

**STARTING
LEFT
SIDE OF
FILE**

State of Idaho
Department of Water Resources

Permit To Appropriate Water

NO. 37-08670

Proposed Priority: August 13, 1990 Maximum Diversion Rate: 4.00 CFS
This is to certify, that **CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP**
C/O JAMES P SPECK ESQ
PO BOX 987
KETCHUM ID 83340

has applied for a permit to appropriate water from: **GROUNDWATER**
and a permit is **APPROVED** for development of water as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>
WILDLIFE	01/01 to 12/31	4.00 CFS
HEATING	01/01 to 12/31	4.00 CFS
RECREATION	01/01 to 12/31	4.00 CFS
	Totals	4.00 CFS

LOCATION OF POINT(S) OF DIVERSION: NWNWSE Sec. 18, Township 02N, Range 18E
BLAINE County

PLACE OF USE: WILDLIFE
TWN RGE SEC

02N 18E 18	NESE	NWSE	SESE
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PLACE OF USE: HEATING
TWN RGE SEC

02N 17E 11	SESE		
13	NENE	NWNE	NENW
	NWNW	NESE	SESE
14	NENE	NWNE	SWNE
	SENE		
18E 17	SWNW	SENW	NESW
	NWSW		
18	SWNE	NENW	LOT 1(NWNW)
LOT 2(SWNW)		SENW	NESW
LOT 3(NWSW)		LOT 4(SWSW)	SESW
	NESE	NWSE	SWSE
	SESE		

PLACE OF USE: RECREATION
TWN RGE SEC

02N 18E 18	NWSE
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CONDITIONS/REMARKS:

1. Proof of construction of works and application of water to beneficial use shall be submitted on or before November 1, 1996.

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State of Idaho
Department of Water Resources**Permit To Appropriate Water**

NO. 37-08670

CONDITIONS/REMARKS:

2. Subject to all prior water rights.
3. Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which permit holder had no control.
4. A flow measurement port or other device as specified by the Department shall be installed by the right holder to provide for the installation of measuring equipment and the determination of the rate of diversion by the Department.
5. Permit holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code.
6. Use of water under this right shall be non-consumptive.
7. Water used under this right if discharged into a natural channel shall meet Idaho Water Quality Standards.
8. Three points of diversion are located within NWNWSE, S18, T02N, R18E.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code. Witness the seal and signature of the Director, affixed at Boise, this

30th day of October, 1991.

R. Keith Higginson
for R. Keith Higginson, Director

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STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

Ident. No. 37-08670

To appropriate the public waters of the State of Idaho

Crystal Hot Springs Limited Partnership (Per James Speck letter of 9-24-90)
1. Name of applicant Crystal Hot Springs Ranch Limited Partnership Phone 208-726-4421
c/o James P. Speck, HOGUE SPECK & AANESTAD
Post office address P.O. Box 987, Ketchum, ID 83340

2. Source of water supply Groundwater which is a tributary of _____
3 points

3. Location of point of diversion is NW 1/4 of NW 1/4 of SE 1/4, Govt. Lot _____
Sec. 18 Township 2N Range 18E B.M. Blaine County; additional
points of diversion if any: See Addendum

4. Water will be used for the following purposes:

Amount 4.0 for Heating purposes from Jan. 1 to Dec. 31 (both dates inclusive)
(cfs or acre-feet per annum)

Amount 4.0 for Recreation purposes from Jan. 1 to Dec. 31 (both dates inclusive)
(cfs or acre-feet per annum)

Amount 4.0 for Wildlife Habitat purposes from Jan 1 to Dec. 31 (both dates inclusive)
(cfs or acre-feet per annum)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)

5. Total quantity to be appropriated is (a) 4.0 and/or (b) _____
cubic feet per second acre feet per annum

6. Proposed diverting works:

a. Description of ditches, flumes, pumps, headgates, etc. See Addendum

b. Height of storage dam _____ feet; active reservoir capacity _____ acre-feet; total
reservoir capacity _____ acre-feet; period of year when water will be diverted to storage:
_____ to _____ inclusive.

c. Proposed well diameter is 8-12 inches; proposed depth of well is 300 feet.

d. Is ground water with a temperature of greater than 90°F being sought? Yes

7. Time required for the completion of the works and application of the water to the proposed beneficial use is
5 years (minimum 1 year).

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8. Description of proposed uses (if irrigation only, go to item 9):

- a. Hydropower; show total feet of head and proposed capacity in KW. _____
- b. Stockwatering; list number and kind of livestock. _____
- c. Municipal; show name of municipality. _____
- d. Domestic; show number of households. _____
- e. Other; describe fully. See Addendum

9. Description of place of use:

- a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.
- b. If water is used for other purposes, place a symbol of the use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

TWP	RANGE	SEC.	NE¼				NW¼				SW¼				SE¼				TOTALS
			NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	NE¼	NW¼	SW¼	SE¼	
2N	18E	17*							G*	G									
2N	18E	18			G		G	111	112	G	G	113	114	G	W	W	G	G	W
2N	17E	11																	G
2N	17E	13	G	G			G	G							G				G
2N	17E	14	G	G	G	G													

* Edited per telecon 8/21 w/ Jim Speck, Total number of acres to be irrigated N/A
Atty by DRJ

10. Describe any other water rights used for the same purposes as described above. None

11. a. Who owns the property at the point of diversion? Applicant

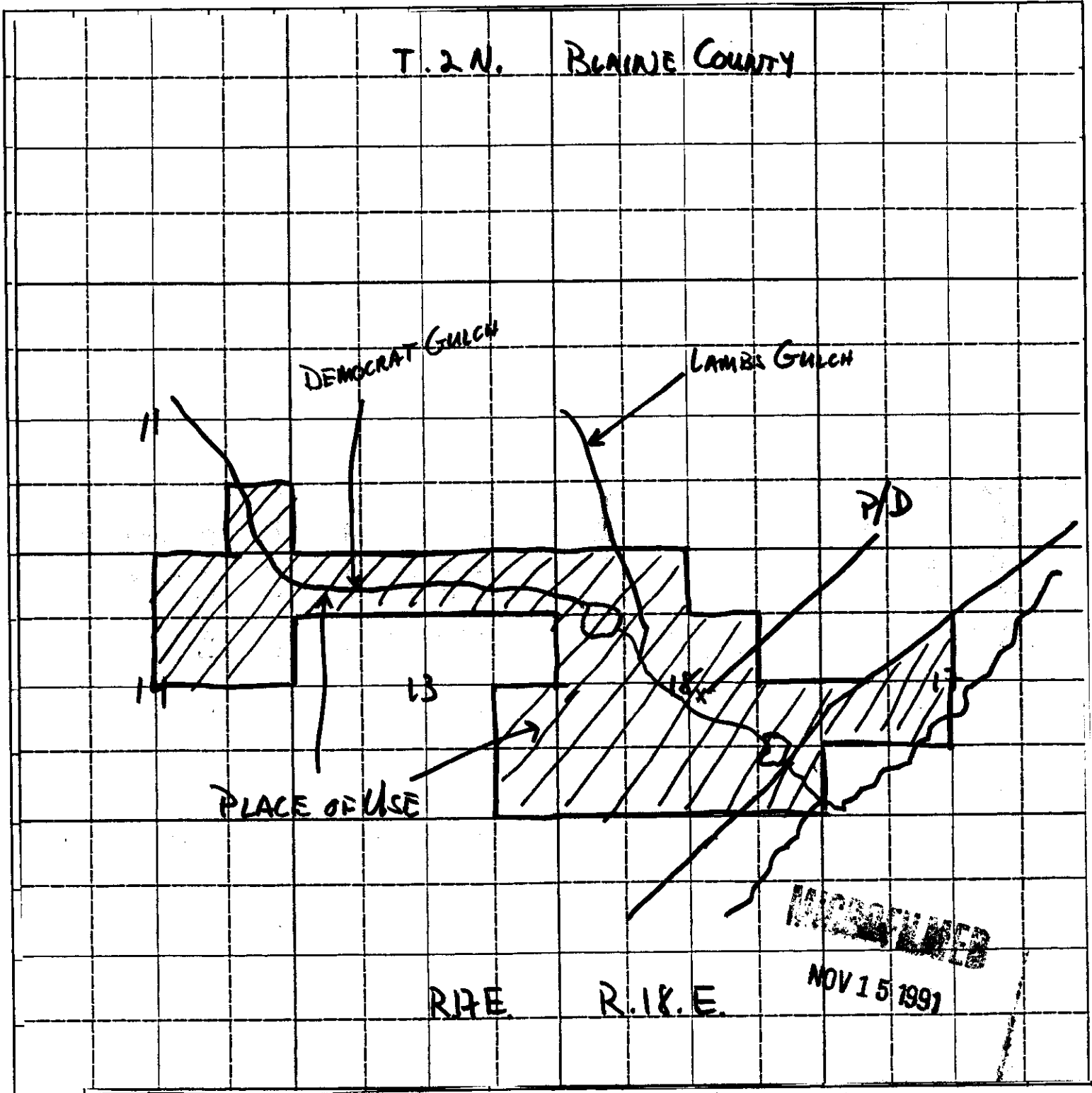
b. Who owns the land to be irrigated or place of use? Applicant

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing. N/A

12. Remarks: See Addendum

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13. Map of proposed project: show clearly the proposed point of diversion, place of use, section number, township and range number.



Scale: 2 inches equal 1 mile.

BE IT KNOWN that the undersigned hereby makes application for permit to appropriate the public waters of the State of Idaho as herein set forth.

For T. Seymour, President L-Z CORP.
(Applicant) GENERAL PARTNER

Received by I. Paukeu Date 8-13-90 Time 10:40 AM Preliminary check by J. E. Stanton
Fee \$ 105 Receipted by IRJ # 5012582 Date 8/21/90
Publication prepared by M. Baldwin Date 9/28/90 Published in Wood River Journal
Publication approved M. Baldwin Date 11-16-90

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Permit to appropriate the public waters of the State of Idaho No. _____, and said application is hereby _____.

