

SPECK & AANESTAD
A PROFESSIONAL CORPORATION
ATTORNEYS

JAMES P. SPECK
jim@speckandaanestad.com
DOUGLAS J. AANESTAD
doug@speckandaanestad.com

120 EAST AVENUE
POST OFFICE BOX 987
KETCHUM, IDAHO 83340

TELEPHONE
(208) 726-4421
FACSIMILE
(208) 726-0752

May 12, 2008

Mr. Allen Merritt
Idaho Department of Water Resources
1341 Fillmore, Suite 200
Twin Falls ID 83301

RECEIVED
MAY 16 2008
DEPT. OF WATER RESOURCES
SOUTHERN REGION

Re: Assignment of Permit No. 37-8388
Our File No.: 570/070071

Dear Allen:

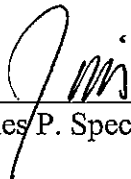
Enclosed you will find the original and one copy of the Assignment of Permit No. 37-8388 from Steven D. Reuther to SDRTR, LLC. I am also enclosing my firm's check payable to the Department for the \$25 filing fee. Please have your secretary receipt date stamp the copy and return it to me in postage, pre-paid self-addressed envelope included for that purpose.

I am also enclosing the service copies of the Petition to Reinstate Lapsed Water Right Permit No. 37-8388, the Affidavit of Steven D. Reuther, the Affidavit of James P. Speck and Affidavit of David Rosser in support of that Petition.

Please call me if you have any questions. Thank you.

Sincerely yours,

SPECK & AANESTAD
A Professional Corporation

By: 
James P. Speck

JPS:jal
Enclosures
cc: Client (w/encls.)
Edward A. Lawson (w/encls.)

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FACSIMILE
(208) 726-0752

May 12, 2008

Mr. David Tuthill, Director
Idaho Department of Water Resources
322 E. Front Street
P. O. Box 83720
Boise ID 83720-0098

RECEIVED

MAY 16 2008

DEPARTMENT OF
WATER RESOURCES

Re: Petition to Reinstate Lapsed Water Right
Permit No. 37-8388
Our File No.: 570/070071

Dear Dave:

I represent SDRTR, LLC, the current owner by assignment of the above-referenced water right Permit No. 37-8388. Enclosed you will find the original and one copy each of a Petition to Reinstate Lapsed Water Right Permit No. 37-8388, Affidavit of Steven D. Reuther, Affidavit of James P. Speck and Affidavit of David Rosser. Please have your secretary receipt date stamp the copies and return them to me in the postage, pre-paid self-addressed envelope included for that purpose. I have also enclosed your copies of (a) my letter of this same date to Allen Merritt filing the Assignment of Permit and (b) the Assignment of Permit.

I understand that a possible Notice of Violation letter has gone out with respect to the current diversion of water pursuant to this Permit. Please consider this Petition the response by SDRTR, LLC as the current owner of the permit.

I will be out of the office until June 6, 2008, but I can be reached by email in the meantime. If you need any additional information, please contact my office and also send me an email. I respectfully request that any further action with respect to the possible Notice of Violation be placed on hold until I return in June. Thank you.

Sincerely yours,

SPECK & AANESTAD
A Professional Corporation

By: 
James P. Speck

JPS:jal
Enclosures
cc: Client (w/encls.)
Edward A. Lawson (w/encls.)

James P. Speck, Esq., ISB # 2067
SPECK & AANESTAD
A Professional Corporation
120 East Avenue
Post Office Box 987
Ketchum, Idaho 83340
Telephone (208) 726-4421
Facsimile (208) 726-0752
Attorneys for Permit Assignee SDRTR, LLC

RECEIVED

MAY 16 2008

DEPARTMENT OF
WATER RESOURCES

ORIGINAL IN RED

BEFORE THE IDAHO DEPARTMENT OF WATER RESOURCES

IN THE MATTER OF PERMIT NO. 37-	)	
8388 IN THE NAME OF STEVEN D.	)	
REUTHER	)	PETITION TO REINSTATE LAPSED
	)	WATER RIGHT PERMIT NO. 37-
	)	8388
	)	

SDRTR, LLC ("SDRTR"), by and through its attorney, James P. Speck, of Speck & Aanestad, A Professional Corporation, hereby petitions the Idaho Department of Water Resources (the "Department") pursuant to I.C. § 42-218a to reinstate lapsed Water Right Permit No.37-8388 (the "Permit"). The Department should do so because (a) there is sufficient evidence of beneficial use made during the time authorized by the permit, (b) there is reasonable cause for filing a late proof of beneficial use, and (c) the lapse was due in large part due to an error or mistake of the Department.

I. BACKGROUND

The Permit was originally issued to Bruce Gilbert with a February 3, 1989 priority date to develop certain hot water springs for domestic, heating and recreation uses. The due date for proof of beneficial use was then set for March 1, 1992. Two Extensions of Time to Prove Beneficial Use were granted due to delays in negotiating a land exchange with the United States Forest Service. That land exchange was finally completed and the subdivision plat amended in April, 1998 to incorporate the land which includes the hot springs developed under the Permit into private

ownership on Lot 1A of Warfield Hot Springs Subdivision (subsequently again amended and now known as Lot 1B and hereinafter referred to as the "Lot").

On May 15, 2000 the Permit was assigned to Steven D. Reuther ("Reuther") who had purchased the Lot. The address listed in the assignment of permit was Reuther's home in California at 10772 Chalon Road, Los Angeles, CA 9007 (Affidavit of Steven D. Reuther hereinafter "Reuther Affidavit," paragraph 1).

Upon closing this purchase, Reuther commenced construction of residential improvements to the Lot, incorporating a heating and snowmelt system using the hot springs as the heat source. In February, 2001, realizing he could not meet the March 1, 2001 proof due deadline, Reuther filed a request for extension of time. The materials filed in support of that request indicate Reuther had spent approximately \$377,000 on developing the heating and snowmelt system as of January 8, 2001. On February 15, 2001 the Department granted this request and extended the proof of beneficial use deadline to March 1, 2006. (Reuther Affidavit, paragraph 2).

In May, 2003 Reuther sold his home at 10772 Chalon Road. He did not, however, provide the Department with a new mailing address for future correspondence relating to the Permit. (Reuther Affidavit, paragraph 3).

In April 2004 Reuther conveyed the Lot to his living trust. Then in February 2006 Reuther, as trustee of his living trust, conveyed the Lot to SDRTR and in November, 2006 Reuther assigned all of his membership interest in SDRTR to the other member of the LLC, Anthony Robbins ("Robbins"). (Reuther Affidavit, paragraph 4). However, it was not until August 2007 when Robbins discovered the Permit had lapsed that Robbins also discovered the Permit had not been assigned to SDRTR. An assignment of permit was then completed and signed December 19, 2007.

On January 17, 2005, Mr. Travis L. Thompson wrote a letter to Mr. Allen Merritt at the Idaho

Department of Water Resources regarding a complaint by his client, Michael Stonebeck, that Mr. Reuther's hot water system was interfering with Mr. Stonebeck's water rights. (Affidavit of James P. Speck, hereinafter "Speck Affidavit"). On January 24, 2005, Mr. Speck wrote a letter to Mr. Merritt on behalf of Mr. Reuther in response to Mr. Thompson's letter enclosing an analysis by Brockway Engineering which concluded there will be no such interference. (Speck Affidavit, paragraph 2). On that same day, Mr. Merritt wrote a letter to Mr. Thompson with a copy to Mr. Speck responding to Mr. Thompson's requests (Speck Affidavit, paragraph 4).

On December 30, 2005, the Proof Due Notice for Permit No. 37-8388 was mailed to Mr. Reuther at 10772 Chalon Road, Los Angeles, California 90077 (Speck Affidavit, paragraph 5). That letter was returned to the Department on February 22, 2006 as undeliverable and unable to forward. (Speck Affidavit, paragraph 6). The Lapse Notice for Permit No. 37-8388 was mailed on March 13, 2006 to Mr. Reuther at 10772 Chalon Road, Los Angeles, California 90077 (Speck Affidavit, paragraph 7). That letter was returned to the Department on May 12, 2006 as undeliverable and unable to forward. (Speck Affidavit, paragraph 8). The hot water system to heat the home, melt snow from the driveway and fill a hot tub was completed by June, 2004. (Affidavit of Rosser, paragraph 2).

II. ARGUMENT

A. There is evidence of beneficial use made during the time authorized by the Permit.

The correspondence among Mr. Thompson, Mr. Merritt and Mr. Speck in January, 2005 indicates that Mr. Reuther's hot water system was by then in place and operating pursuant to Permit No. 37-8388 and that IDWR was aware of this fact. David Rosser, the building contractor for Mr. Reuther, confirms the system was completed and in operation by June, 2004.

B. There is reasonable cause for filing a late proof of beneficial use. Certainly the above-referenced correspondence among Mr. Thompson, Mr. Speck and Mr. Merritt is evidence that IDWR had notice that Mr. Reuther had developed his hot water system pursuant to the Permit and it was in operation. It is unfortunate that Mr. Reuther did not advise IDWR that his mailing address had changed from the 10722 Chalon Road, Los Angeles, CA 90077 in 2003. However, when both the Proof Due Notice and Lapse Notice were returned to IDWR as undeliverable in February, 2006 and May 2006, respectively, IDWR made no additional effort to contact Mr. Reuther. At the same time, IDWR was fully aware that within the previous year Mr. Speck was acting as Mr. Reuther's attorney and representative with respect to this water system, yet no effort was made by IDWR to contact Mr. Speck regarding its inability to reach Mr. Reuther. Arguably IDWR has a duty to make reasonable efforts to notify a permit holder when IDWR deems a permit lapsed in light of the resulting consequence that the permit will become invalid and the permit holder loses a water right he may have legitimately developed. There is no evidence that IDWR made any such effort in this case. This failure alone warrants reinstatement of the permit with its original priority date.

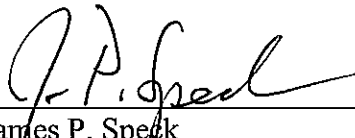
III. CONCLUSION

IDWR should reinstate Permit No. 37-8388 pursuant to the provisions of Idaho Code Section 42-218(a). There is sufficient evidence of beneficial use made during the time authorized by the permit, reasonable cause for filing a late proof of beneficial use and an error or mistake by IDWR failing to use reasonable efforts to notify Mr. Reuther of the lapsing of the permit.

Respectfully submitted.

Dated this 12 day of May, 2008.

