will keep and maintain the two springs/reservoir in good order and shall bear their proportionate share of all expenses incurred in the maintenance and operation of the two springs/reservoir.

Each party who actually draws water from the two springs/reservoir agrees to clean in a prudent and reasonable manner the two springs and reservoir on a rotating basis at their own expense. Thus, if two parties are drawing water from the two springs/reservoir, then the two parties agree that every other year, they are responsible for cleaning in a prudent and reasonable manner the two springs and reservoir prior to March 30 of that year. If three parties are actually drawing water from the two springs/reservoir, then each party shall be responsible to clean in a prudent and reasonable manner the two springs/reservoir every third year by March 30 of that year. If a party fails to clean in a prudent and reasonable manner the two springs and reservoir when that party is obligated to do so, then that party shall not draw any water from the two springs/reservoir for that entire calendar year.

Each party shall have the right and easement to take water and to store, and to conduct, the same over, on, through and across, the land described on Schedule A, subject however to the above conditions of maintenance, and any applicable governmental regulations and permits.

The water lines to and from the two springs and reservoir may be moved by KAREN DUDDLESTEN at her expense so long as it does not interfere, damage or change the rights of the owners of the property of Schedules B and C.

NANCY LYN CARLSON, ERIC CARLSON and JON CARLSON will make reasonable efforts to develop an alternative source of water such as from Coeur d'Alene Lake, a well or spring on a Swede Bay property, or from the well/spring belonging to GAIL LARSON and GUENEVER LINNEA ALDRICH above the greenhouse owned by GAIL LARSON.

KAREN DUDDLESTEN shall not be responsible or have any liability for the two springs and reservoir, the lines and water therefrom if she does not hook up to the two springs and reservoir or water therefrom.

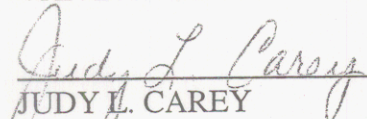
This Two Springs Reservoir Agreement shall enure to the parties hereto and their heirs, assigns, successors and personal representatives forever.

DATED this 3rd day of August, 2004.

PARTY OF THE FIRST PART:

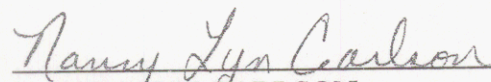


VAN B. LARSON

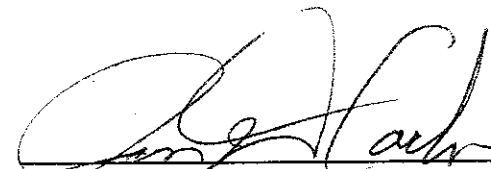


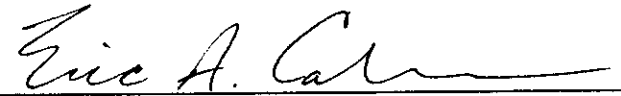
JUDY L. CAREY

PARTY OF THE SECOND PART:

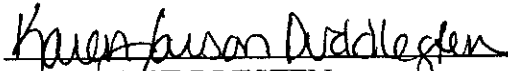


NANCY LYN CARLSON

 8/3/04
JON CARLSON


ERIC CARLSON

PARTY OF THE THIRD PART:


KAREN DUDDLESTEN

I:\Spodocs\91111\00108\agree\00193047.WPD:lg

thence South 17°23'01" East, a distance of 139.41 feet to an iron rod, 5/8 inch diameter, 30 inches long with a plastic cap marked PLS 6374;

thence South 51°18'38" East, a distance of 17.41 feet to an iron rod, 5/8 inch diameter, with a plastic cap marked PLS 6374;

thence South 43°08'10" East, a distance of 77.73 feet to an iron rod, 5/8 inch diameter with a plastic cap marked PLS 6374 on the shore of Lake Coeur d' Alene at approximate Summer Pool, 2128 Avista Elevation;

thence along said shore line at approximate Summer Pool the following six (6) courses:

1. South 27°59'39" West, a distance of 4.25 feet;
2. thence South 38°28'48" West, a distance of 15.30 feet;
3. thence South 75°07'37" West, a distance of 15.30 feet;
4. thence South 77°09'44" West, a distance of 14.40 feet;
5. thence South 59°34'24" West, a distance of 35.38 feet;
6. thence South 41°42'24" West, a distance of 11.92 feet to an iron rod, 5/8 inch diameter with a plastic cap marked PLS 6374;

thence leaving said shore line, North 60°48'41" West, a distance of 261.53 feet to the Point of Beginning, containing 2.465 acres of land more or less;

Subject to:

Any existing Easements, covenants, conditions, rights, reservations, restrictions or encumbrances of record or in view including right-of-way for existing Swede Bay Road and the Old Wood Road.