1. Approval of said application is subject to the following limitations and conditions:

- a. SUBJECT TO ALL PRIOR WATER RIGHTS.
- b. Proof of construction of works and application of water to beneficial use shall be submitted on or before _____, 19 ____.
- c. The rate of diversion, if water is to be used for irrigation under this permit, when combined with all other water rights for the same land shall not exceed 0.02 cubic feet per second for each acre of land.
- d. The water right acquired under this permit if for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against any future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.
- e. Other:

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**ADDENDUM TO
APPLICATION FOR PERMIT
BY
CRYSTAL HOT SPRINGS RANCH LIMITED PARTNERSHIP**

3. Three (3) existing, artesian wells located within the identified 10 acre parcel will be the diversion points.

6.,a. The three (3) existing wells will be improved and deepened as necessary to achieve the desired flow. Water will be pumped through underground pipelines to the residences and greenhouses for heating, then to a common area spa for recreation. Once the heat has been extracted for these purposes, the water will be circulated through a system of existing streams and ponds to create and improve wetlands and wildlife habitat.

8.,e. The following is a description of the proposed uses:

1. Heating. The low temperature geothermal resource will first be used to heat a maximum of 129 residential units (single or multiple family dwellings) and accompanying greenhouses.

2. Recreation. The proposed subdivision includes a warm water spa (swimming pool and therapeutic baths) as a portion of the common area for the residents of the subdivision.

3. Wildlife Habitat. After the water has circulated through the system and provided heat for the above-described uses, it will be combined with other cold water sources to create and enhance an existing wetlands area as habitat for ducks, geese and many other species of birds, muskrats and other animals which inhabit wetlands.

12. The existing wells are currently used for irrigation and recreation (37-04440 - 0.72 cfs). Hot springs in the same area are used for irrigation (37-04138 - 1.05 cfs) and recreation and fish propagation (37-04139 - 0.5 cfs). The proposal is to improve the wells and bring them into compliance with the current laws and regulations concerning low temperature geothermal resource wells. The initial phases of the subdivision are currently pending before the appropriate Blaine County governmental bodies.

j:\chsrper.add
8/9/90

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37-8670

LIMITED PARTNERSHIP AGREEMENT

of

CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP

April 15, 1990

MINUTES

NOV 15 1991

37-8670

LIMITED PARTNERSHIP AGREEMENT

of

CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP

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LIMITED PARTNERSHIP AGREEMENT

OF

CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP

WHEREAS, the undersigned parties hereto (the "Partners") desire to form a limited partnership for the purpose of acquiring and developing a ranch of approximately 1800 acres located in the vicinity of Hailey, Idaho, currently known as Democrat Ranch and more fully described on the map appended hereto as Exhibit A (the "Property");

NOW, THEREFORE, in consideration of the premises and of the mutual agreements hereinafter set forth, L.Z. Corp., an Idaho corporation (the "General Partner") wholly-owned by Lynn T. Levy and Tom Ziegler, and each of the other persons who subscribe their names hereto as limited partners (the "Limited Partners") hereby agree to form, and do hereby form as of April 15, 1990, a limited partnership (the "Partnership") to be conducted in accordance with the statutes and laws of the State of Idaho and the terms and provisions hereinafter set forth.

ARTICLE I

GENERAL PROVISIONS

1.01. Partnership Name. The Partnership shall do business under the name and style of "Crystal Hot Springs Limited Partnership". The General Partner shall have the right to change the name of the Partnership and shall give prompt written notice of any such change to each of the other Partners.

1.02. Place of Business. The principal place of business of the Partnership shall be located at such place within or without the State of Idaho as the General Partner may determine from time to time.

1.03. Objects and Purposes. The Partnership is organized for the following objects and purposes and shall have the following powers:

(a) to acquire the Property for a total purchase price of \$2,150,000, consisting of cash in the amount of \$1,500,000 and a purchase money note in the original principal amount of \$650,000 and bearing interest at 9% per annum;

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extent of their respective capital accounts and not in excess thereof, for the repayment, satisfaction and discharge of all debts, liabilities and obligations of the Partnership; provided, however, that a distribution of capital, if any, to a Limited Partner shall be subject to repayment to the Partnership by such Limited Partner to the extent necessary to discharge the Partnership's liabilities to creditors who extended credit or whose claims arose before such distribution was made.

1.06. Representations and Warranties of the Limited Partners. Each Limited Partner executing this Agreement or a counterpart hereof hereby makes for the benefit of the General Partner and each other Limited Partner each and every representation and warranty made by such Limited Partner in the subscription agreement or other document of transfer pursuant to which such Limited Partner subscribed for or otherwise acquired an interest or interests in the Partnership, as fully as though the same were set forth at length herein.

ARTICLE II

MANAGEMENT

2.01. Management in General. The management and operation of the Partnership shall be vested exclusively in the General Partner, which shall have the power by itself on behalf and in the name of the Partnership to carry out any and all of the objects and purposes of the Partnership set forth in Section 1.03 hereof. The Limited Partners shall take no part in the management or operation of the Partnership and shall have no authority or right to act on behalf or in the name of the Partnership in connection with any matter.

2.02. Reliance by Third Parties. Persons dealing with the Partnership are entitled to rely conclusively upon the power and authority of the General Partner as hereinabove set forth and upon the certificate of the General Partner to the effect that it is then acting as a General Partner of the Partnership and has authority to act on its behalf.

2.03. Duties of the General Partner; Other Activities; Etc. The General Partner hereby agrees, so long as it shall be a general partner of the Partnership, to use its best efforts to carry out the objects and purposes of the Partnership and to cause its officers to devote to such objects and purposes such of their time, skill and attention during normal business hours as it shall deem necessary for the management of the affairs of the Partnership; provided, however, that nothing contained in this Agreement shall

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preclude the General Partner, or any shareholder, director, officer or employee of the General Partner, from engaging in any other business activities whatsoever (including, without limitation, any aspect of the real estate business), or from acting as a director, officer or employee of any corporation, a trustee of any trust, an executor or administrator of any estate, a partner of any partnership (including, without limitation, a partnership having similar objects and purposes as the Partnership), or an administrative official of any other business entity, or from receiving any compensation or participating in any profits in connection with any of the foregoing, and no other Partner shall have any right to participate in any manner in any profits or income earned or derived by the General Partner, or by such shareholder, director, officer or employee of the General Partner, from or in connection with the conduct of any such other business venture or activity.

2.04. Exculpation. Neither the General Partner nor any shareholder, director, officer or employee of the General Partner shall be liable to any Limited Partner or the Partnership for any loss arising out of or in connection with the management or operation of the Partnership or the contracting by the Partnership for the services of any agents, except that the General Partner shall be liable for such of the losses so arising as may be attributable to its gross negligence, its willful or wanton misconduct or an intentional breach of its fiduciary obligations in the performance of its duties to the Partnership. The General Partner may consult with attorneys and accountants in respect of the Partnership's affairs and shall be fully protected and justified in acting or failing to act in accordance with the advice or opinion of such attorneys or accountants, provided that they shall have been selected with reasonable care.

2.05. Indemnification.

(a) In any threatened, pending or completed action, suit or proceeding in which the General Partner or any shareholder, director, officer or employee of the General Partner was or is a party or is threatened to be made a party by reason of the fact that the General Partner is or was the General Partner of the Partnership or that such other person is or was associated therewith (other than an action or a suit or proceeding by or in the right of the Partnership), the Partnership shall indemnify the General Partner or such other person against expenses, including, without limitation, attorneys' and accountants' fees and disbursements, judgments and amounts paid in settlement actually and reasonably incurred by the General Partner or such other person in connection with such action, suit or proceeding, or in connection with an appeal therein, if the General Partner or such other person acted in good faith and in a manner reasonably believed to be

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in or not opposed to the best interests of the Partnership, and provided that the conduct of the General Partner or such other person did not constitute gross negligence, willful or wanton misconduct or an intentional breach of the General Partner's fiduciary obligations in the performance of its duties to the Partnership. The termination of any action, suit or proceeding by judgment, order or settlement shall not, of itself, create a presumption that the General Partner or such other person did not act in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Partnership.

(b) In any threatened, pending or completed action, suit or proceeding by or in the right of the Partnership, to which the General Partner or any shareholder, director, officer or employee of the General Partner was or is a party or is threatened to be made a party, involving an alleged cause of action by a Limited Partner or Partners for damages arising from the activities of the General Partner or such other person in the performance or management of the internal affairs of the Partnership as prescribed by this Agreement or by the laws of the State of Idaho, or both, the Partnership shall indemnify the General Partner or such other person against expenses, including, without limitation, attorneys' and accountants' fees and disbursements, actually and reasonably incurred by the General Partner or such other person in connection with the defense or settlement of such action or suit, or in connection with an appeal therein, if the General Partner or such other person acted in good faith and in a manner it reasonably believed to be in or not opposed to the best interests of the Partnership, except that no indemnification shall be made in respect of any claim, issue or matter as to which the General Partner or such other person shall have been adjudged to be liable for gross negligence, willful or wanton misconduct or an intentional breach of the General Partner's fiduciary obligations in the performance of its duties to the Partnership, unless and only to the extent that the court in which such action, suit or proceeding was brought shall determine upon application, that, despite the adjudication of liability but in view of all circumstances of the case, the General Partner or such other person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) To the extent that the General Partner or any shareholder, director, officer, or employee of the General Partner has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraph (a) or (b) of this Section 2.05, or in connection with any appeal therein, or in defense of any claim, issue or matter therein, the Partnership shall indemnify the General Partner or such other person to the full extent permitted by law against the expenses, including, without limitation, attorneys' and accountants' fees and disbursements, actually and reasonably incurred by the General Partner or such other person in connection therewith.