SPECK & AANESTAD
A Professional Corporation
Attorneys for Permit Assignee SDRTR, LLC

By: 
James P. Speck

CERTIFICATE OF SERVICE

I hereby certify that on the 15 day of May 2008, I served a true and correct copy of the within and foregoing document upon the persons named below in the manner noted:

Mr. Allen Merritt
Idaho Department of Water Resources
1341 Fillmore, Suite 200
Twin Falls ID 83301
Fax 1-208-736-3037

☒ United States Mail, Postage Prepaid
☐ Hand Delivery
☒ Facsimile

Mr. David Tuthill, Director
IDAHO DEPARTMENT OF WATER
RESOURCES
322 East Front Street
P.O. Box 83720
Boise ID 83720-0098
Fax: 1-208-287-6700

☒ United States Mail, Postage Prepaid
☐ Hand Delivery
☒ Facsimile

SDRTR, LLC
930 S. Andreasen Drive Suite H
Escondido, CA 92029
Fax: 1-760-466-1268

☒ United States Mail, Postage Prepaid
☐ Hand Delivery
☐ Facsimile


JAMES P. SPECK

James P. Speck, Esq., ISB # 2067
SPECK & AANESTAD
A Professional Corporation
120 East Avenue
Post Office Box 987
Ketchum, Idaho 83340
Telephone (208) 726-4421
Facsimile (208) 726-0752
Attorneys for Permit Assignee SDRTR, LLC

RECEIVED
MAY 16 2008
DEPARTMENT OF
WATER RESOURCES

ORIGINAL IN RED

BEFORE THE IDAHO DEPARTMENT OF WATER RESOURCES

IN THE MATTER OF PERMIT NO. 37-)
8388 IN THE NAME OF STEVEN D.)
REUTHER) AFFIDAVIT OF STEVEN D.
) REUTHER
)
)
)
)

STATE OF California)
)ss.
County of Los Angeles)

STEVEN D. REUTHER, being first duly sworn upon oath deposes and states as follows:

1. On May 15, 2000 Permit No. 37-8388 (the "Permit") was assigned to me as part of my purchase of Lot 1B, Warfield Hot Springs Subdivision (the "Lot"). The address listed in the assignment of permit was my home in California at 10772 Chalon Road, Los Angeles, CA 90077. After closing this purchase, I commenced construction of residential improvements to the Lot, incorporating a heating and snowmelt system using the hot springs on the Lot as the heat source as provided by the Permit.

2. In February, 2001, realizing I could not meet the March 1, 2001 deadline to complete the development of the heating and snowmelt system, I filed a request for extension of time. The materials filed in support of that request show that I had spent approximately \$377,000 on developing the project and related improvements to the Lot as of January 8, 2001.

3. In May, 2003 I sold my home at 10772 Chalon Road. Mail was forwarded to me at my new home address in California for a period of time but I never received anything from the Idaho Department of Water Resources.

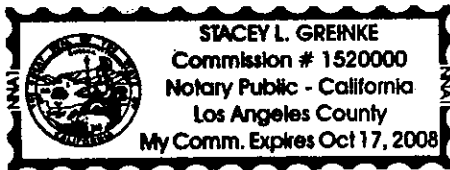
4. In April 2004 I conveyed the Lot to my living trust. In February 2006, as trustee of my living trust, I conveyed the Lot to SDRTR, LLC, an Idaho limited liability company in which I was a member together with Anthony Robbins ("Robbins"). Copies of the recorded deeds for these conveyances are attached ad Exhibits A and B, respectively. Then in November, 2006 I assigned all of my interest in SDRTR, LLC to Robbins.

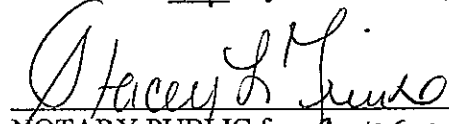
Dated this 19 day of December, 2007.



STEVEN D. REUTHER

SUBSCRIBED AND SWORN TO before me this 19 day of December, 2007.




NOTARY PUBLIC for California
Residing in: Los Angeles
My Commission Expires: October 17, 2008

CERTIFICATE OF SERVICE

I hereby certify that on the 15 day of May 2008, I served a true and correct copy of the within and foregoing document upon the persons named below in the manner noted:

Mr. Allen Merritt
Idaho Department of Water Resources
1341 Fillmore, Suite 200
Twin Falls ID 83301
Fax 1-208-736-3037

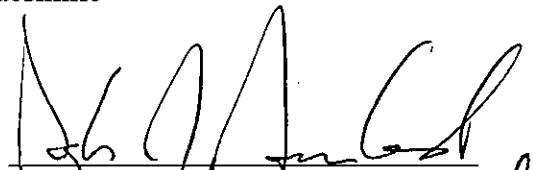
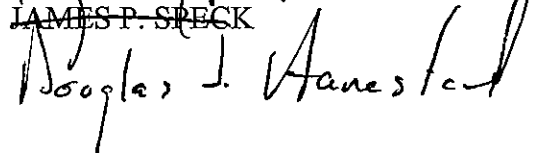
☒ United States Mail, Postage Prepaid
☐ Hand Delivery
☒ Facsimile

Mr. David Tuthill, Director
IDAHO DEPARTMENT OF WATER
RESOURCES
322 East Front Street
P.O. Box 83720
Boise ID 83720-0098
Fax: 1-208-287-6700

☒ United States Mail, Postage Prepaid
☐ Hand Delivery
☒ Facsimile

SDRTR. LLC
930 S. Andreasen Drive Suite H
Escondido, CA 92029
Fax: 1-760-466-1268

☒ United States Mail, Postage Prepaid
☐ Hand Delivery
☐ Facsimile


JAMES P. SPECK


Order No. 53901

Instrument # 502012

HAILEY, BLAINE, IDAHO
2004-04-15 03:57:00 No. of Pages: 1
Recorded for : AMERITITLE
MARSHA RIEMANN Fee: 3.00
Ex-Officio Recorder Deputy
Index to: WTYOCICORP DEED

WARRANTY DEED

FOR VALUE RECEIVED

STEVEN D REUTHER, AN UNMARRIED MAN

GRANTOR(s), do(es) hereby GRANT, BARGAIN, SELL and CONVEY unto

STEVEN D. . REUTHER, AS TRUSTEE OF THE REUTHER LIVING TRUST DATED OCTOBER 25, 1995, AS AMENDED

GRANTEE(s) whose address is: 17340 RANCHO AVE, ENCINO, CA 91316

the following described real property in Blaine County, Idaho, to wit:

Lot 1B A REPLAT OF WARFIELD HOT SPRINGS SUBDIVISION, AMENDED according to the official plat thereof, recorded as Instrument No. 439104, records of Blaine County, Idaho.

THIS DEED IS BEING RECORDED TO PLACE PROPERTY IN TRUST

Subject To: Taxes, easements established or of record, restrictions and encumbrances of record, rights reserved in federal patents, state or railroad deeds, building or use restrictions, building and zoning regulations and ordinances of any governmental unit.

TO HAVE AND TO HOLD said premises, with their appurtenances unto the said Grantee and to the Grantee's heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that the Grantor is the owner in fee simple of said premises; that they are free from all encumbrances except as described above and that Grantor will warrant and defend the same from all lawful claims whatsoever.

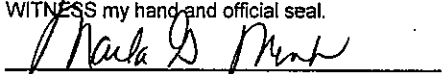
Dated: April 6, 2004


STEVEN D. . REUTHER

State of Idaho }
County of Blaine } ss.

On this 9th day of APRIL, in the year 2004, before me, the undersigned, personally appeared STEVEN D. REUTHER known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same.

WITNESS my hand and official seal.


Notary Public

Commission Expires: 02/12/09



EXHIBIT A TO AFFIDAVIT OF STEVEN D. REUTHER

Order No. 55943

WARRANTY DEED

Instrument # 532117

HAILEY, BLAINE, IDAHO

2006-02-14

03:46:00

No. of Pages: 1

Recorded for : AMERITITLE

MARSHA RIEMANN

Fee: 3.00

Ex-Officio Recorder Deputy

Index to: WTYQICORP DEED

FOR VALUE RECEIVED

STEVEN D. REUTHER, as Trustee of the Reuther Living Trust dated October 25, 1995, as amended

GRANTOR(s), do(es) hereby GRANT, BARGAIN, SELL and CONVEY unto

SDRTR, LLC, an Idaho limited liability company,

GRANTEE(s) whose address is: 17340 Rancho Avenue, Encino, CA 91316

the following described real property in Blaine County, Idaho, to wit:

Lot 1B, A REPLAT OF WARFIELD HOT SPRINGS SUBDIVISION, AMENDED according to the official plat thereof, recorded as Instrument No. 439104, records of Blaine County, Idaho.

Subject To: Taxes, easements established or of record, restrictions and encumbrances of record, rights reserved in federal patents, state or railroad deeds, building or use restrictions, building and zoning regulations and ordinances of any governmental unit.

TO HAVE AND TO HOLD said premises, with their appurtenances unto the said Grantee and to the Grantee's heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that the Grantor is the owner in fee simple of said premises; that they are free from all encumbrances except as described above and that Grantor will warrant and defend the same from all lawful claims whatsoever.

Dated: January 27, 2006

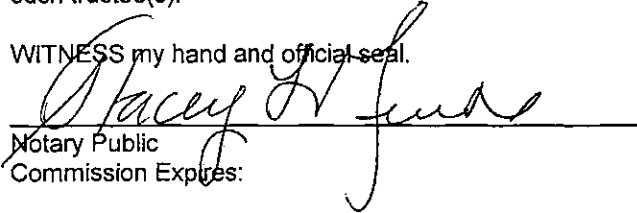
The Reuther Living Trust dated
October 25, 1995, as amended

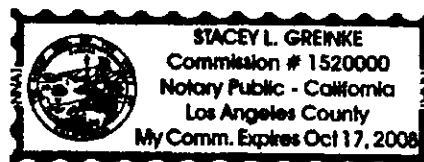

By: Steven D. Reuther, Trustee

State of California }
County of Los Angeles } ss.

On this 9 day of January, in the year 2006, before me, the undersigned, personally appeared **Steven D. Reuther**, known or identified to me to be the person(s) whose name is/are subscribed to the within instrument as trustee(s) of the **THE REUTHER LIVING TRUST DATED OCTOBER 25, 1995**, and acknowledged to me that he/she/they executed the same as such trustee(s).

WITNESS my hand and official seal.


Notary Public
Commission Expires:



James P. Speck, Esq., ISB # 2067
SPECK & AANESTAD
A Professional Corporation
120 East Avenue
Post Office Box 987
Ketchum, Idaho 83340
Telephone (208) 726-4421
Facsimile (208) 726-0752
Attorneys for Permit Assignee SDRTR, LLC

RECEIVED
MAY 16 2008
DEPARTMENT OF
WATER RESOURCES

ORIGINAL IN RED

BEFORE THE IDAHO DEPARTMENT OF WATER RESOURCES

IN THE MATTER OF PERMIT NO. 37-)
8388 IN THE NAME OF STEVEN D.)
REUTHER)

AFFIDAVIT OF JAMES P. SPECK

STATE OF IDAHO)
)ss.
County of Blaine)

JAMES P. SPECK, being first duly sworn upon oath deposes and states as follows:

1. Attached hereto as **Exhibit A** is a true and correct copy of the January 17, 2005 letter from Travis L. Thompson to Mr. Allen Merritt, Idaho Department of Water Resources.
2. Attached hereto as **Exhibit B** is a true and correct copy of my letter to Mr. Allen Merritt, Idaho Department of Water Resources dated January 24, 2005.
3. Attached hereto as **Exhibit C** is a true and correct copy of the April 30, 2003 letter from Brockway Engineering to Allen Merritt, Idaho Department of Water Resources and its enclosures which was included in the letter to Mr. Merritt described in paragraph 2, above.
4. Attached hereto as **Exhibit D** is a true and correct copy a January 24, 2005 letter from Mr. Allen Merritt, Idaho Department of Water Resources, to Mr. Travis Thompson and its

enclosures.

5. Attached hereto as **Exhibit E** is a true and correct copy of the Proof Due Notice letter to Steven D. Reuther sent December 30, 2005.

6. Attached hereto as **Exhibit F** is a true and correct copy of the envelope used to send the Proof Due Notice to Mr. Reuther.

