



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region, 1341 Fillmore Street, Suite 200 • Twin Falls, Idaho 83301-3380

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May 16, 2008

C. L. "BUTCH" OTTER
Governor

DAVID R. TUTHILL, JR.
Director

Travis L. Thompson
PO Box 485
Twin Falls, ID 83303-0485

RE: Warfield Hot Springs

Dear Travis:

I have discussed your May 9th letter with state office staff of the Idaho Department of Water Resources ("Department"). I received a faxed letter from Mr. Speck yesterday and the original in the mail today which includes an assignment of permit 37-8388 from Reuther to SDRTR, LLC and a petition to reinstate the lapsed permit. The Department is currently reviewing the petition and supporting documents. Based on the documentation, the permit will likely be reinstated once the proof of beneficial use statement is filed. If lapsed permit 37-8388 is reinstated the use of water you are contesting will probably be recognized by permit 37-8388 and/or subsequent license. A notice of violation does not appear to be warranted at this time.

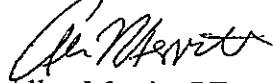
I am saddened by your description of the acrimony that has developed among the neighbors in the Pace Pipeline area. As you know one major root of the problem is the quantification of the water rights associated with what is know as the Pace Pipeline. Numerous water right claims were filed for the use of these waters. Included are claims filed by Lisa Vierling, who you represent, as well as others including Pace. As you know the Vierling and Pace claims are objected to in the SRBA. A final determination by the SRBA court for these water rights will establish the basis for future regulation or injury analysis. *Essentially little has changed since the January 24, 2005 letter to you (Copy enclosed) about these same matters.*

In your recent letter you allege modification/damage to the diversion works for the Pace pipeline and prevention of access to these diversion works for your client. In your letter you further cite criminal statutes which might pertain in this situation. The Department does not have jurisdiction to prosecute these alleged criminal matters and advises you seek relief with the Blaine County prosecutor or file a civil action in district court. Ultimately, once the rights have been decreed, the Department will order in measuring devices and control works, and instruct the watermaster of Water District 37 to regulate the diversions &/or order the establishment of a lateral ditch users association to regulate the pipeline distribution system.

If you wish to organize an informal meeting between the neighbors IDWR offers to host a meeting to discuss these matters in an effort to illuminate or diffuse the situation as needed. Hopefully amicable solutions can be found.

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

Respectfully,

A handwritten signature in black ink, appearing to read "Allen Merritt", written over a horizontal line.

Allen Merritt, PE
Southern Region Manager

CC: Kevin Lakey - WD37
Gary Spackman, Jeff Peppersack, Tim Luke – IDWR State Office
SDRTR, LLC
James Speck