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(d) An indemnification under paragraph (a) or (b) of this Section 2.05, unless ordered by a court, shall be made by the Partnership only as authorized in the specific case and only upon a determination by independent legal counsel (who may be regular counsel to the Partnership or the General Partner) in a written opinion that indemnification is proper in the circumstances because it has met the above applicable standard of conduct.

ARTICLE III

CERTAIN FEES AND EXPENSES

3.01. Certain Organizational and Offering Expenses. The Partnership shall pay, or reimburse the General Partner for, the costs, fees and expenses (including, without limitation, attorneys' and accountants' fees and disbursements) incurred by or on behalf of the Partnership, or by or on behalf of the General Partner, in connection with the formation and syndication of the Partnership.

3.02. Certain Evaluation Expenses. The Partnership shall pay, or reimburse the General Partner for, the costs, fees and expenses incurred by or on behalf of the Partnership, or by or on behalf of the General Partner, in connection with the evaluation of the Property, the preparation of surveys and the preparation and filing of applications for various regulatory approvals et cetera.

3.03. Operating and Development Expenses. The Partnership shall pay all direct costs, fees and expenses relating to the development and operation of the Property, including, without limitation: (i) all costs of borrowed money, taxes and assessments on the Property and other taxes applicable to the Partnership, (ii) legal, audit, accounting, and brokerage fees, (iii) fees and expenses of independent contractors, mortgage bankers, brokers and servicers, leasing agents, consultants, on-site managers, real estate brokers, insurance brokers and other agents, (iv) expenses in connection with the disposition, replacement, alteration, repair, remodeling, refurbishment, leasing, refinancing and operation of the Property (including the costs and expenses of insurance premiums, real estate brokerage and leasing commissions and maintenance of the Property), (v) the cost of insurance as required in connection with the business of the Partnership, (vi) expenses of organizing, revising, amending, modifying or terminating the Partnership, (vii) expenses in connection with distributions to Partners and communications, bookkeeping and clerical work necessary in maintaining relations with Partners and outside parties, (viii) expenses in connection with preparing and mailing reports required to be furnished to

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Partners for investor, tax reporting or other purposes, or such other reports as General Partner deems to be in the best interests of the Partnership, (ix) costs of any accounting, statistical or bookkeeping equipment necessary for the maintenance of the books and records of the Partnership, (x) the cost of preparation and dissemination of the informational material and documentation relating to potential sale, refinancing or other disposition of the Property, (xi) costs incurred in connection with any litigation in which the Partnership is involved, as well as in the examination, investigation or other proceedings conducted by any regulatory agency jurisdiction over the Partnership, including legal and accounting fees incurred in connection therewith, (xii) costs of any computer equipment or services used for or by the Partnership, and (xiii) the fees and expenses of professionals employed by the Partnership in connection with any of the foregoing.

3.04 Certain Management Fees. The Partnership shall pay the General Partner as management fees: (a) the amount of \$150,000, in consideration of its performing services during the initial development phase of the Partnership's activities (including, without limitation, services relating to obtaining the necessary government approvals for the Property's development and installing the Property's "infrastructure", such as roads, electricity and sewer systems); and (b) the amount of \$5,000 per month, if and so long as the Property is still in the process of development.

ARTICLE IV

CAPITAL

4.01. Contributions, Etc.

(a) The General Partner has paid or conveyed to the Partnership, as its contribution to the capital of the Partnership, cash or a combination of cash and a demand promissory note in the aggregate amount of \$500,000. Each Limited Partner has paid or conveyed to the Partnership, as his contribution to the capital of the Partnership, cash or a combination of cash and a demand promissory note (in a form provided by the General Partner), in the aggregate amount set forth in the subscription agreement or other document of transfer pursuant to which such Limited Partner subscribed for or otherwise acquired his interest in the Partnership (his "capital contribution"); provided, however, that the aggregate amount of capital contributions to be made by all of the Limited Partners shall be not less than \$2,250,000 nor more than \$3,000,000. Each Limited Partner agrees to make payments on account of the principal of his demand promissory note at such time or times, to and including June 30, 1995, as the General Partner shall determine, in each case, upon not less

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than 5 days' prior written demand therefor . . . the General Partner; provided, however, that each such demand shall be made to all of the Partners in proportion to their respective capital contributions. No Limited Partner shall be required to make any other contribution to the capital of the Partnership, except that each Limited Partner agrees to contribute to the Partnership, upon the termination thereof, the amount of any deficit balance in his capital account.

(b) In the event that a Limited Partner shall fail to pay when due any amount of the principal of his promissory note, the General Partner, in its sole and absolute discretion, may:

(i) take whatever legal action it deems necessary or appropriate to collect from such defaulting Limited Partner, on behalf of the Partnership, any such amount and any loss, liability, costs or expenses (including reasonable attorneys' and accountants' fees and disbursements) which the Partnership may incur by reason of, or in connection with, such default; or

(ii) elect, upon not less than 10 days' notice to such defaulting Limited Partner, to deem such default to be a withdrawal by such defaulting Limited Partner from the Partnership and to execute and have acknowledged all necessary documents on behalf of such defaulting Limited Partner and all other Limited Partners, pursuant to the power of attorney granted to the General Partner under Section 10.01 hereof, to effectuate the withdrawal of such defaulting Limited Partner. The interest in the Partnership of such defaulting Limited Partner will automatically terminate without payment by the Partnership or any other person of any consideration to such defaulting Limited Partner, except as provided below. The withdrawal of a Limited Partner pursuant to this paragraph (b) will in no way relieve him of his obligation to pay his promissory note or any other obligation to the Partnership, except as provided below.

(c) Following the withdrawal of a defaulting Limited Partner pursuant to paragraph (b) of this Section 4.01, the General Partner may admit a new Limited Partner or increase the Partnership interest of the General Partner or any other Limited Partner, upon the following terms and conditions:

(i) within 10 days after notice given by the General Partner to the remaining Limited Partners of such defaulting Limited Partner's default, each remaining Limited Partner will have the option, exercisable within 10 days after the date of such

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notice to purchase such defaulting Limited Partner's interest, including all cash flow, taxable income and tax loss attributable to such interest which has not been distributed or allocated to such defaulting Limited Partner as of the date of his withdrawal pursuant to paragraph (b) of this Section 4.01. The purchase price for such defaulting Limited Partner's interest will be paid by (x) payment in cash to such defaulting Limited Partner of 10% of the total cash amounts actually contributed by such defaulting Limited Partner to the capital of the Partnership (including principal payments on his promissory note), less the aggregate amount of any cash distributions actually received by such defaulting Limited Partner, and (y) execution by the Limited Partners purchasing such interest of an undertaking to make the required cash contributions evidenced by such defaulting Limited Partner's promissory note and assume the balance of any other obligations due the Partnership from such defaulting Limited Partner. In the event that two or more of the remaining Limited Partners desire to purchase the interest of such defaulting Limited Partner, the General Partner will give prompt notice thereof to each of such Limited Partners, and each such Limited Partner will be entitled to purchase that percentage of such interest which his capital contribution pursuant to Section 4.01 hereof bears to the aggregate capital contributions of all of the Limited Partners desiring to purchase such interest. To the extent that a purchaser of such defaulting Limited Partner's interest fails to satisfy the foregoing undertaking, such defaulting Limited Partner and such purchaser will remain liable for such balance, plus any costs, fees and expenses including, without limitation, reasonable attorneys' and accountants' fees and disbursements, incurred in enforcing the Partnership's right thereto.

(ii) If the remaining Limited Partners fail to purchase all of such defaulting Limited Partner's interest on or before the expiration of 30 days after the date of the notice referred to in clause (i) of this paragraph (c), the General Partner will have the option to sell such interest to any individual or entity on the same terms and conditions as were applicable to the remaining Limited Partners pursuant to clause (i) of this paragraph (c). In the event that any such individual or entity purchases such defaulting Limited Partner's interest or a portion thereof, such individual and entity will assume the status of a substituted Limited Partner with respect thereto.

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Whether or not the option pursuant to clause (i) of this paragraph (c) or the option pursuant to clause (ii) of this paragraph (c) is exercised, such defaulting Limited Partner will have no right to receive any undistributed or unallocated cash flow, taxable income or tax loss after the date of his withdrawal from the Partnership pursuant to paragraph (b) of this Section 4.01, but any purchaser of his interest will receive the benefits and burdens of the same. In the event that neither the option pursuant to clause (i) of this paragraph (c) nor the option pursuant to clause (ii) of this paragraph (c) is exercised, the General Partner will have the option to purchase the interest in and obligations to the Partnership of such defaulting Limited Partner without prejudice to the Partnership's right to recover from such defaulting Limited Partner the full amount of damages sustained by the Partnership as provided in paragraph (b) of this Section 4.01.

4.02. Application of Capital. The aggregate of all contributions made by the Partners to the capital of the Partnership (including principal payments on their promissory notes), and the undistributed net income of the Partnership, shall be available to the Partnership to carry out the objects and purposes of the Partnership.

4.03. Capital Accounts. There shall be established for each Partner on the books of the Partnership a capital account equal to such Partner's initial capital contribution pursuant to Section 4.01 hereof plus or minus such Partner's share of the income or loss of the Partnership, determined pursuant to Article V hereof minus any distribution made to such Partner by the Partnership.

4.04. No Interest on Capital. No Partner shall be entitled to receive any interest on or in respect of any amount credited to his capital account.

4.05. No Withdrawal of Capital. Except as otherwise provided in this Agreement, no time has been agreed upon for the repayment of, or the payment of any return on, the respective contributions of the Partners to the capital of the Partnership, and no Partner shall be entitled to withdraw any amount credited to his capital account.

4.06. No Priority Among Partners as to Return of Capital. No Limited Partner shall have priority over any other Limited Partner as to the return of his capital contribution to the Partnership and, except as otherwise specifically set forth in this Agreement, no Partner shall have the right to demand or receive property other than cash in return for his capital contribution to the Partnership.