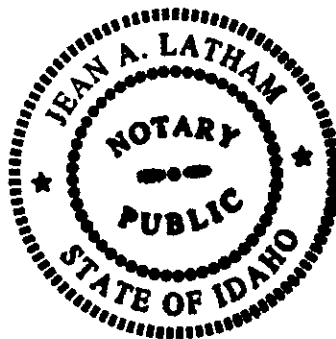
7. Attached hereto as **Exhibit G** is a true and correct copy of the Lapse Notice sent to Mr. Reuther dated March 13, 2006.

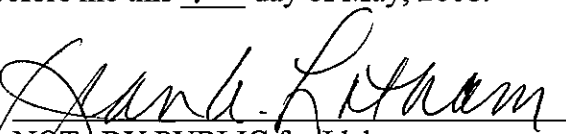
8. Attached hereto as **Exhibit H** is a true and correct copy of the envelope used to mail the Lapse Notice to Mr. Reuther.

Dated this 12 day of May, 2008.


JAMES P. SPECK

SUBSCRIBED AND SWORN TO before me this 12th day of May, 2008.




NOTARY PUBLIC for Idaho
Residing in: Blaine County
My Commission Expires: 1/25/2013

CERTIFICATE OF SERVICE

I hereby certify that on the 15 day of May 2008, I served a true and correct copy of the within and foregoing document upon the persons named below in the manner noted:

Mr. Allen Merritt
Idaho Department of Water Resources
1341 Fillmore, Suite 200
Twin Falls ID 83301
Fax 1-208-736-3037

- ☒ United States Mail, Postage Prepaid
- ☐ Hand Delivery
- ☒ Facsimile

Mr. David Tuthill, Director
IDAHO DEPARTMENT OF WATER
RESOURCES
322 East Front Street
P.O. Box 83720
Boise ID 83720-0098
Fax: 1-208-287-6700

- ☒ United States Mail, Postage Prepaid
- ☐ Hand Delivery
- ☒ Facsimile

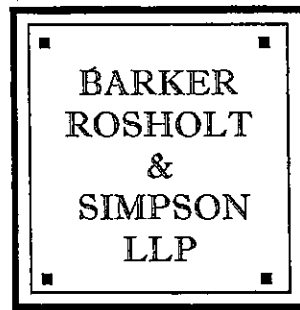
SDRTR. LLC
930 S. Andreasen Drive Suite H
Escondido, CA 92029
Fax: 1-760-466-1268

- ☒ United States Mail, Postage Prepaid
- ☐ Hand Delivery
- ☐ Facsimile



JAMES P. SPECK
Douglas J. Amestad

*John A. Rosholt
Albert P. Barker
John K. Simpson
Travis L. Thompson
Shelley M. Davis*



Travis L. Thompson
tlt@idahowaters.com

113 Main Ave. W., Suite 303
Twin Falls, ID 83301-6167
(208) 733-0700 telephone
(208) 735-2444 facsimile
jar@idahowaters.com

205 N. Tenth St., Suite 520
P.O. Box 2139
Boise, ID 83701-2139
(208) 336-0700 telephone
(208) 344-6034 facsimile
ht@idahowaters.com

RECEIVED

9 2005

SPECK & AANESTAD

January 17, 2005

Mr. Allen Merritt
Idaho Department of Water Resources
Southern Regional Office
1341 Fillmore St., Suite 200
Twin Falls, Idaho 83301-3380

Re: Warfield Hot Springs Diversions

Dear Allen:

Michael Stonebeck contacted me last week regarding his concerns over the recent drop in the water supply and temperature at his diversion at Warfield Hot Springs. As expressed in my April 28, 2003 email to you (Exhibit A), this is not the first time the pipeline system has experienced interference with the normal water flow and temperature measurements. In fact, the system witnessed a similar reduction in supply and temperature last winter as well.

My client is concerned that the installation and operation of Mr. Reuther's hot water system (collection pipe and pump) is the cause of the recent interference. Apparently IDWR has granted Mr. Reuther a water right permit (#37-8388) at the same source. The water level for my client's gravity pipeline (collection box) currently measures about two and half feet lower than normal. In addition, the water temperature has been reduced by approximately four degrees. My client estimates the total water flowing down the pipe now is about half of what it was when IDWR conducted its measurements in March 2003. The current reduction is even lower than what was experienced when I expressed concerns that the March 2003 measurements were not reflective of normal water conditions.

If the cause of the reduced water supply and temperature is the result of a third party's actions, including diversions under a junior priority water right permit, and not due to natural conditions, IDWR has a duty to investigate the interference and administer the source if necessary.

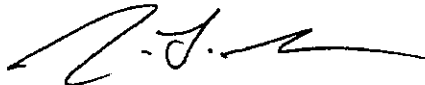
EXHIBIT A

Mr. Allen Merritt (IDWR)
January 17, 2005
Page - 2

Consequently, my client requests IDWR conduct an investigation into the cause of the interference with the source at the Warfield Hot Springs diversion. Please contact me at 733-0700 if you have any questions.

Sincerely,

BARKER ROSHOLT & SIMPSON LLP

A handwritten signature in black ink, appearing to read 'T. L. Thompson', with a stylized flourish at the end.

Travis L. Thompson

cc: Michael Stonebeck
Jim Speck (c/o Steve Reuther, Jay Pace)

EXHIBIT "A"

Travis Thompson

From: Merritt, Allen [AMerritt@idwr.state.id.us]
Sent: Tuesday, April 29, 2003 9:21 AM
To: 'Jim Speck'; Jones, Doug; 'Travis Thompson'
Cc: Merritt, Allen; jaycpace@hotmail.com; seapace@sunvalley.net; SDRPROD@aol.com
Subject: RE: RE: Warfield Hot Springs flow measurements

Gentlemen:

We do not plan on re-measuring the spring. We are currently evaluating the legal questions with staff attorneys and administrators in preparing the draft recommendations for the claims filed. We will work toward finalizing our preliminary recommendations and share drafts as soon as possible.

We are also working toward resolving the two pending applications for permit being held.

Aside from the water right questions we conclude the system as it presently exists has design flaws that exacerbate the conflict among neighbors. For example...pumps installed above the hydraulic elevation of the pipe should be lowered to eliminate the need to "prime" said pumps. This would eliminate the need for valved flow and interruption of service to downstream users. The issue of trash or debris in pipeline, constricting flow, should be investigated by users. Also closer monitoring of the spring source should be implemented by users to ascertain if Reuther's collection drain affects the pipeline spring. (Installing a staff gauge in spring box and recording levels during a pump test of Reuter's system may resolve this issue.)

All parties may wish to hire a consultant to improve and evaluate the system.

****Note that this message should not be read to infer that all parties claims/applications to water rights will ultimately be approved, recommended or decreed.

Allen & Doug

-----Original Message-----

From: Jim Speck [mailto:jimspeck@cox-internet.com]
Sent: Monday, April 28, 2003 5:31 PM
To: 'Jones, Doug'; 'Travis Thompson'
Cc: 'Merritt, Allen'; jaycpace@hotmail.com; seapace@sunvalley.net; SDRPROD@aol.com
Subject: RE: RE: Warfield Hot Springs flow measurements

Allen -

I must respectfully disagree with Travis on the need for another round of measurements. As he implies, they are not necessary to resolve the current dispute between our clients and will only serve to further delay that resolution, a process that has taken far too long already. I suggest your time is better spent completing your analyses based upon the existing data.

Thank you.

Jim

James P. Speck
SPECK & AANESTAD
A Professional Corporation

120 East Avenue
P.O. Box 987
Ketchum, ID 83340
208.726.4421
208.726.0752 (fax)
jimspeck@cox-internet.com

CONFIDENTIAL COMMUNICATION

This email message and any attachments are intended only for the use of the addressee named above and may contain information that is privileged and confidential. If you are not the intended recipient, any dissemination, distribution, or copying is strictly prohibited. If you received this email message in error, please immediately notify the sender by replying to this email message or by telephone. Thank you.

-----Original Message-----

From: Travis Thompson
Sent: Monday, April 28, 2003 12:29 PM
To: Jones, Doug; James P Speck (E-mail)
Cc: Merritt, Allen

Doug, Allen

Michael Stonebeck expressed some concern to me about the flow levels of the spring source both a few days prior and the day the measurements were taken. Apparently the flow levels dropped the week prior to your site visit in March, below what was experienced all winter, and then returned somewhat following your measurements. Accordingly, I would suggest at least one more round of measurements to obtain data on more "normal" spring flows from Warfield Hot Springs. Although it may not be necessary for the present matter, I think another measurement would be worthwhile, particularly given the other two applications for permit that are out there.

Thanks,

Travis Thompson

-----Original Message-----

From: Jones, Doug [mailto:DJones@idwr.state.id.us]
Sent: Wednesday, April 23, 2003 4:49 PM
To: James P Speck (E-mail); 'tlt@idahowaters.com'
Cc: Merritt, Allen
Subject: Warfield Hot Springs flow measurements

Gentlemen,

Mr. Speck inquired about the flow rates described in Allen Merritt's letter to Babcock and Shelton. To address this I have attached a spread sheet I compiled after returning to the office. Included on the spreadsheet are the formulas I used for the various data reductions.

During our field work preliminary calculations were made based on certain assumptions. One assumption was that the bucket(s) used were 5.0 gallons. The spreadsheet calculates the specific volume of each of the buckets. It was found that one bucket was about 5.4 gallons and the other was about 5.5 gallons. This affects the flow measurement at each point. The sum of flow for the various points measured was 33.1 gpm.

The flow measurement at the head of the pipe, calculated in the field as about 54 gallons per minute, was likewise subject to certain assumptions and a fundamental uncertainty. If you recall, Jim, I was not confident that the measurement would yield meaningful results because the meter was operated "backwards" in the pipe opening. I addressed this issue

by operating the meter in a stream near my office in both directions (pointing upstream -- normal, and then pointing downstream -- "backwards") under several flow velocity conditions. The results were supportive that the meter would yield appropriate results when operated as was done during the measurement at the head of the pipe.

The measurement at the head of the pipe was done as nearly as practicable in the center of the pipe cross section. Numerous velocity measurements were made to be certain that consistent results were obtained. By measuring velocity at the centerline we actually measured the maximum velocity occurring in the pipe cross section. In order to calculate pipe flow the average velocity is used. It is a well established hydraulic fact that fluid velocity in a pipe is maximum at the center and minimum at the edges. Reference to standard texts on fluid mechanics state that the ratio of Average Velocity to Maximum Velocity is 0.5. However, other factors are also influencing the measurement under the conditions in which it was made (e.g. edge effects, intake shape, measuring device profile). Many of these factors cannot be determined with precision. Allen and I conclude that a more appropriate ratio to use is 0.7. Therefore the 54 gpm maximum is adjusted by .7 to yield a flow rate of about 38 gpm.

In conclusion, given the accuracy constraints of the measurement methods, the estimated velocity ratio assumption, and undocumented "leaky" pipe conditions I have reasonable confidence in the measurement results. I hope this addresses your questions. Please let me know if you need anything else. Allen and I will be proceeding with our analyses and hope to be in touch again soon.

Thanks for your patience and assistance.

Douglas Jones

<<Flow Rate Calc.xls>>

SPECK & AANESTAD

A PROFESSIONAL CORPORATION
ATTORNEYS

120 EAST AVENUE
POST OFFICE BOX 987
KETCHUM, IDAHO 83340

JAMES P. SPECK
jimspeck@cox-internet.com

DOUGLAS J. AANESTAD
aanestad@cox-internet.com

TELEPHONE
(208) 726-4421
FACSIMILE
(208) 726-0732

January 24, 2005

Mr. Allen Merritt
Idaho Department of Water Resources
1341 Fillmore, Suite 200
Twin Falls, Idaho 83301

Re: Warfield Hot Springs Diversions
Our File No. 1168/990235

Dear Allen:

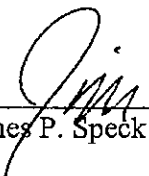
I am writing in response to Travis Thompson's January 17, 2005 letter to you concerning the above-referenced matter. As you know, I represent both Steve Reuther and Jay Pace.