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ARTICLE V

ALLOCATIONS AND DISTRIBUTIONS

5.01. Definitions. As used in this Article V:

(a) the term "Adjusted Capital Contributions" means, with respect to any fiscal period, an amount equal to the Partners' Capital Contributions as reduced by an amount equal to all distributions made to the Partners under Section 5.02 hereof;

(b) the term "Capital Contributions" means the total amount of money contributed to the Partnership by any Partner or all of the Partners, as the case may be;

(c) the term "Cash Available for Distribution" means, with respect to any fiscal period, all cash receipts from operations in the ordinary course of business (including all net proceeds from the sale or refinancing of any Partnership property) without deduction for depreciation less all cash disbursed for operating expenses, debt service and capital expenditures and all amounts set aside for Reserves;

(d) the term "Profits and Losses for Tax Purposes" means, with respect to any fiscal period, the income or loss of the Partnership as determined for federal income tax purposes, including, without limitation, related federal tax items such as capital gain or loss, tax preferences, credits and depreciation; and

(e) the term "Reserves" means, with respect to any fiscal period, funds set aside or amounts allocated to reserves, which shall be maintained in amounts deemed sufficient by the General Partner for working capital and to pay taxes, insurance, debt service, repairs, replacements, or renewals, or other costs or expenses incident to the ownership, development or operation of the Property.

5.02. Distributions of Cash Available for Distribution. All Cash Available for Distribution shall be paid or distributed at least quarterly in the following priority:

(i) First, to all of the Partners (including the General Partner), pro rata in proportion to their Capital Contributions, in an amount equal to the sum of their Adjusted Capital Contributions.

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(ii) Second, the balance, 50% to the General Partner and 50% to all of the Partners (including the General Partner) pro rata in proportion to their Capital Contributions.

5.03. Profits and Losses for Tax Purposes.

A. Profits and Losses for Tax Purposes shall be determined and allocated with respect to each fiscal year of the Partnership as of the end of such year. Allocations of Profits and Losses for Tax Purposes shall be made before distributions of Cash Available for Distribution.

B. Profits for Tax Purposes for a fiscal period shall be allocated to the Partners as follows:

(i) First, to each of the Partners in an amount equal to the negative balance, if any, in his Capital Account, provided that if the Profits for Tax Purposes so allocated are less than the negative balances in all Partners' Capital Accounts combined, then the Profits for Tax Purposes shall be allocated among all of the Partners pro rata in proportion to the negative balances in their Capital Accounts;

(ii) Second, to all of the Partners in an amount equal to the Cash Available For Distribution distributed or to be distributed to them with respect to such fiscal period pursuant to Section 5.02(i); and

(iii) Third, the balance, if any, 50% to the General Partner and 50% to all of the Partners (including the General Partner) pro rata in proportion to their Capital Contributions.

C. Losses for Tax Purposes shall be allocated as follows:

(i) First, to all of the Partners so that, to the extent possible, the ratio of the positive Capital Account balance of each Partner to the aggregate positive Capital Account balances of all Partners equals the ratio of the Capital Contributions by each Partner to the total Capital Contributions by all Partners; and

(ii) Second, to all Partners in proportion to the positive balances in their Capital Accounts (as adjusted to reflect the allocation of Losses for Tax purposes pursuant to subparagraph (i) above).

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ARTICLE VI

WITHDRAWAL OF PARTNERS

6.01. Withdrawal in General. No Partner shall have the right to withdraw voluntarily from the Partnership, to cause a dissolution of the Partnership or to seek or obtain a partition of the Partnership's property.

6.02. Dissolution of the General Partner. The dissolution of the General Partner shall dissolve the Partnership unless a majority in interest of the Limited Partners select a successor general partner or partners, reconstitute the Partnership to the extent required by law and elect to continue its business. In the event of the dissolution of the General Partner, and the selection of a successor general partner or partners, the partnership interest of the General Partner shall be deemed to be that of a Limited Partner of a new class having the same rights to participate in the profits, losses and distributions of the Partnership as those of the General Partner hereunder.

6.03. Death, Incapacity, Insolvency or Dissolution of a Limited Partner. The death, incapacity, insolvency or dissolution of a Limited Partner shall not terminate or dissolve the Partnership, and upon any such death, incapacity, insolvency or dissolution the remaining Partners shall reconstitute the Partnership to the extent required by law and continue its business and no Partner shall have the right to demand the distribution of any portion of such Partner's interest in the Partnership, an accounting therefor or the liquidation and winding up of the affairs of the Partnership. In the event of the death, incapacity, insolvency or dissolution of a Limited Partner, the legal representative of such Limited Partner shall have all the rights of an assignee of such Limited Partner but shall not have the rights of a substituted Limited Partner unless such legal representative is admitted as such pursuant to Section 7.03 hereof. Such legal representative may dispose of the interest of such Limited Partner only in accordance with all the terms and provisions of this Agreement.

ARTICLE VII

Assignability of Interests

7.01. Assignability of the General Partner's Interest. The General Partner shall not sell, assign, or in any manner dispose of, or create, or suffer the creation of, a security interest in its interest in the Partnership in whole

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or in part, nor enter into any agreement as the result of which any person, firm or corporation other than an affiliate of the General Partner shall become interested with the General Partner therein.

7.02. Assignability of a Limited Partner's Interest. Except by last will and testament or by operation of law, without the prior written consent of the General Partner (which consent may be given or withheld in the sole and absolute discretion of the General Partner) no Limited Partner shall sell, assign, or in any manner dispose of, or create, or suffer the creation of, a security interest in such Limited Partner's interest in the Partnership, in whole or in part, nor enter into any agreement as the result of which any person, firm or corporation shall become interested with such Limited Partner therein. In no event shall a Limited Partner's interest in the Partnership, or any part thereof, be assigned or transferred to any person unless the General Partner shall be satisfied that such assignment or transfer is not in violation of applicable federal and state securities laws, and, unless such condition is met, no attempted assignment or transfer of a Limited Partner's interest in the Partnership, or part thereof, shall be valid and binding on the Partnership.

7.03. Substitution of a Limited Partner. No assignee shall have the right to become a substituted Limited Partner unless such assignee shall express such an intention in the related instrument of assignment and the General Partner shall, in its sole and absolute discretion, consent to such substitution.

ARTICLE VIII

TERMINATION AND LIQUIDATION OF PARTNERSHIP

8.01. Termination. The Partnership shall terminate upon the expiration of its term or upon the first to occur of the following:

(a) the sale, exchange, condemnation, forfeiture or other disposition of all or substantially all of the Partnership's assets;

(b) the dissolution of the General Partner, unless within 90 days of such dissolution a majority in interest of the Limited Partners elect a successor general partner or partners, reconstitute the Partnership to the extent required by law and elect to continue its business;

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(c) a determination by the General Partner that the Partnership should terminate;

(d) any event which under applicable law would result in the termination of the Partnership.

Upon the termination of the Partnership, no further business shall be done in the Partnership name except the completion of any incomplete transactions and the taking of such action as shall be necessary for the winding up of the affairs of the Partnership and the distribution of its assets.

8.02. Liquidation. Upon termination of the Partnership, the General Partner, or in the event that the Partnership shall have terminated pursuant to subparagraph (b) of Section 8.01 hereof, a liquidating trustee selected by a majority in interest of the Limited Partners, shall take the following actions and make the following distributions out of the Partnership assets in the following manner and order:

(a) determine the interest of the Partnership in the properties and assets held by the Partnership;

(b) dispose of all other Partnership properties and assets at the best cash price obtainable therefor;

(c) pay and discharge the claims of all creditors of the Partnership who are not Partners;

(d) pay and discharge pro rata the claims of all creditors of the Partnership who are Partners;

(e) set up any reserves which the General Partner or the liquidating trustee, as the case may be, may deem necessary or advisable for any contingent or unforeseen liabilities or obligations of the Partnership, provided that if and when a contingency shall cease to exist, the monies, if any, then in the particular reserve shall be distributed as provided in subparagraph (h) of this Section 8.02; and

(f) adjust the capital account of each Partner;

(g) prepare a final statement of account showing the status of each Partner's capital account, as adjusted, and the amount, if any, owed by each Partner to the Partnership; and

(h) distribute to each of the Partners the balance, if any, then remaining in his capital account, as adjusted **RECEIVED**

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ARTICLE IX

ACCOUNTING; REPORTS TO PARTNERS; ETC.

9.01. Fiscal Year. The fiscal year of the Partnership shall end on December 31.

9.02. Accounting Method. The Partnership shall employ generally accepted accounting principles on a cash basis.

9.03. Books and Records. The Partnership shall maintain at its principal place of business full and accurate books of account showing all receipts and expenditures, assets and liabilities and profits and losses of the Partnership, and such other books and records as shall be necessary to record the Partnership's business and affairs, including such as shall be necessary to record the adjustments, allocations and distributions provided for in Articles IV, V, and VIII hereof. Each Partner shall have unrestricted access to such books and records for proper purposes during normal business hours, upon five days prior written notice to the General Partner.

9.04. Tax Returns; Tax Audits. The General Partner shall prepare, or cause to be prepared, all tax returns required of the Partnership. The General Partner shall perform all the duties imposed by Sections 6221 through 6232 of the Internal Revenue Code of 1986 (the "Code") as "tax matters partner" of the Partnership.

9.05. Tax Elections. No election will be made by the Partnership, the General Partner or any Limited Partner for the Partnership to be excluded from the application of the provisions of subchapter K of the Code.

9.06. Reports to Partners.

(a) As soon as reasonably practicable after the end of each fiscal year of the Partnership, but in no event later than 90 days thereafter the General Partner shall cause to be prepared and furnished to each Partner an annual report containing:

(i) unaudited financial statements for such fiscal year; and

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(ii) a tax statement showing the items of income, deduction, gain, loss or credit allocated to such Partner pursuant to the provisions of the Code of 1986 in sufficient detail to enable such Partner to prepare his individual income tax returns in accordance with the laws, rules and regulations thereunder then prevailing.

(b) As soon as reasonably practicable after the end of each fiscal quarter of the Partnership, the General Partner shall cause to be prepared and delivered to each Partner operating reports disclosing the receipt and disbursement of revenues, if any, and other information pertaining to the progress of the Partnership.

9.07. List of Partners. The General Partner shall furnish any Limited Partner, upon request, a list of the names, interests and addresses of all Limited Partners at no cost to the Limited partner making such request other than reproduction and mailing costs.

ARTICLE X

MISCELLANEOUS

10.01. Power of Attorney. Each of the Partners hereby makes, constitutes and appoints each of the General Partner, Lynn T. Levy and Tom Ziegler as his true and lawful representative and attorney-in-fact in his name, place and stead to make, execute, sign, acknowledge and file with respect to the Partnership:

(a) a Certificate of Limited Partnership and all amendments thereto under the laws of the State of Idaho, including therein all information required by the laws of such state;

(b) all instruments which such representative and attorney-in-fact deems appropriate to reflect any amendment, change or modification of the Partnership in accordance with the terms of this Agreement;

(c) all such other instruments, documents and certificates which may from time to time be required by the laws of the State of Idaho, the United States of America, or any other jurisdiction in which the Partnership shall determine to do business, or any

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political subdivision or agency thereof, to effectuate, implement, continue and defend the valid and subsisting existence of the Partnership as a limited partnership; and

(d) all papers which may be deemed necessary or desirable by such representative and attorney-in-fact to effect the dissolution and liquidation of the Partnership;

provided, however, that no such representative and attorney-in-fact shall have any right, power or authority to amend or modify this Agreement when acting in such capacity. The foregoing Power of Attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive the death of a Partner and extend to such Partner's heirs, legal representatives, successors and assigns. Each of the Partners hereby agrees to be bound by any representation made by any such representative and attorney-in-fact acting in good faith pursuant to such power of attorney, and each of the Partners hereby waives any and all defenses which may be available to contest, negate or disaffirm any action of any such representative and attorney-in-fact taken in good faith pursuant to such Power of Attorney.

10.02. Amendments. This Agreement may not be amended except by a writing executed by the General Partner and by a majority in interest of the Limited Partners; provided, however, that (a) without the consent of all the Partners, no such amendment shall change the Partnership to a general partnership, reduce the liabilities, obligations or responsibilities of the General Partner or increase the liabilities, obligations or responsibilities of the Limited Partners (the extension of the term of the Partnership shall not be deemed to constitute an increase in the liabilities of the Limited Partners), and (b) without the specific consent of each Partner affected thereby, no such amendment shall reduce the capital account of any Partner or alter or modify this Section 10.02; and provided further, however, that the General Partner may amend this Agreement without the consent of any of the other Partners to reflect changes validly made in the membership of the Partnership, to reflect changes in the capital accounts of the Partners and to make changes that do not adversely affect any Limited Partner. Anything in the foregoing provisions of this Section 10.02 to the contrary notwithstanding, this Agreement shall be amended from time to time in each and every manner to comply with the then existing requirements of the Internal Revenue Code of 1986, as amended, the Treasury Regulations and the rulings of the Internal Revenue Service affecting the status of the Limited Partnership as a partnership for federal income tax purposes, and no amendment will be proposed which will directly or indirectly affect or jeopardize the then status of the Limited Partnership as a partnership for federal income tax purposes.

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10.03. Severability. In the event that any provision of this Agreement shall be held to be void or unenforceable for any reason whatsoever, the remaining provisions of this Agreement shall not be affected thereby and shall continue in full force and effect.

10.04. Notices. All notices to the Partnership shall be addressed to its principal office. All notices addressed to a Partner or his legal representative shall be addressed to such Partner or legal representative at the address of such Partner set forth (-GO-TO-PAGE-) here page hereof. Any Partner or the legal representative of any Partner may designate a new address by notice to such effect given to the Partnership. Unless otherwise specifically provided in this Agreement, a notice shall be deemed to have been effectively given to the Partnership when received by the Partnership and to have been effectively given to a Partner or his legal representative when delivered in person or on the fifth business day after the same shall have been deposited in a Post Office or a regularly maintained letter box.

10.05. No Waiver. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other subsequent breach or condition, whether of like or different nature.

10.06. Copy on File. Each Partner hereby agrees that one executed counterpart of this Agreement or set of executed counterparts shall be held at the principal office of the Partnership, that a Certificate of Limited Partnership and all amendments thereto shall be filed in Idaho and copies thereof shall be held at the principal office of the Partnership and that there shall be distributed to each Partner a conformed copy of this Agreement as amended from time to time.

10.07. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho.

10.08. Counterparts. This Agreement may be executed in one or more counterparts, and each of such counterparts shall, for all purposes, be deemed to be an original, but all of such counterparts shall constitute one and the same instrument.

10.09. Variation. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

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10.10. Binding Effect. Except as otherwise herein provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective personal representatives, executors, administrators, estates, heirs, legal representatives, successors and assigns.

10.11. Headings. The headings of the sections of this Agreement are for convenience of reference only, and are not to be considered in construing the terms and provisions of this Agreement.

10.12. Entire Agreement. This Agreement constitutes the entire agreement and understanding among the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties hereto in connection herewith.

10.13. Payments to Legal Representatives. Whenever provision is made in this Agreement for payment to the legal representative of a Partner, if there shall be no legal representative of such Partner or if there shall be no legal representative appointed and qualified to receive such payment, the same shall be deposited in an account (which need not be interest bearing) in a bank or trust company in Sun Valley, Idaho, in the name of the Partnership in trust for the estate of such Partner, and the funds so deposited shall be turned over to the legal representative of such Partner after such legal representative shall have been duly appointed and qualified and shall have duly demanded payment thereof.

10.14. Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any Partner shall not preclude or waive his right to use any or all other remedies. Said rights and remedies are given in addition to any other rights such Partner may have by law, statute, ordinance or otherwise.

10.15. Waiver of Right to Partition. Each of the Partners irrevocably waives during the term of the Partnership any right that such Partner may have to maintain any action for partition with respect to the property and assets of the Partnership, and hereby agrees not to file a bill for a partnership accounting or otherwise proceed adversely in any manner whatsoever against the other Partners or the Partnership, except for fraud or violation of this Agreement.

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10.16. Merger, Consolidation or Reorganization of the General Partner. In the event of a merger, consolidation or reorganization of the General Partner into or with a successor entity, such entity shall become the General Partner hereunder for all purposes and effects and shall succeed to and enjoy all rights and benefits and bear all obligations and burdens conferred or imposed upon the General Partner.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GENERAL PARTNER:

LIMITED PARTNER:

L.Z. Corp.

(Signature of Limited Partner)

By _____
Lynn T. Levy, Chairman

(Typed or Printed Name)

Tom Ziegler, President

(Residence Address)

(City, State and Zip Code)

(Social Security or Taxpayer
Identification Number)

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COPY

AUG 27 1990

Department of Water Resources
Southern Region Office
**SPECIAL POWER OF ATTORNEY
(WATER RIGHTS)**

CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP, an Idaho limited partnership (the "Partnership"), by and through L Z CORP., an Idaho corporation, as its general partner, of Blaine County, Idaho, designates and appoints JAMES P. SPECK, of Ketchum, Idaho, as the Partnership's attorney in fact and agent (subsequently called "Agent") to act in the Partnership's name and for the Partnership's benefit for the specific purposes stated herein only. The Partnership grants to its Agent full power and authority to do everything necessary in exercising any of the powers herein granted as fully as the Partnership might or could do if personally present and fully competent, hereby ratifying and confirming all that the Partnership's Agent shall lawfully do or cause to be done by virtue of this Special Power of Attorney and the powers herein granted.

1. SPECIFIC GRANT OF POWER. The Partnership's agent shall have power to exercise or perform any act, power, duty, right or obligation whatsoever that the Partnership now has or may hereafter acquire, RELATING ONLY TO the preparation and filing of claims for water rights in Twin Falls County District Court Civil No. 39576, In Re the General Adjudication of Rights to the Use of Water from the Snake River Basin Water System, and the preparation and filing of applications for permits to or transfers of water rights, or claims to water rights, with the Idaho Department of Water Resources.

2. REVOCABILITY. This Special Power of Attorney is revocable, provided, that insofar as any governmental agency, bank, trust company, insurance company, transfer agent, or other person shall rely upon this power, this power may be revoked only by a notice in writing executed by me or the Partnership's Agent and delivered to such person or institution.

3. INTERPRETATION. This instrument is to be construed and interpreted as a Special Power of Attorney and shall be limited in accordance herewith.

4. THIRD-PARTY RELIANCE. Third parties may rely upon the representations of the Agent as to all matters relating to any power granted to the Partnership's Agent, and no person who may act in reliance upon the representations of the Agent or the authority granted to the Partnership's Agent shall incur any liability to the Partnership as a result of permitting the Agent to exercise any power.

SPECIAL POWER OF ATTORNEY - 1

NOV 15 1991

37-8670

5. GOVERNING LAW. This Special Power of Attorney is executed and delivered in the State of Idaho and the laws of the State of Idaho shall govern all questions as to the validity of this power and as to the construction of its provisions.

6. COUNTERPARTS. This Special Power of Attorney may be executed in counterparts. Each executed counterpart of this Special Power of Attorney shall have the force and effect of this original.

IN WITNESS WHEREOF, the Partnership has executed this Special Power of Attorney this 22 day of August, 1990.