In the spring of 2003 Brockway Engineering conducted tests on Mr. Reuther's diversion works and its possible impact on water flows for the historical gravity pipeline collection box. A written report was prepared and sent to you. I am including a copy for reference purposes. It clearly establishes that diversions pursuant to Mr. Reuther's permit do not have any impact at all on water flows in the old gravity pipeline. Furthermore, at this point Mr. Stonebeck has nothing more than a claim to a water right.

The burden is on Mr. Stonebeck to establish that any problems with water delivery through the old gravity pipeline are due to the diversions made by Mr. Reuther. This is especially so in light of the Brockway report. Mr. Stonebeck does not have any such proof or evidence and his request for an investigation should simply be disregarded.

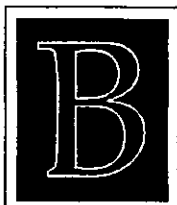
Sincerely yours,

SPECK & AANESTAD
A Professional Corporation

By: 
James P. Speck

JPS/jef
Enclosure
cc: S. Reuther w/encl.

EXHIBIT B



BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

RECEIVED

MAY 01 2003

SPECK & AANESTAD

April 30, 2003

Mr. Allen Merritt
Southern Region
Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, ID 83301

Subject: Reuther Property-Warm Springs Creek -Geothermal
Development

Dear Allen:

Enclosed is a brief report on the geothermal development for the Reuther property at Warfield Hot Springs on Warm Springs Creek above Ketchum.

The low temperature geothermal evaluation objective was to develop the resource without impacting existing uses, particularly the discharge allowable to the pipeline serving the neighbors from the 'old' concrete collector.

Please call me if you have any questions.

Sincerely,

Charles E. Brockway, P.E., Ph.D.

CHARLES E.
BROCKWAY,
PH.D., P.E.

CHARLES G.
BROCKWAY,
PH.D., P.E.

Enclosure: Geothermal Development Report

cc: Jim Speck

2016 NORTH
WASHINGTON
STREET • SUITE 4

TWIN FALLS,
IDAHO 83301

208•736•8543

FAX: 736•8506

EXHIBIT C

Reuther Property
Geothermal Collector System
Analysis and Design
Brockway Engineering P.L.L.C.
April 29, 2003

The Reuther Property is located at Warfield Hotsprings on Warm Springs Creek west of Ketchum, Idaho. Specifically, the property is part of subdivided Homestead Entry 389. Low temperature geothermal springs have been historically developed and utilized by different parties. Currently, the only development is from a spring source near the new road to the Reuther residence. An existing spring has been developed by construction of a vertical, 4 ft diameter concrete pipe with a 6 inch PVC pipe conveying water south to owners of lots within the subdivision ('old' collector). Water rights to be diverted from this source are not specific as to the discharge authorized.

The objective of this project was to evaluate the feasibility of low temperature geothermal water development for the new Reuther residence. This entailed evaluation of the source and magnitude of potential development for design of geothermal heating systems and other geothermal water uses associated with the residence. One constraint on the development was maintenance of 'historical flow' in the pipeline serving existing users.

Site evaluation included determination of the source(s) of geothermal water and identification of geology and formations from which geothermal water could be developed. This involved an inventory of the existing sites, strategically located test pits to identify the flow patterns and low temperature geothermal water interactions with Warm Springs Creek.

A pre-construction pump test was performed to determine the feasibility of locating a permanent hot water collector near the south end of the property adjacent to Warm Springs Creek. During this test, water levels in open test pits were monitored to determine the response of the geothermal system to pumping of the test pit. Water levels in the 'old' concrete collector were monitored during the test and no response was observed during the approximately 8 hour test.

Based on the aquifer evaluation and pump test, a permanent concrete collector was designed and installed near the south end of the project. A perforated buried pipe collector was installed approximately parallel to Warm Springs Creek and leading to the concrete collector.

A pumping test was performed on October 21, 2001 on the new collector using a portable pump. Water levels and temperature in the new collector and the 'old' collector were monitored to determine the collector yield and ascertain whether there was any impact of pumping on the 'old' collector from which water flows to the neighbors pipeline.

The pumping test was conducted for 6.5 hours with discharges from 103 to 185 gpm and resulting drawdown in the pumped collector from 0.53 to 1.18 feet. There was no change in the water level in the 'old' collector during the test. No temperature change was observed in the pumped water. The data is shown on Data Chart 2 and accompanying spreadsheet.

Based on this data a maximum design discharge for the Reuther geothermal system of 185 gpm was recommended.

Data

Reuther Property
Geothermal Collector Pump Test

Brockway Engineering Oct. 23, 2001

Elevation of Measuring Point for Collector Water Level 96.02

Elevation of Measuring Point-Old Collector Water Level 98.06

Orifice Dia Cd	Area Orifice ft^2
2.512	0.694 0.034416
3.009	0.776 0.049382

Time	Depth to Water in Collector Ft	Elev. of Water in Collector Ft	Orifice Dia. Inches	Discharge Meas. 4 Inch Pipe Orifice Head Inches	Discharge gpm	Water Temp. Pumped Deg F	Depth to Water-Old Collector Ft
9:20 AM							
9:55 AM	1.62	94.40					0.99
10:40 AM			2.50	18.50	106.8		
10:45 AM	1.79	94.23	2.50	18.50	106.8		
10:48 AM	1.84	94.18	2.50	18.00	105.4	115.4	
10:51 AM	1.93	94.09	2.50	17.50	103.9		
10:58 AM			2.50				0.99
11:01 AM	2.00	94.02	2.50	17.25	103.14	113.6	
11:10 AM	2.05	93.97	2.50	17.25	103.14		
11:20 AM	2.10	93.92	2.50	17.00	102.39	113.8	
11:30 AM	2.11	93.91	2.50	17.38	103.51		
11:35 AM			2.50				0.98
11:50 AM	2.13	93.89	2.50	17.25	103.14	114.4	
12:00 PM			2.50				0.98

Start Pump

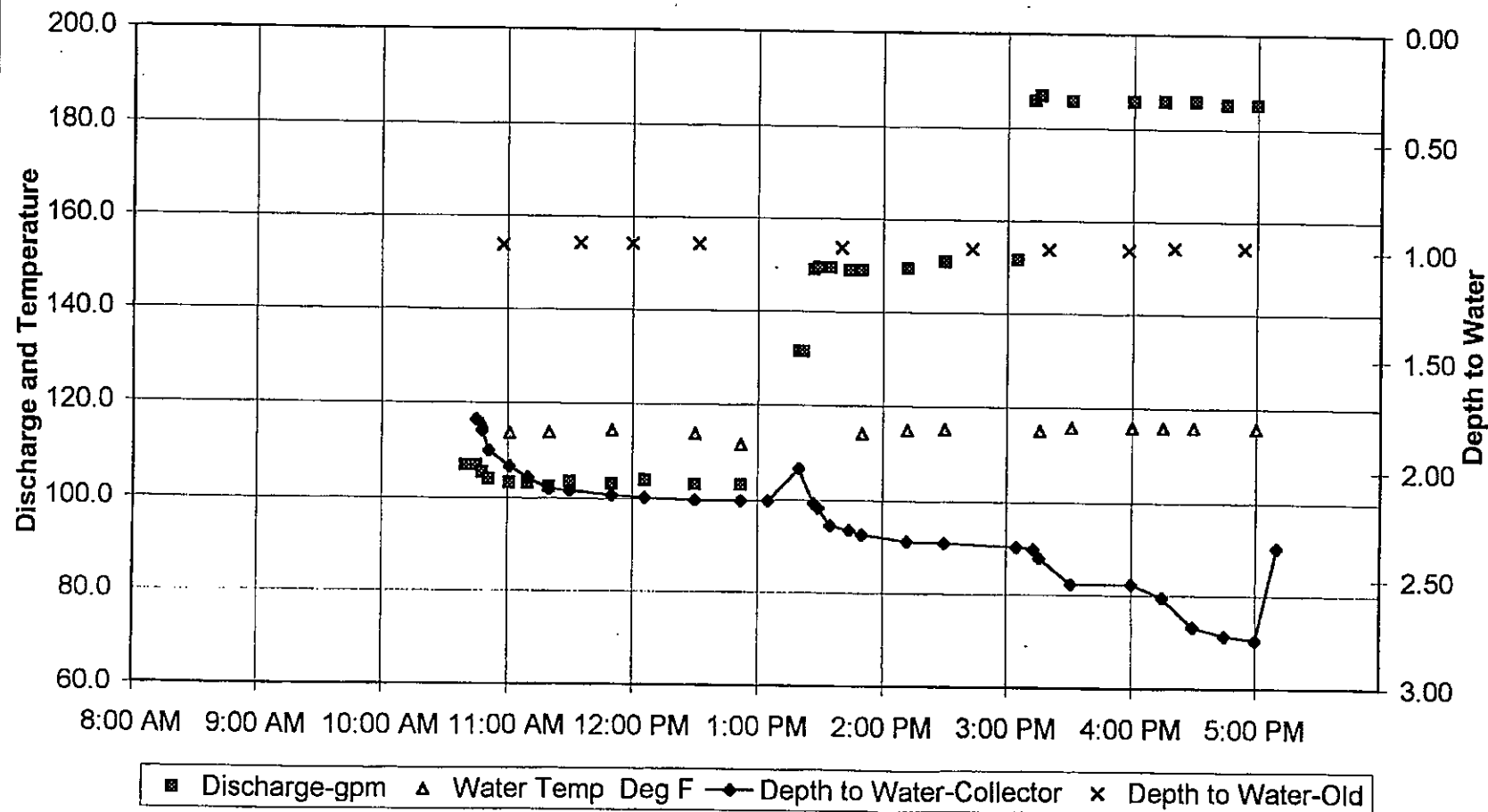
Data

12:06 PM	2.14	93.88	2.50	17.50	103.88			Water still flowing in old collector to WS
12:30 PM	2.15	93.87	2.50	17.25	103.1	113.8		
12:32 PM			2.50				0.98	
12:52 PM	2.15	93.87	2.50	17.25	103.1	111.5		
1:05 PM	2.15	93.87	2.50					
1:12 PM			2.50	0.00	0.0			Pump off-Change pumps
1:20 PM	2.00	94.02	2.50	28.00	131.4			Begin Pumping
1:22 PM			2.50	28.00	131.4			
1:27 PM	2.16	93.86	2.50	36.00	149.0			
1:29 PM	2.18	93.84	2.50	36.25	149.5			
1:35 PM	2.26	93.76	2.50	36.25	149.5			
1:40 PM			2.50				0.99	
1:42 PM			2.50					Water still flowing in old collector to WS
1:44 PM	2.28	93.74	2.50	36.00	149.0			
1:50 PM	2.30	93.72	2.50	36.00	149.0	114.1		
2:12 PM	2.33	93.69	2.50	36.25	149.5	115		
2:30 PM	2.34	93.69	2.50	37.00	151.1	115.2		
2:43 PM			2.50				0.99	
3:05 PM	2.35	93.67	2.50	37.25	151.6			
3:10 PM				0.00	0.0			Pump offchange orifice old collector flowing
3:13 PM	2.36	93.66	3.00	21.75	185.8			Max Pump
3:16 PM	2.40	93.62	3.00	22.00	186.9	115.1		
3:20 PM			3.00				0.99	Water flowing from spring to Warm Springs
3:31 PM	2.52	93.50	3.00	21.75	185.8	115.8		
3:58 PM			3.00				0.99	
4:00 PM	2.52	93.50	3.00	21.75	185.8	115.9		
4:15 PM	2.58	93.44	3.00	21.75	185.8	115.9		
4:20 PM			3.00				0.98	
4:30 PM	2.72	93.30	3.00	21.75	185.8	115.9		
4:45 PM	2.76	93.26	3.00	21.63	185.3			Water still flowing in old collector to WS