CRYSTAL HOT SPRINGS LIMITED
PARTNERSHIP, an Idaho limited
partnership

By its general partner:
L Z Corp., an Idaho
corporation

By: [Signature]

Its

STATE OF IDAHO)

County of Blaine)

ss.

On this 22 day of Aug, 1990, before me, the undersigned notary public in and for said state, personally appeared Tom Ziegler, known or identified to me to be the Secretary of L Z Corp., an Idaho corporation and the general partner of CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP, an Idaho limited partnership, and the person who executed the foregoing instrument on behalf of said corporation in its capacity as the general partner of said limited partnership and acknowledged to me that said corporation executed the same in said partnership name.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year in this certificate first above written.

[Signature]
Notary Public for Idaho
Residing at: Blaine, ID
Comm. Expires: 11/3/95

SPECIAL POWER OF ATTORNEY

NOV 15 1991

PETE T. CENARRUSA
SECRETARY OF STATE
STATE CAPITOL
BOISE, IDAHO

COPY

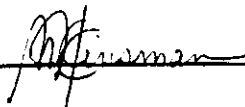
No. L01694

CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP

AMENDMENT

STATE OF IDAHO
Department of State
Boise, Idaho
Approved, filed and admitted to the
corporation records of the State of
Idaho
Date June 20, 1990
Time 8:55 a.m.
FEES PAID \$ 20.00

Pete T. Cenarrusa
SECRETARY OF STATE

By: 

Invoice # 100044

CCR # 53809

Filing Party
Lynn T. Levy
Box 46
Sun Valley ID 83353

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PETE T. CENARRUSA
Secretary of State
Room 203, Statehouse
Boise, Idaho 83720
Telephone (208) 334-2300

Invoice C 10004

COPY

Name

LYNN/JOANN LEVY
PO BOX 714
SUN VALLEY ID 83353

Date	June 20, 1990
Reference No.	

If statement indicates balance due, please detach this part and return with remittance.

	Re: CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP	
6301	Articles of Incorporation or Application for Certificate of Authority (No. _____)	
	Amendment of or Restated Articles of Incorporation (No. _____)	
	Application for Amended Certificate of Authority	
	Articles of Merger (No. _____)	
	Articles of Dissolution (No. _____)	
	Application for Withdrawal (No. _____)	
	Change of Registered Office or Agent (No. _____)	
	Expedited Service	
	Reinstatement (No. _____)	
	Name Reservation or Transfer of Name Reservation	
	Registration of Name or Renewal of Registered Name	
	Certificate of Corporate Status	
	Certificate of Limited Partnership	
	X Limited Partnership Amendment or Cancellation	\$20.00
6433	Trademark / Service Mark	
6431	Notary Public Commission or Renewal of Bond	
	Certificate of Notary Public	
6490	Filing Fee for Election to Office (Office _____)	
6402	Filing Fee for Lobbyist (Name _____)	
6507	Blue Book	
6511	Printed Material	
6517	Photostatic Copy	
	Certified Copy	
	Irrevocable Consent	
	Summons and Complaint	
6007	Sales Tax	
	Other _____	

MK
Employee Handling

Invoice C

100044

53809

Receipt

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REFUND CHECK NO. _____

REFUND DATE _____

If a refund is indicated, you will receive a check within the next ten days.

TOTAL CHARGES \$20.00

AMOUNT RECEIVED \$20.00

AMOUNT DUE None

AMOUNT PAID _____

DATE _____

WHITE COPY - Client
PINK - Bookkeeper
GOLDENROD - Payment Record to be returned with CCR to Department
IN 985

COPY

CERTIFICATE OF AMENDMENT

CRYSTAL HOT SPRINGS RANCHES LIMITED PARTNERSHIP

Date filed: June 6, 1990

Amendment: The Partners have voted to change the name of
the above named partnership to:

CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP

GENERAL PARTNER

L Z CORP.

By:.....
Its President

Lynn T. Levy

STATE OF IDAHO
COUNTY OF BLAINE

On the 8th day of June, 1990, before me personally came
Lynn T. Levy, to me known and known to me to be the individual
described in and who executed the foregoing instrument, and he
duly acknowledged to me that he executed the same.

Joan Aguirre
Notary Public

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CERTIFICATE OF LIMITED PARTNERSHIP OF
CRYSTAL HOT SPRINGS RANCHES LIMITED PARTNERSHIP

The undersigned, desiring to form a Limited Partnership pursuant to the Idaho Limited Partnership Act, certify:

1. The name of the Limited Partnership is CRYSTAL HOT SPRINGS RANCHES LIMITED PARTNERSHIP.
2. The general character of its business is to acquire and subdivide real estate and any collateral business related thereto.
3. The name and address of the Registered Agent for service of process is Lynn T. (Buck) Levy, M.D., 103 Wedeln Lane, Sun Valley, Idaho 83353.
4. The name and business address of each partner is as follows:

GENERAL PARTNER

<u>Name</u>	<u>Address</u>
L Z Corp.	103 Wedeln Lane Sun Valley, Idaho 83353

CERTIFICATE OF LIMITED PARTNERSHIP OF
CRYSTAL HOT SPRINGS RANCHES LIMITED PARTNERSHIP/1

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LIMITED PARTNERS

<u>Name</u>	<u>Address</u>
1. <u>Melin Family Trust</u>	<u>1 Stern Lane</u> <u>Atherton, CA 94025</u>
2. <u>Gary Goodenough</u>	<u>Box 82</u> <u>Ketchum, ID 83340</u>
3. <u>Robert P. Dreyer</u>	<u>Box 4917</u> <u>Ketchum, ID 83340</u>
4. <u>Earl & Shirley Feiwell</u>	<u>3400 Marna Ave.</u> <u>Long Beach, CA 90808</u>
5. <u>Mark Nickum</u>	<u>Box 1565</u> <u>Hailey, ID 83333</u>
6. <u>Ray Bouch</u>	<u>1407 Bryant Rd.</u> <u>Long Beach, CA 90815</u>
7. <u>James Foster</u>	<u>2288 21st.</u> <u>Signal Hill, CA 90806</u>
8. _____	_____
9. _____	_____
10. _____	_____

5. The amount of cash and demand note subscribed to by the
General Partner is: \$ 1,198,333.33

CERTIFICATE OF LIMITED PARTNERSHIP OF
CRYSTAL HOT SPRINGS RANCHES LIMITED PARTNERSHIP/2

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6. The amount of cash and demand note subscribed to by each Limited Partner is:

	<u>Name</u>	<u>Amount</u>
1.	<u>Melin Family Trust</u>	<u>\$ 200,000.00</u>
2.	<u>Gary Goodenough</u>	<u>\$ 50,000.00</u>
3.	<u>Robert P. Dreyer</u>	<u>\$ 526,666.67</u>
4.	<u>Earl & Shirley Feiwell</u>	<u>\$ 150,000.00</u>
5.	<u>Mark Nikum</u>	<u>\$ 75,000.00</u>
6.	<u>Ray Bouch</u>	<u>\$ 150,000.00</u>
7.	<u>James Foster</u>	<u>\$ 50,000.00</u>
8.	<u></u>	<u>\$</u>
9.	<u></u>	<u>\$</u>
10.	<u></u>	<u>\$</u>

7. Each Partner, including each Limited Partner, may be required to contribute to the Partnership, in addition to the amount of the initial subscription, an amount no more than 25% of such initial subscription upon demand of the General Partner. Such contributions must be demanded of all Partners pro rata to their initial contributions.

8. No additional contributions are required of any Partner.

9. No Limited Partner may sell, assign, or encumber his interest without the approval of the General Partner and without an opinion of counsel that such transfer will not be in violation of the Securities Act of 1933, as amended.

CERTIFICATE OF LIMITED PARTNERSHIP OF
CRYSTAL HOT SPRINGS RANCHES LIMITED PARTNERSHIP/3

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10. A Limited Partner may not terminate his membership in the Limited Partnership prior to its dissolution.

11. No Partner shall have any right to receive distributions of property from the Partnership.

12. All cash distributions shall be made to Limited and General Partners, pro rata in proportion to their capital contributions, not including interest, until they have received an amount equal to their capital contributions, and then profit will be distributed giving a 5% bonus to the General Partners, or, based on the existing contributions, 56% to the General Partners and 44% to the Limited Partners.

13. The Limited Partnership shall be dissolved and its affairs wound up on December 31, 2010, unless dissolved sooner at the election of the General Partner, or unless a General Partner dies, retires, or otherwise withdraws. Within 90 days after the withdrawal of a General Partner, if all partners agree in writing to continue the business of the Limited Partnership and to the appointment of one or more additional General Partners if necessary or desired, such withdrawal shall not constitute a dissolution.

GENERAL PARTNER

L Z CORP.

By:.....

Its President

ATTEST:

.....
Its Secretary

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AFFIDAVIT of PUBLICATION

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State of Idaho,
County of Blaine

} ss.

NOV 13 1990

Department of Water Resources
Southern Region Office

DANIEL J. GORDON, being first duly sworn, deposes and says that he is the printer (publisher) of the Wood River Journal, a newspaper published every week in Hailey, County of Blaine, State of Idaho; that said newspaper has been continuously and uninterruptedly published for a period of seventy-eight consecutive weeks prior to the first publication of the annexed notice, and is a newspaper qualified to publish legal notices as provided by act of the 1919 session of the legislature of the State of Idaho, known as House Bill 145; that the

annexed advertisement was published once each week for 2 consecutive issues in said newspaper proper and not in a supplement; that the date of the first

publication of said advertisement was on the 17 day of 10, 1990 and

the date of the last publication was on the 24 day of 10, 1990.

Subscribed and sworn to before me this 24 day of Oct, 1990.
(SEAL)

Rahuta McKee
NOTARY PUBLIC

7329

WOOD RIVER JOURNAL
Hailey, Idaho

COST OF PUBLICATION

Number of Picas per Line 11
Number of Lines in Notice 101.25
Number of Insertions 2
101.25 Lines tabular at \$55.69 6c / Pica
101.25 Lines straight at \$44.55 5c / Pica
Subsequent lines at \$44.55 4c / Pica
TOTAL COST \$105.24 \$5.00 fee

COPY OF NOTICE

(Here)

App. for Water Right
37-08666 37-08670
PLAINTIFF ATTORNEY 3708
37-08672 37-08673 63
DEFENDANT
Kohl, Timothy O.
PLAINTIFF
Dept. of Water Res. J.J.
BILL TO

Five file on water rights

NOTICE OF APPLICATION FOR WATER RIGHTS

The following application(s) have been filed to appropriate the public waters of the State of

37-08666
KOHL, TIMOTHY O.
P.O. BOX 2745
SUN VALLEY, ID 83353
Source: GROUNDWATER
Division Pt: SWNESE Sec 29 T
03N R 18E
Use: IRRIGATION (.040 CFS)
DOMESTIC (.040 CFS)
Total Diversion: (.080 CFS)
Date Filed: 8/30/1990
In: T03N R18E S29 NESE
1.5 ACRES TOTAL

37-08670
CRYSTAL HOT SPRINGS
RANCH LTD. PARTNERSHIP
C/O JAMES P. SPECK, ESQ.
P.O. BOX 987
KETCHUM, ID 83340
Source: GROUNDWATER
Division Pt: NWNWSE Sec 18 T
02N R 18E
Use: HEATING (4.000 CFS)
RECREATION (4.000 CFS)
WILDLIFE (4.000 CFS)
Total Diversion: (4.000 CFS)
Date Filed: 8/13/1990
In: T02N R17E S11 SESE; S13
NENE NWNE NENW NWNW
NESE SESE; S14 NENE NWNE
SWNE SESE; R18E S17 SWNW
SENW NESW NWSW; S18 SWNE
NENW Lot 1 (NWNW); Lot 2
(SWNW); SENW NESW Lot 3
(NWSW); Lot 4 (SWSW); SESW
NESE NWSE SWSE SESE

37-08672
RAMM, PAUL C.
RAMM, LYNN A.
P.O. BOX 535
BELLEVUE, ID 83313
Source: GROUNDWATER
Division Pt: SWNW Sec 18 T
01N R 19E
Use: IRRIGATION (.060 CFS)
Total Diversion: (.060 CFS)
Date Filed: 8/16/1990
In: T01N R19E S18 SWNW
3.0 ACRES TOTAL

37-08673
G.M.M.K. GROUP
P.O. BOX 1814
HAILEY, ID 83333
Source: GROUNDWATER
Division Pt: NWNWNE Sec 19 T
02N R 18E
Use: DOMESTIC (.200 CFS)
FIRE PROTECTION (.600 CFS)
IRRIGATION (.200 CFS)
Total Diversion: (.600 CFS)
Date Filed: 9/6/1990
In: T02N R17E S24 NENE, R18E
S19 NWNE NENW Lot 1 (NWNW)
10.0 ACRES TOTAL

37-08675
LEVIN, DR. DONALD M.
P.O. BOX 699
HAILEY, ID 83333
Source: GROUNDWATER
Division Pt: SWSW Sec 29 T
03N R 18E
Use: DOMESTIC (.040 CFS)

IRRIGATION (.030 CFS)
Total Diversion: (.130 CFS)
Date Filed: 9/7/1990
In: T03N R18E S29 SWSW
3.0 ACRES TOTAL

The permit(s) will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec. 42-203A, Idaho Code, and/or the new public interest criteria of Sec. 42-204, Idaho Code. Protests must be filed with the Director, Department of Water Resources, 222 Shoshone Street, Boise, Idaho 83701, on or before NOVEMBER 5, 1990.

R. Keith Higginson, Director
Wood River Journal
November 17 & 24, 1990

MICROFILMED

NOV 15 1991

**NOW
STARTING
RIGHT
SIDE OF
FILE**



State of Idaho
DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Statehouse Mail, Boise, Idaho 83720-9000
Phone: (208) 327-7900 FAX: (208) 327-7866

CECIL D. ANDRUS
GOVERNOR

R. KEITH HIGGINSON
DIRECTOR

November 1, 1991

CRYSTAL HOT SPRINGS LIMITED PARTNERSHIP
C/O JAMES P SPECK ESQ
PO BOX 987
KETCHUM ID 83340

PERMIT APPROVAL NOTICE

RE: PERMIT NO. 37-08670

Dear Permit Holder:

Enclosed is a copy of your approved application for permit. We direct your attention to the conditions of approval on the final page.

As a permit owner you must commence the excavation or construction of the diverting works within one year of the date the permit was issued, and you must proceed diligently until the project is completed. The date shown under Condition No. 1 is the date when the project must be completed. You will receive a "Proof Due Notice" from this Department approximately 60 days prior to the completion date requiring you to file either a Proof of Beneficial Use form stating that the project has been completed or file a Request for an Extension of Time in which to file the proof statement.

Be sure to note the special condition requiring you to install a measuring device. Enclosed, for your reference, is a list of measuring device options.

Section 42-235, Idaho Code, requires that a "drilling permit" must be obtained from the department for all wells constructed after July 1, 1987. A drilling permit is a separate permit that must be issued in addition to your permit to appropriate water. Commencement of well construction or diversion of water under

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NOV 15 1991

your permit to appropriate water is prohibited unless a drilling permit is obtained.

Sincerely,

PAMELA SKAGGS
Technical Records Specialist

PS:blm

Enclosure

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NOV 15 1991

MEMORANDUM

TO: FILE 37-8670, CRYSTAL HOT SPRINGS RANCH

FROM: DOUGLAS JONES

DATE: 28-Feb-1991

RE: PRE-PERMIT EXAM, INFORMATION GATHERING, TELECON WITH ATTY (SPECK)

CHRONOLOGY: 8-13-90 APP RECEIVED
8-21-90 FEE RECEIPTED
8-27-90 APP STAFFED
9-5-90 PRE-PERMIT EXAM BY D. JONES
10-17&24-90 APP ADVERTISED, NO PROTESTS
11-14-90 MEMO TO FILE COVERING EXAM OBSERVATIONS
11-14-90 LETTER TO SPECK REQUESTING ADD'L INFORMATION
12-20-90 LETTER FROM SPECK REQUESTING ADD'L TIME
2-21-90 LETTER TO SPECK REQUESTING INFORMATION
2-22-90 ADD'L INFO RECEIVED FROM SPECK

APPLICANTS WERE ATTEMPTING LAST FALL TO INVESTIGATE THE EXISTING ARTESIAN HOT WELL SITUATION RELATIVE TO DEVELOPMENT POTENTIAL. TELEPHONE CONVERSATIONS AND PERSONAL COMMUNICATIONS WITH DRILLING COMPANY REPRESENTATIVES REVEALED THAT ACCESS PROBLEMS PREVENTED WELL REHABILITATION. DRILLING COMPANY IS AWARE THAT LOW TEMPERATURE GEOTHERMAL DRILLING PERMIT CRITERIA IS REQUIRED FOR WELL WORK. TODAY, SPECK SAID NO WORK WILL BE DONE UNTIL DECISION IS MADE BY IDWR ON THIS APPLICATION. AT LEAST ONE HOT WELL LEAKS AROUND THE CASING AND NONE OF THEM HAVE FLOW CONTROL, ACCORDING TO GENE WALKER, DRILLER.

MEMO TO FILE COVERING ON-SITE OBSERVATIONS, DATED 11-14-90, ESTIMATES THAT TOTAL SPRING AND WELL DISCHARGE IS LESS THAN THE 4.0 CFS APPLIED FOR. MEASUREMENT OF JUST THE WELL OUTPUT WOULD BE IMPOSSIBLE AT THIS POINT DUE TO THEIR STATE OF DISREPAIR.

THE FEBRUARY 22 CORRESPONDENCE APPARENTLY CORRECTS AND ELABORATES ON THE ORIGINAL APPLICATION. THE ORIGINAL APP. SPECIFIES 129 "RESIDENTIAL UNITS" AND GREENHOUSES; THE RECENT INFORMATION SPECIFIES 83 "LOTS". FURTHERMORE, LOTS MAY INCLUDE A MAIN HOUSE, GUEST HOUSE, CARETAKERS "QUARTERS", INDOOR POOLS, BARNs, SHOPS -- APPARENTLY ALL COULD BE HEATED WITH OR SUPPLIED GEOTHERMAL WATER.

TEMPERATURE OF THE WATER IS UNKNOWN, THE INVESTIGATION WOULD HAVE DETERMINED TEMPERATURE. THE IDWR INFORMATION BULLETIN 30, PLATE 1 "GEOTHERMAL RESOURCES OF IDAHO" INDICATES THAT HAILEY HOT SPRINGS (THE SURFACE EXPRESSION OF THE SOURCE) IS 55 DEGREES CELSIUS (131 F).

TELECON WITH SPECK TODAY ALSO REVEALED THAT APPLICANTS MAY BE PUMPING THE GEOTHERMAL WATER FROM THE WELLS IF ARTESIAN FLOW IS NOT ADEQUATE.

FROM D Jones

DATE 2/28/91

TO File 37-8670

SUBJECT Historical and public concern in information

In Sept. or Oct. '90 I was contacted by Mary Austen Crofts who works for the City of Hailey. She was interested in preserving public access to ^{Hailey} Hot Springs or obtaining hot water for public use. I explained appropriations, etc. She provided minutes of P&Z meeting and a brief history of Hailey Hot Springs — interesting reading, but extraneous to business at hand.

NOV 15 1991

D Jones
SIGNATURE

August 13th., 1990.

*Don
to
Commission
meeting*

would further impact the traffic flow: the group discussed, at length, traffic difficulties, and ways to solve them, between Gimlet and Ketchum.