Data

4:54 PM			3.00				0.98 Water flowing from spring to Warm Springs
5:00 PM	2.78	93.24	3.00	21.63	185.3	115.8	
5:01 PM			3.00	0.00	0.0		Pump off
5:10 PM	2.35	93.67	3.00				
5:13 PM			3.00				Left site, CEB

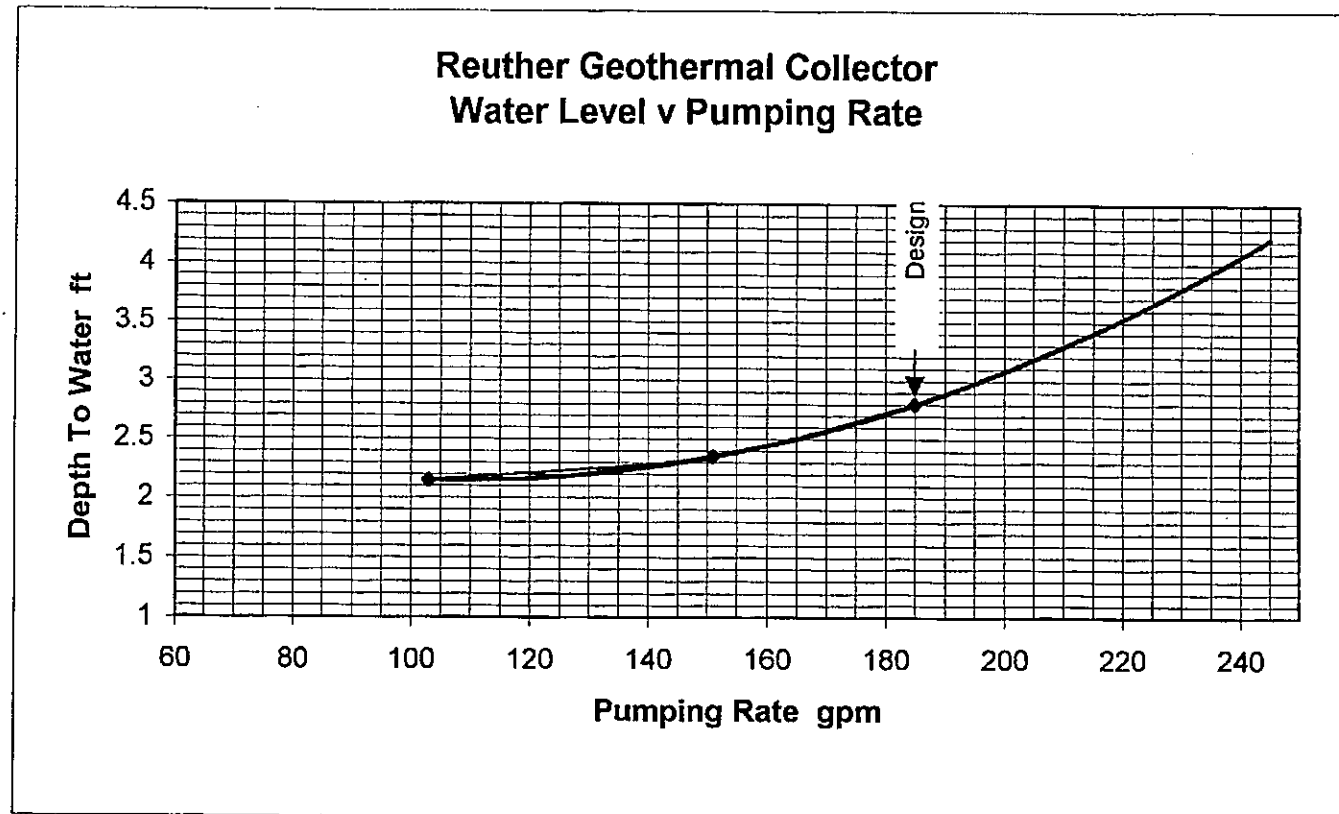
Reuther Geothermal Collector Pump Test-October 23, 2001

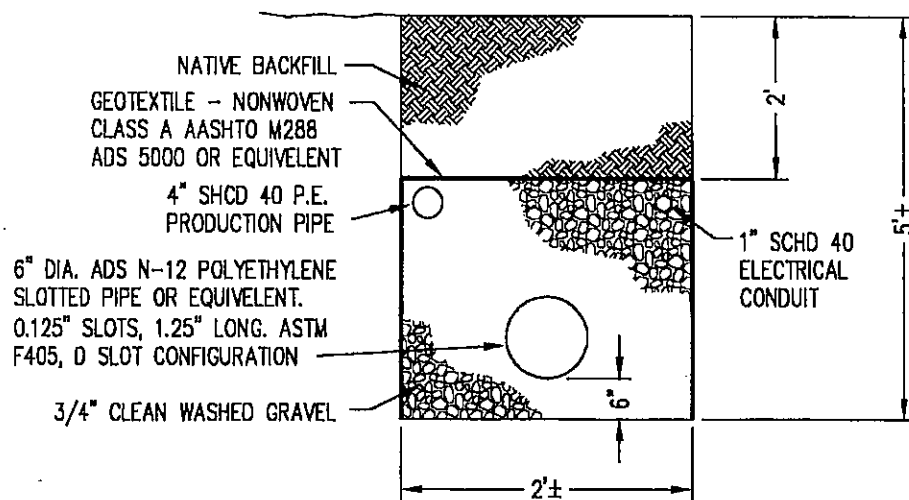


Pumping v Water Level

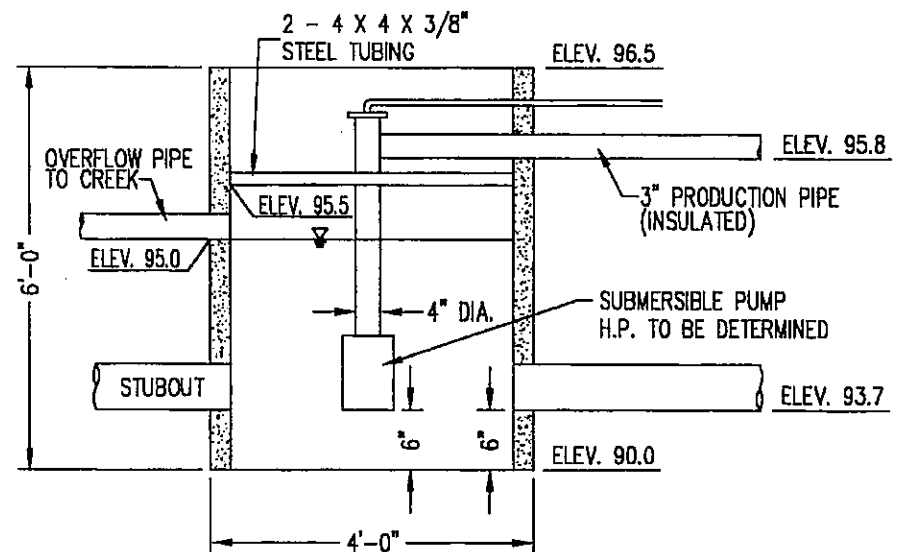
Reuther Geothermal Collector Test
Water Level in Collector vs Pumping Rate

Pumping	Water Level
2.15	103
2.35	151
2.8	185

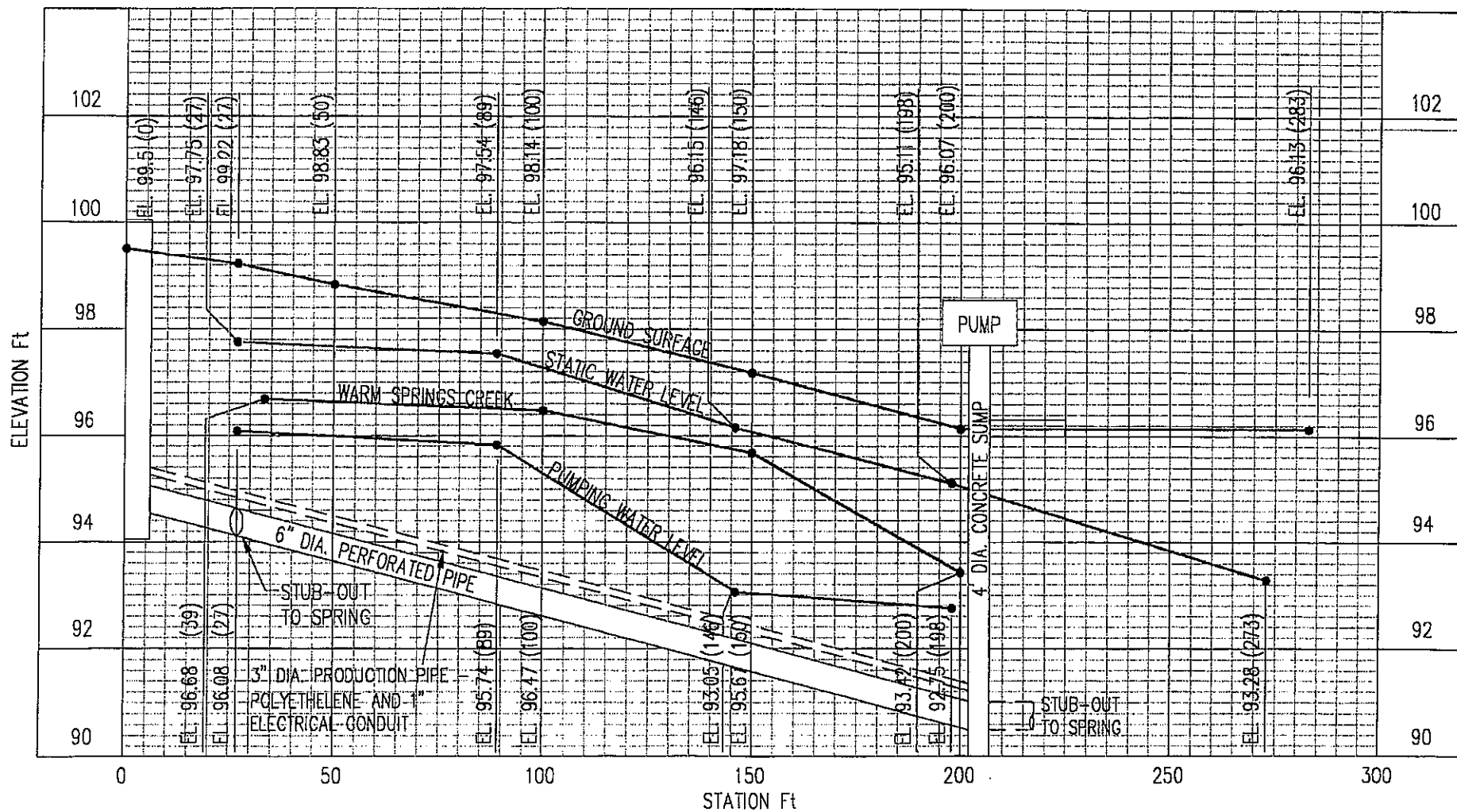


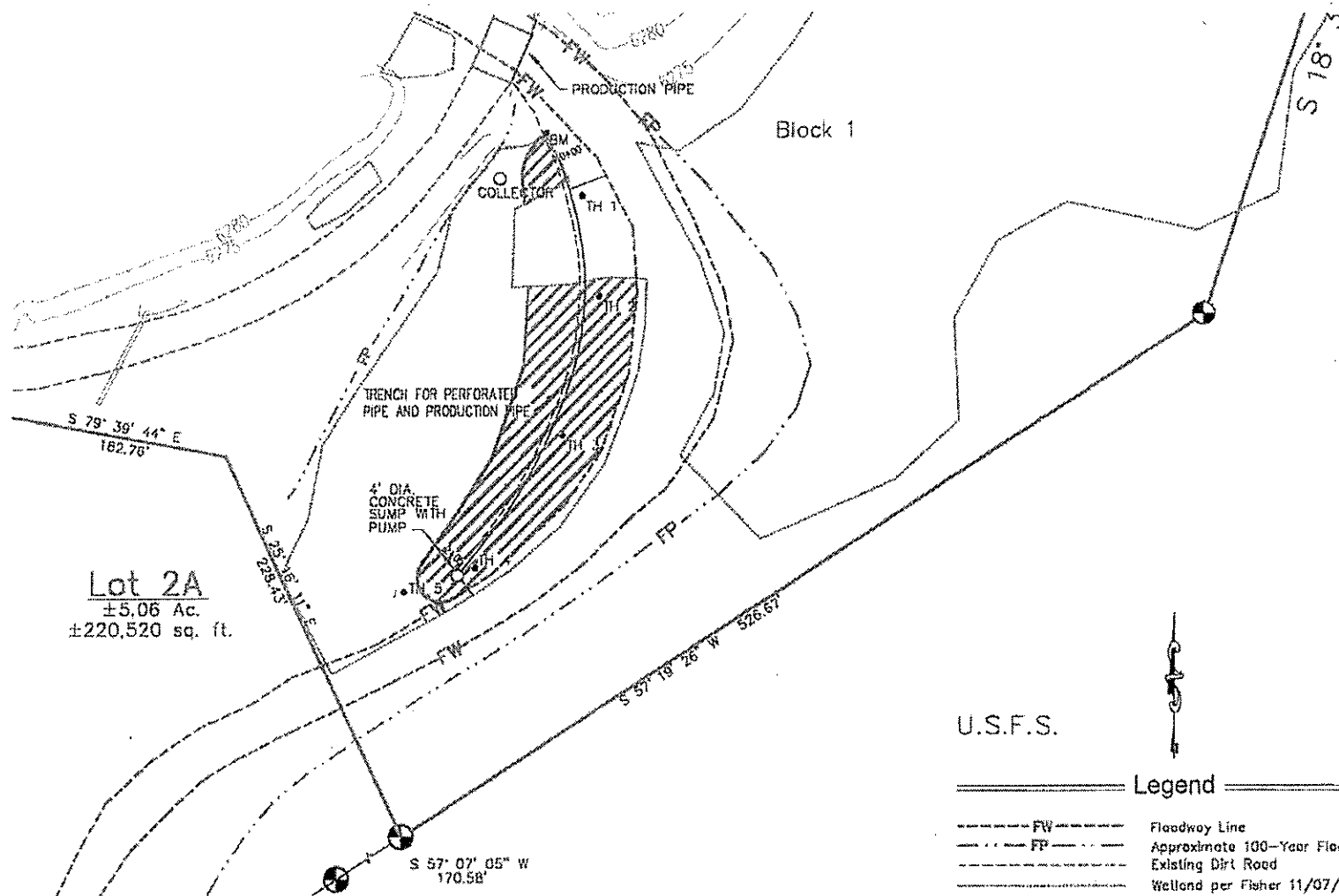


== TYPICAL TRENCH DETAIL ==
N.T.S.



== SUMP DETAIL ==
N.T.S.

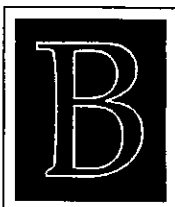




U.S.F.S.

Legend

- FW Floodway Line
- FP Approximate 100-Year Floodplain Line
- Existing Dirt Road
- Wetland per Fisher 11/07/00
- BENCHMARK - HUB
- Wetland Area Affected by Water Collector Draw Down.
- Wetlands Mitigation Area



BROCKWAY
ENGINEERING
P.L.L.C.

Hydraulics

Hydrology

Water Resources

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MAY 01 2003

SPECK & AANESTAD

April 30, 2003

Mr. Allen Merritt
Southern Region
Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, ID 83301

Subject: Reuther Property-Warm Springs Creek -Geothermal
Development

Dear Allen:

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The low temperature geothermal evaluation objective was to develop the resource without impacting existing uses, particularly the discharge allowable to the pipeline serving the neighbors from the 'old' concrete collector.

Please call me if you have any questions.

Sincerely,

Charles E. Brockway, P.E., Ph.D.

CHARLES E.
BROCKWAY,
PH.D., P.E.

CHARLES G.
BROCKWAY,
PH.D., P.E.

Enclosure: Geothermal Development Report

cc: Jim Speck

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IDAHO 83301

208•736•8543

FAX: 736•8506

Reuther Property
Geothermal Collector System
Analysis and Design
Brockway Engineering P.L.L.C.
April 29, 2003

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Brockway Engineering Oct. 23, 2001

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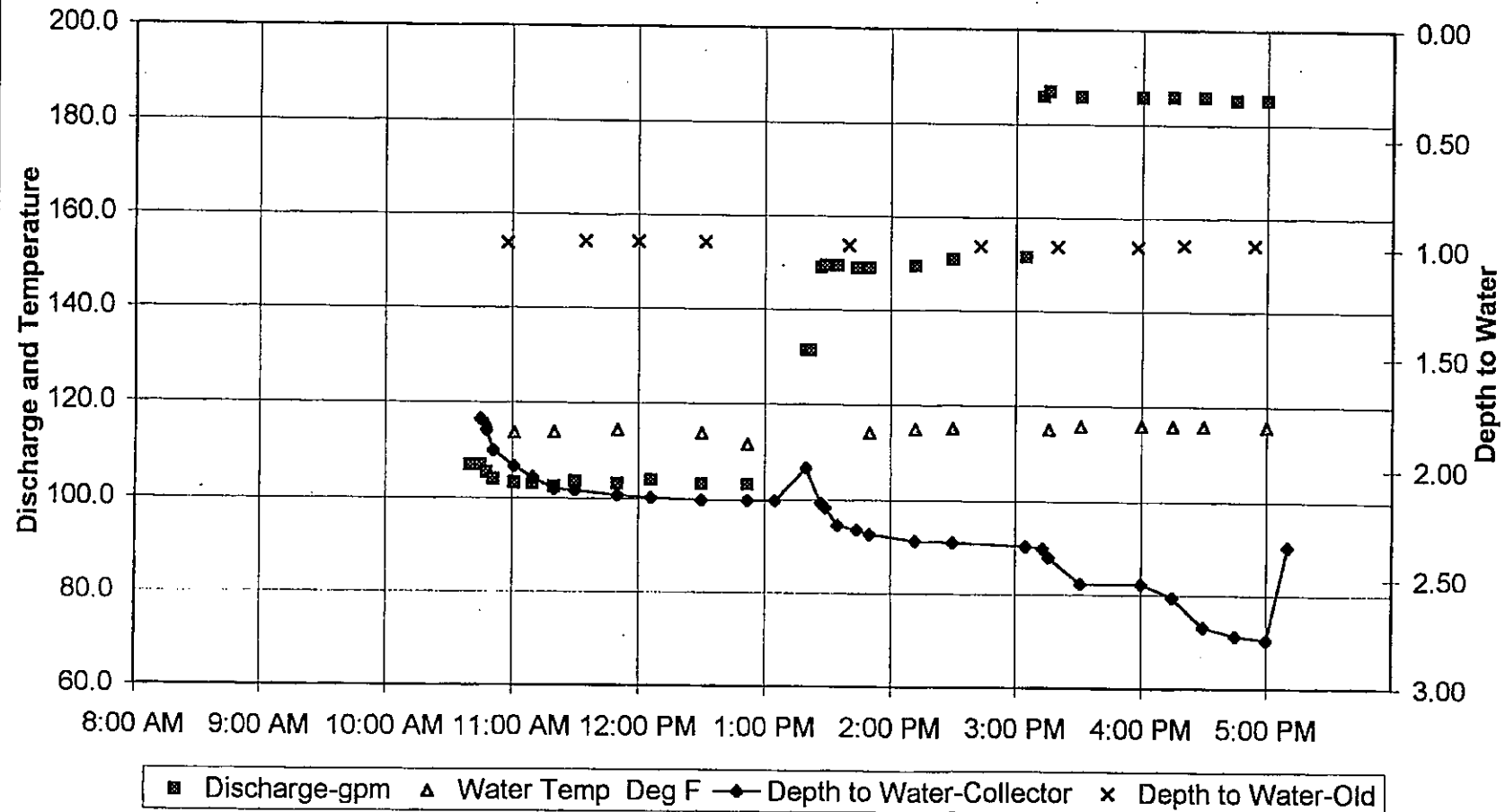
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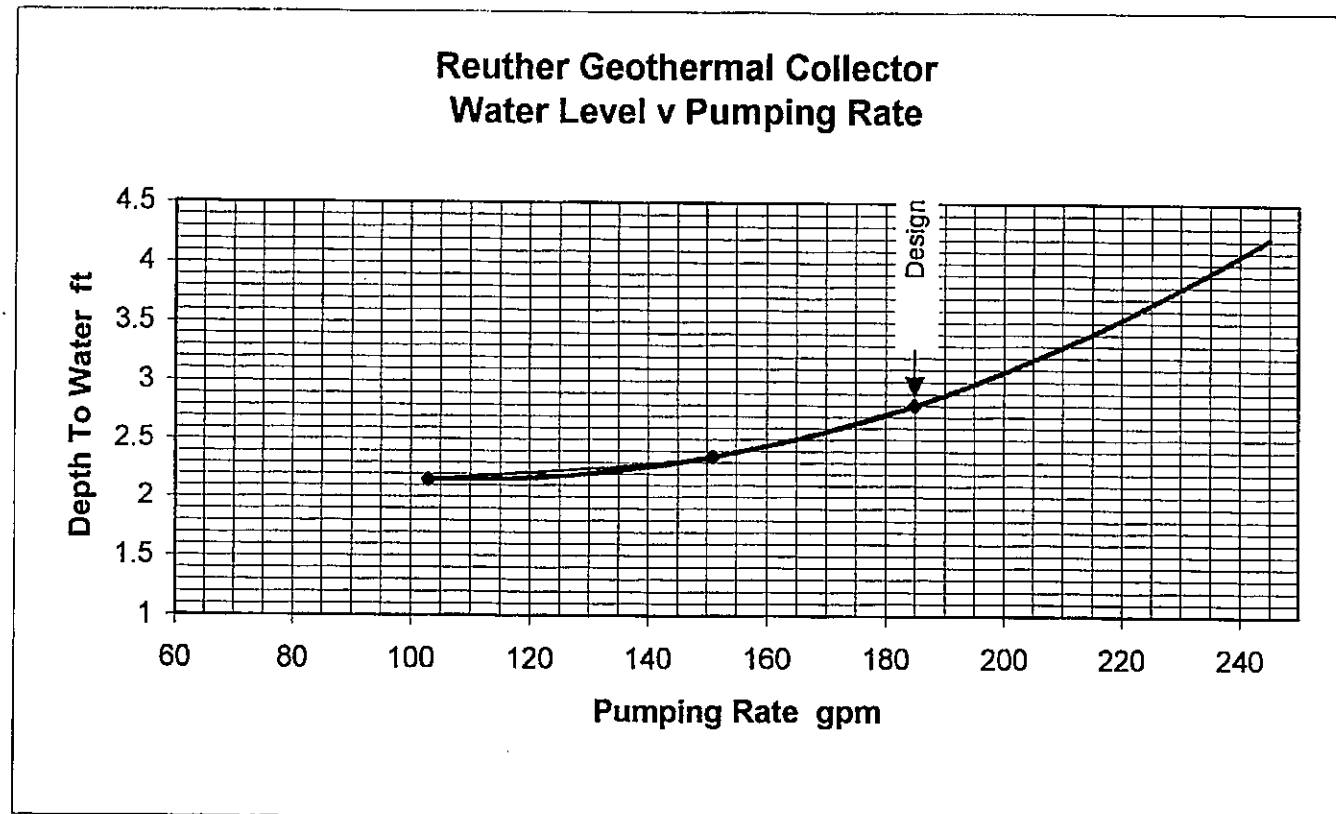
Reuther Geothermal Collector Pump Test-October 23, 2001

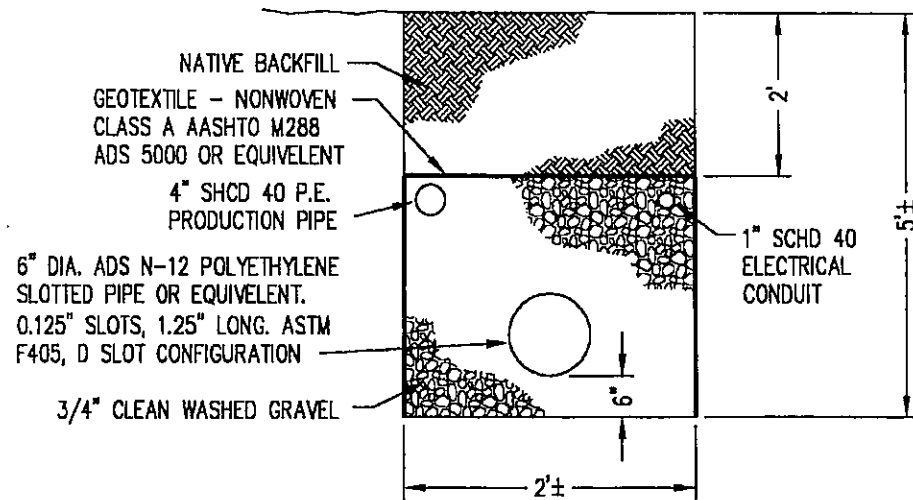


Pumping v Water Level

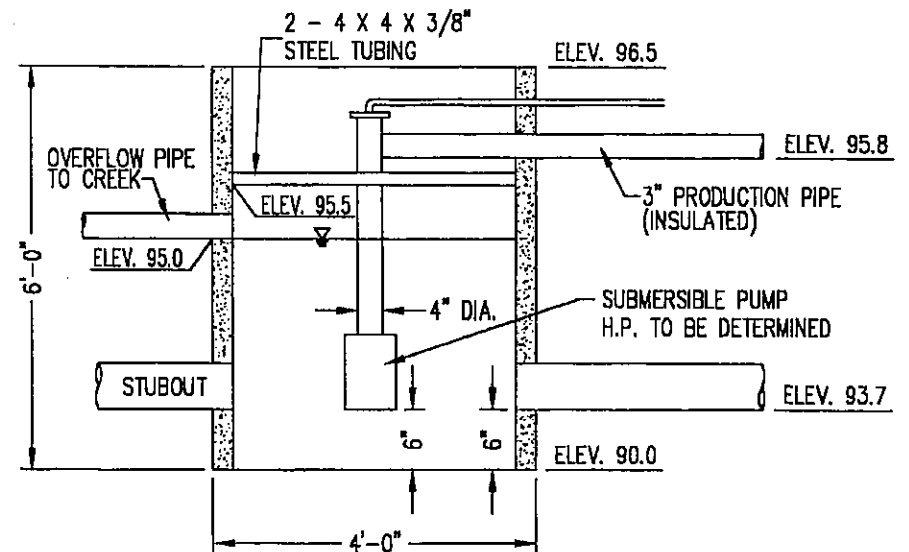
Reuther Geothermal Collector Test
Water Level in Collector vs Pumping Rate

Pumping	Water Level
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2.8	185

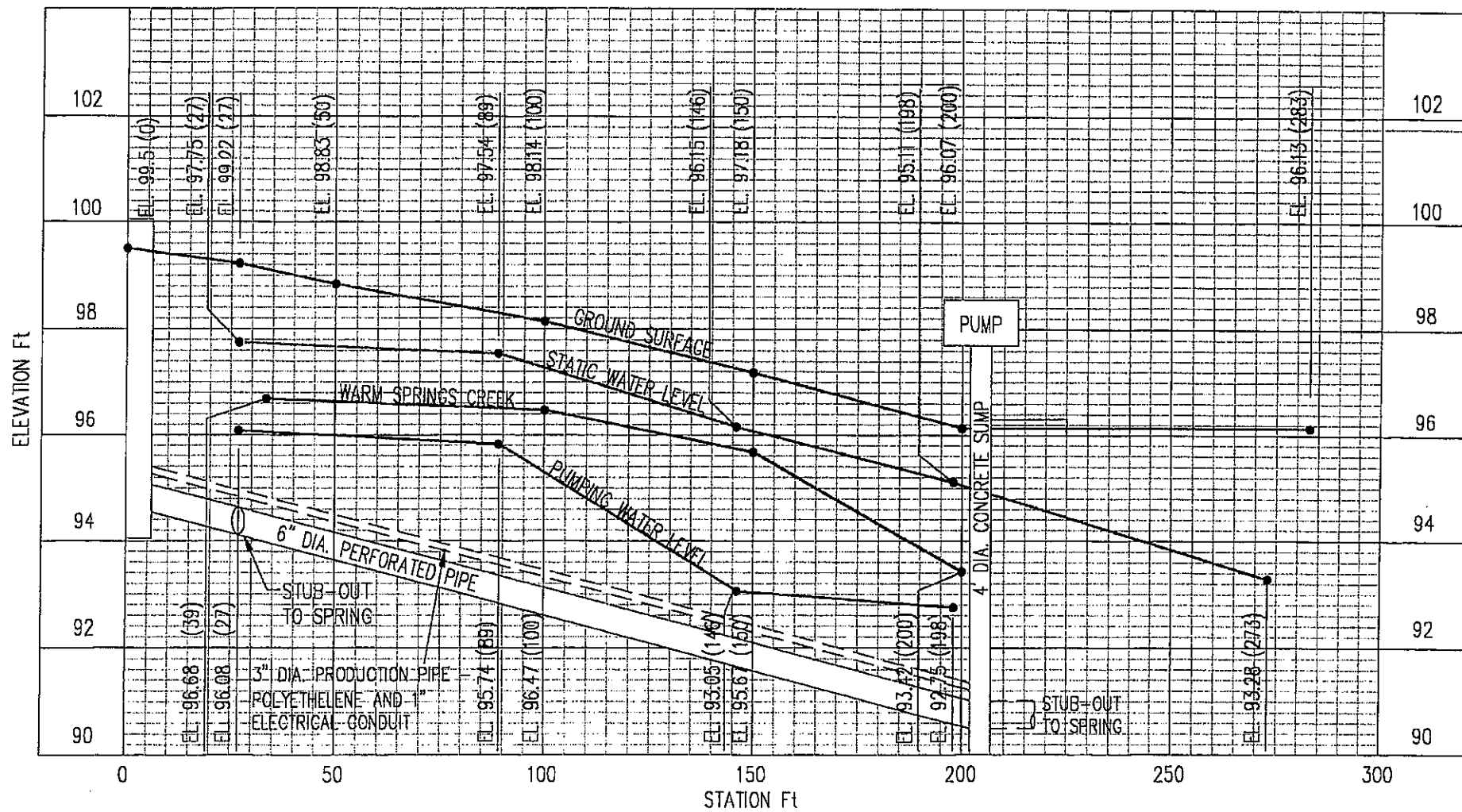


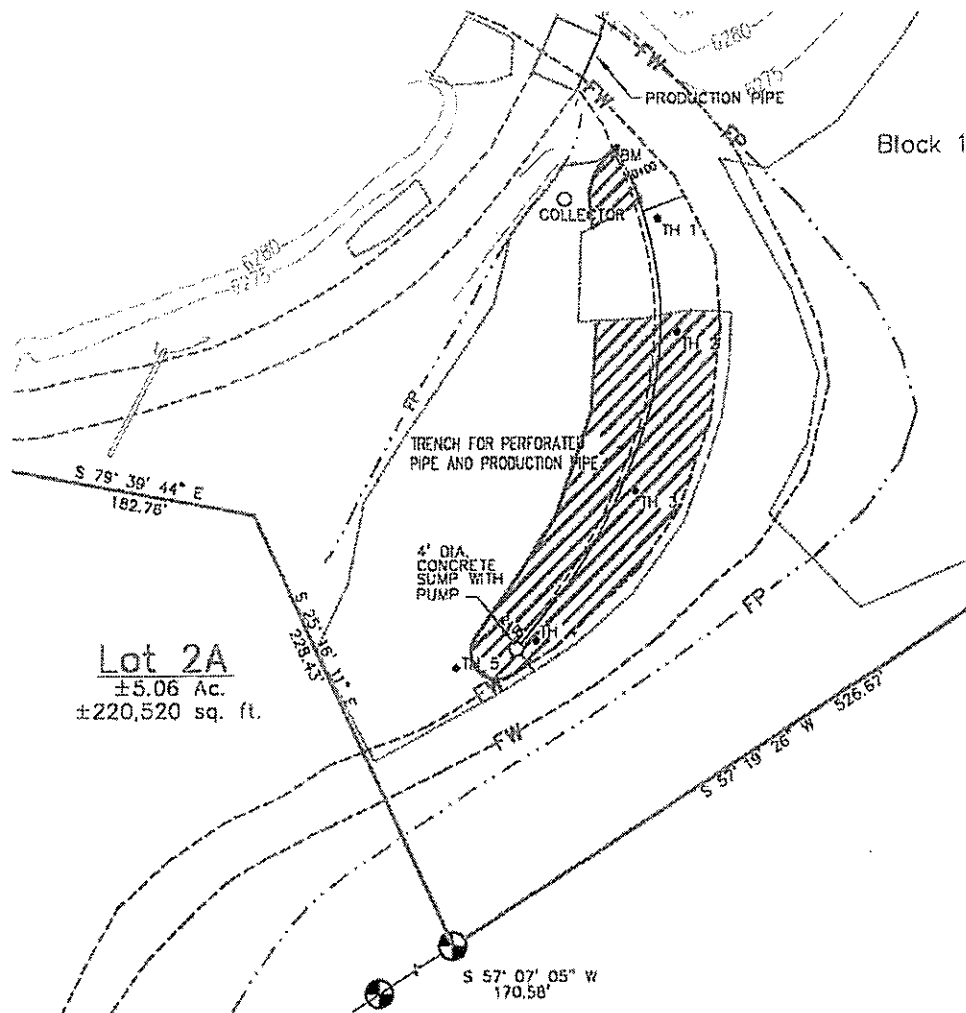


== TYPICAL TRENCH DETAIL ==
N.T.S.



== SUMP DETAIL ==
N.T.S.





U.S.F.S.

Legend

- FW --- Floodway Line
- - - FP - - - Approximate 100-Year Floodplain Line
- — — Existing Dirt Road
- Wetland per Fisher 11/07/00
- BM BENCHMARK - HUB
- Wetland Area Affected by Water Collector Draw Down.
- Wetlands Mitigation Area



State of Idaho

DEPARTMENT OF WATER RESOURCES

1341 Fillmore Street, Suite 200, Twin Falls ID 83301-3380

Phone: (208) 736-3033 FAX: (208) 736-3037

SOUTHERN REGION

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

RECEIVED

JAN 26 2005

SPECK & AANESTAD

January 24, 2005

Travis Thompson
113 Main Ave. W. Suite 303
Twin Falls, ID 83301-6167

RE: Warfield Hot Springs Diversions

Dear Travis:

As I indicated to you last Friday our office has received your letter dated January 17, 2005.

As you know the Warfield Hot Springs Pipeline (also known as Pace Pipeline) was observed by IDWR during a field review in 2003 precipitated by complaints of waterusers in that pipeline regarding use within the pipeline. IDWR's field review served the purpose of investigating the SRBA claims that have been filed by the various waterusers including Vierling (Stonebeck), your client. The status of the SRBA review has not changed since my August 28, 2003 letter to James Speck (Copy enclosed). In the letter I wrote: *"Depending on the finding of the SRBA court regarding the elements of the claims, the resolution of the description of the water rights may result in curtailment or limitation of current uses in the system."* I also wrote that: *"Control and measuring works may ultimately be required at the head of the pipe and for each subsystem."* The resolution of controversy among pipeline users in my opinion has been stalled until the SRBA process is finalized.

Your recent letter points to the potential or alleged impact of development of permit 37-8388 on the user(s) in the Warfield Hot Springs Pipeline. Your letter requests that IDWR conduct an investigation into the cause of the interference with the source at Warfield Hot Springs diversions.

As you know, currently in the scheme of priority pursuant to Section 42-607 of the Idaho Code, beneficial use claims (such as your client's), in times of scarcity of water are held to be subsequent to or first to be curtailed with preference being given to any decreed, permitted or licensed right. Only after your client's rights are decreed in the SRBA will interference be an issue IDWR would investigate. IDWR at this time declines to conduct a study until such time as the water rights to the uses of the water in the Warfield Hot Springs Pipeline are decreed in the SRBA Court. After that time, if the users have installed a measuring device at the head of the pipeline and it is shown that the rights as decreed are not being filled it may be appropriate to investigate further.

EXHIBIT D

As you may know permit 37-8388 is conditioned that a measuring device be installed as part of its diversion works. Assuming that an investigation may be conducted in the future, it is recommended that the pipeline users install a measuring device at the head of the pipeline as well. It is also recommended that measurement of use from both diversions commence and be recorded (by a third party if possible) to aid in any future analysis.

If you have questions please feel free to contact this office.

Sincerely,



Allen Merritt, PE
Southern Region Manager

CC: ✓ James Speck
Kevin Lakey, Watermaster District 37

December 31, 2005

STEVEN D REUTHER
10772 CHALON RD
LOS ANGELES, CA 90077

PROOF DUE NOTICE

RE: PERMIT NO. 37-8388

Dear Permit Holder:

One of the conditions of approval of the above referenced water permit was that proof of the extent of your beneficial use must be submitted to this office on or before March 01, 2006. (See last page of your approval permit or your last approved extension request.) Enclosed is a form which when accompanied by the license examination fee or a completed field examination report prepared by a certified water right examiner may be used to submit the required proof.

If you have not fully completed your project, and you or a previous owner of this permit have not received a prior extension of time, you may request an extension of time if the delay is for reasonable cause as provided in Section 42-204, Idaho Code. If you have been prevented from proceeding by a governmental agency or by litigation which might bring title to the water in question, more than one extension of time can be granted. An extension of time request form is enclosed for your convenience.

Either an acceptable proof of beneficial use submittal or an acceptable request for an extension of time must be received by this department on or before the above described proof due date. If neither is received, the department will send you a lapse notice. Within sixty (60) days of the mailing of the lapse notice, the permit will no longer be of any force nor effect.

Sincerely,

Deborah J. Gibson, Administrative Assistant
Water Allocation Bureau

Enclosures

CERTIFIED MAIL
7003 0500 0003 1969 5974

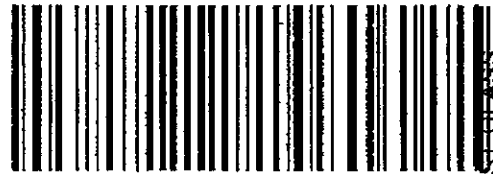
EXHIBIT E

CERTIFIED MAIL™

**STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES**

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

Return Service Requested



7003 0500 0003 1969 5974



UNITED STATES POSTAGE
EAGLE
FIRST CLASS

PERMIT NO. 1000

02 1A
0004310839 DEC 30 2005
MAILED FROM ZIP CODE 83702

RECEIVED

FEB 22 2006

**DEPARTMENT OF
WATER RESOURCES**

**STEVEN D REUTHER
10772 CHALON RD
LOS ANGELES, CA 90077**

83720-0098
9007743

Boise, Idaho 83720-0098

EXHIBIT F

March 10, 2006

STEVEN D REUTHER
10772 CHALON RD
LOS ANGELES, CA 90077

LAPSE NOTICE

RE: PERMIT NO. 37-8388

Dear Permit Holder:

You are hereby notified that under the provisions of Section 42-218A, Idaho Code, the above referenced permit has lapsed and is of no further force nor effect. The department provided the proper forms to you in the proof due notice dated December 31, 2005. No further construction or additional development is authorized under this permit unless it is reinstated.

The permit can only be reinstated if you submit an acceptable proof of beneficial use or an acceptable request for extension of time to the department within sixty (60) days of the mailing of this lapse notice. An acceptable proof of beneficial use submittal must include the examination fee or a completed field examination report. A request for extension of time must be accompanied by a fifty dollar (\$50.00) fee.

Enclosed again for your use are a proof of beneficial use form and a request for extension of time form. Please note that only one extension of time can be granted unless the project has not been completed because of lack of a necessary approval by a government agency or by litigation which may bring title to the water in question.

Sincerely,

Gary Spackman

Enclosures

CERTIFICATION OF MAILING
Item 37-8388 dated 3/10/06
sent by first class mail and
certified to the addressee by the
postage meter attached to the
mailing label on the envelope.



EXHIBIT G

STATE OF IDAHO

DEPARTMENT OF WATER RESOURCES

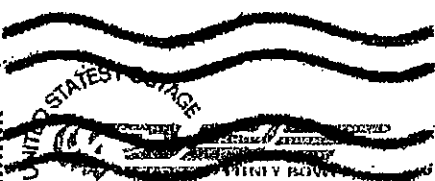
200 East Front Street, P.O. Box 83720
Idaho 83720-0098

Return Service Requested

LOS ANGELES CA 900

17 MAR 2006 PM 1:11

PRESORTED
FIRST CLASS



02 1A \$ 00.29³
0004310839 MAP 13 2006
MAILED FROM ZIP CODE 83722

Not Deliverable As Addressed
Unable To Forward

☐ Insufficient Address
☐ Moved, Left No Address
☐ Unclaimed ☐ Refused
☐ Attempted-Not Known
☐ No Such Street ☐ Number
☐ Vacant ☐ Illegible
☐ No Mail Receptacle

Spackman

RECEIVED

MAY 12 2006

DEPARTMENT OF
WATER RESOURCES

EXHIBIT 1

STEVEN D REUTHER
10772 CHALON RD
LOS ANGELES, CA 90077

NIXIE 900 1 02/05/08/06

RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

BC: 837200098 *1162-07785-17-40

837200098



James P. Speck, Esq., ISB # 2067
SPECK & AANESTAD
A Professional Corporation
126 East Avenue
Post Office Box 987
Ketchum, Idaho 83340
Telephone (208) 726-4421
Facsimile (208) 726-0752
Attorneys for Permit Assignee SDRTR, LLC

RECEIVED
MAY 16 2008
DEPARTMENT OF
WATER RESOURCES

ORIGINAL IN RED

BEFORE THE IDAHO DEPARTMENT OF WATER RESOURCES

IN THE MATTER OF PERMIT NO. 37-)
8388 IN THE NAME OF STEVEN D.)
REUTHER)

AFFIDAVIT OF DAVID ROSSER

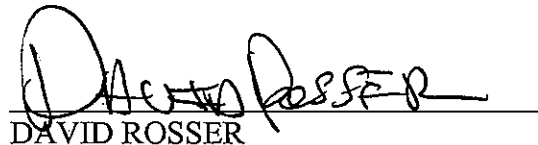
STATE OF IDAHO)
)ss.
County of Blaine)

DAVID ROSSER, being first duly sworn upon oath deposes and states as follows:

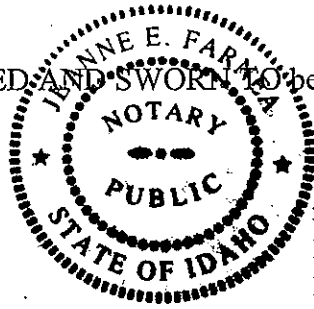
1. I am the building contractor employed by Steven D. Reuther to construct the residential improvements to Lot 1B, Warfield Hot Springs

2. Among the residential improvements is a hot water system using water from Warfield Hot Springs to heat the home, melt snow from the driveway and fill a hot tub. That system was fully constructed and in operation by June, 2004.

Dated this 14 day of May, 2008.


DAVID ROSSER

SUBSCRIBED AND SWORN TO before me this 14th day of May, 2008.



Jeanne Farnea
NOTARY PUBLIC for Idaho

Residing in: Shoshone, Idaho

My Commission Expires: 05/05/09

CERTIFICATE OF SERVICE

I hereby certify that on the 15 day of May 2008, I served a true and correct copy of the within and foregoing document upon the persons named below in the manner noted:

Mr. Gary Spackman
IDAHO DEPARTMENT OF WATER
RESOURCES
322 East Front Street
P.O. Box 83720
Boise ID 83720-0098
Fax: 1-208-287-6700

- ☒ United States Mail, Postage Prepaid
- ☐ Hand Delivery
- ☒ Facsimile

Mr. David Tuthill, Director
IDAHO DEPARTMENT OF WATER
RESOURCES
322 East Front Street
P.O. Box 83720
Boise ID 83720-0098
Fax: 1-208-287-6700

- ☒ United States Mail, Postage Prepaid
- ☐ Hand Delivery
- ☒ Facsimile

SDRTR. LLC
930 S. Andreasen Drive Suite H
Escondido, CA 92029
Fax: 1-760-466-1268

- ☒ United States Mail, Postage Prepaid
- ☐ Hand Delivery
- ☐ Facsimile

JAMES P. SPECK