It was moved by Tom Blanchard, seconded by Alan Reynolds, that preliminary approval be given to Rainbow Bend Subdivision, with all conditions attached by the P & Z Commission observed, and with two amendments added, namely, that all items be agreed to, prior to P & Z's schedule for final approval, contained and requested in the May 17th. letter to the Commission, (a) that a south-bound, left-hand turn lane be incorporated into the plan, approved by IDT, and (b) further input be gathered, relative to the appropriateness of the acceleration lane, from a knowledgeable, impartial agency.

Motion carried. *Minutes of planning & zoning hearing*

Crystal Hot Springs Subdivision. Present were : engineer, Dick Fosbury; developers,

Tom Ziegler and Joann Levy; Ralph Cisco and John Gaeddert; Len Harlig; Mary Austen Crofts; attorney, Jim Speck; and Mike Warner, from the City of Hailey.

Dick Fosbury presented and explained the subdivision plat, for owners Tom Ziegler, and Dr. and Mrs. Buck Levy, located on the site of the old Democrat Gulch Ranch, and lying north and west of Croy Creek Road.

The 428 acre property would be subdivided into either 15 or 16 large lots, 10-20 acres in size, although lot 4 would be 87 acres. The road through the parcel would end in a cul-de-sac; each lot would have its own septic tank and drain field; there would be a 1/4 mile wide wild-game corridor, through the subdivision; five (5) 10,000 gallon tanks would be placed at specific locations, for fire protection; a test well, drilled in 1979, to a depth of 79 feet, had tested satisfactorily.

Dr. Chuck Brockway, Twin Falls, had submitted a hydrology report on the project.

Dick Fosbury said the P & Z Commission had approved the subdivision, with several attached conditions; the developers intended to dedicate the main access as a public road, allowing an easement into Lamb's and Democrat Gulches, and to the federal lands beyond. The parcel was zoned R-5 and A-10, and included several overlay districts - avalanche, flood plain, wetlands, etc.

The Rec. District had requested that the traditional use of the hot springs, by the public, be maintained.

Jim Speck said the water rights would be used for irrigation purposes; the owners had filed an application with the Dept. of Water Resources, to use the hot water for heating for the potential home sites. The hot water was filed on by the prior owner, but the application lapsed several years' ago; existing rights to use the water, both the hot springs that flowed naturally, and the artesian wells for irrigation, were attached to the subdivision.

Tom Blanchard said they had received a request from the City of Hailey the continued use of the hot springs. The attorney responded that the traditional use of the hot water by the public, had amounted to trespass. The former owners of the rural agr-

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August 13th., 1990

icultural land had simply tolerated that use, in the past.

The present developers were the surface owners, and they had the ability to drill for, and obtain that hot water resource. A new application by Water Resources permitted a property owner to state that the water was being used for heating, cooling, or some other beneficial purpose, that expended the heat properties of the water, before it was used for irrigation.

Ed. Bottom, F & G Department, showed the location of the deer migration corridor, through the property; according to studies, the saddle and ridge should be protected from fences and other obstructions, to allow the wild game to use this 2,000 foot wide path. He showed the section of ponded land, where F & G hoped to re-develop the riparian growth, to serve as a buffer for deer and wild life, by restricting all building in the area. F & G would like a total of 50 feet of natural riparian vegetation along the stream bed; they also requested that brush, etc., be preserved on 5% of all grazing land, as sustenance for wild life.

Ralph Cisco spoke of the concerns about Deer Creek grazing and crossings; he said he had received a letter from the Deer Creek tenant, questioning the grazing rights.

Tom Ziegler stated that he had not seen the deer corridor before, and the owners might not give an easement for the path in the next phase of the development, or on the other property, across the road.

The developer had proposed a \$25,000.00 contribution for the impact the subdivision would have on Croy Creek Road.

Mike Warner asked that the hot water be allocated to another location, for public use, not necessarily in the form of a pool, but in a series of small spas. He contended that these water rights had a historic public use, not always on the Crystal Hot Springs site, which he wanted to preserve, so they would benefit the public in the valley, as they had done for decades.

The City wanted to preserve that right, and they proposed that a portion of the hot water be allocated to a site, off the Crystal Hot Springs parcel, so the public would have access to it; this action would maintain that particular portion of water, so the public would always have access to it.

Hailey did not have adequate funds to install a line down to the City this year, but if in the future, money became available, they wanted the ability to acquire some of this water.

It was suggested that the City of Hailey make some attempt to file on a portion of the water, and negotiate with the developers.

Tom Blanchard thought it might be appropriate to have another public hearing at the P & Z level, to gather information on the future public use of the hot water source. Because of the lateness of the hour, most people had gone home when the Crystal Hot Springs item was heard on the agenda.

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Jim Speck stressed that the hot water had always been used as a commercial venture. Alan Reynolds said he empathized with the public, but it was simply not possible for the County to provide a public hot tub.

Mary Austen commented that the water should be preserved for Blaine County, it was a great resource, and had always had an historic use. She suggested that land be dedicated to the county, preserved, and made available for possible future public use. Mike Warner quoted from the Comp. Plan, and proposed that the Commissioners protect the geothermal resources, and establish programs to encourage creative and efficient uses of such resources.

Tom Ziegler stressed that he required specific figures from the Rec. District and the City of Hailey, as to their needs in 10 years' time: he said the developers were filing for 4 cfs. of water, but they had no idea of the actual, or potential flow, of the springs. After the proposed homes in the subdivision were heated, there may not be any hot water left over.

Jim Speck said the developers would probably grant an access easement to the source, but the City of Hailey/Rec. District would have to pay any expenses incurred for pipe, materials, etc., and the developmental costs would have to be borne by a public agency. The Dept. of Water Resources would require that the Rec. District had a beneficial purpose in mind, before they decreed a portion of the springs to them.

At the suggestion of the Rec. District, Tom Ziegler said they would provide a shelter, at the top of Democrat Gulch, for bikers, skiers, etc.; the location had not yet been determined, and the area might be an acre in size. The Rec. District would have to maintain the facility.

The group discussed the public access road, and whether it should be limited to non-motorized traffic.

Ed. Bottom discussed the conditions, normally required by F & G, in a subdivision - fencing under 4 feet, no livestock grazing in areas with more than 7% slope, and attention given to riparian vegetation. He advocated that native vegetation be preserved, because it provided the greatest amount of wild life feed and habitat; he stressed that horses should not be allowed to graze on the slopes, since they denuded the natural vegetation.

Tom Ziegler said corralling for horses would be limited to 3 acres, although a lot owning water rights, might have a larger area. These horse parcels could be fenced: horse grazing would be permitted only on irrigated lands, and below the 15% slope line.

It was moved by Tom Blanchard, seconded by Alan Reynolds, and the motion carried, that the preliminary plat of Crystal Hot Springs Subdivision, be approved, with the conditions enumerated by P & Z observed, with the following changes and additions:

- 1). a 20 foot riparian vegetative set-back, be provided, on either side

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of the stream corridor.

2). on lot 9, the saddle area will be protected from development of any kind, although a fence may be permitted.

3). the access will be a public road: it will be motorized to public lands as far as Democrat Gulch, and non-motorized up Lamb's Gulch.

4). P & Z will take further input and consideration on lots 8 & 9, relative to their hill-side development, with additional evaluation, and comments, from the Commissioners.

5). the hot water pipe transport will be made available, through application to the appropriate public agency.

6). restrictions will be placed on irrigated grazing lands, below the 1% slope line.

Bellevue Sewer Appeal. Present were : attorneys, Ed. Lawson and Jim Phillips; John Millar and another engineer, from Forsgren Engineering; Ralph Cisco, Len Harlig, Marcia Riemann, Chuck Corwin; Joanna Ehrmantraut and Dennis Wright from Bellevue Council, assistant prosecuting attorney, Fritz Haemmerle, and a representative from the State health department.

Representing the appellant, Pat Tropea, Glendale Road, attorney Ed. Lawson, gave a history of the development of the plans of the proposed wastewater system for the City of Bellevue. He stated that Forsgren Engineering had selected the present site, located south and west of town, and had recommended the lagoon system approach. The main criteria that the sewer committee used was the cost factor, and the selection of a site that might, in future, become a regional sewer facility.

Lawson outlined the adverse aspects of the proposed site, namely, the health hazards, the flooding risks, the fact that the plant would be unmanned, and the sewage stored for 7 winter months, in a 20 acre lagoon. He quoted from P & Z's finding of facts, which said that the benefits to the public overrode any detriment that individual lot owners might incur as a result of the change. These views were not set forth in the zoning ordinance, which required that the application of these standards be adhered to; the Commission had no authority to expand beyond these basics, and their actions were inappropriate.

Lawson contended that the detriment to Pat Tropea would be the odor, the risk that the facility might flood, decreased property values, and a range of environmental issues. The commission did not take into consideration the cost involved in pumping the sewage, through a pipe line, 4 miles from the City of Bellevue, to this particular site location, or the expense of the 20 acre lagoon, for winter storage.

Leonard Harlig responded that P & Z had addressed all the issues raised by Ed. Lawson, and they had given each a reasonable amount of attention. He mentioned that the State would not participate in construction of the facility, if the cost factor was too high.

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**HAILEY HOT SPRINGS
BRIEF HISTORY OF PUBLIC USE**

- 1881 Carriages ran at all hours of the day from Hailey to the springs where a tub and plunge baths were available to the public.
- 1881 A large hospital operated at the springs. They served county patients, miners' subscription list patients and private patients.
- 1889 Doors opened to the Hailey Hot Springs Hotel. People came from around the country to bathe in the mineral waters that were said to 'equal the world's best.'
- 1899 On July 27, 1899, the Hailey Hot Springs Hotel was destroyed by fire. Although the hotel was filled to capacity with guests, no lives were lost.
- 1899-1918 The pools were not destroyed by fire and it was during these years that many remember going there to swim in these pools.
- 1918 The year the new addition was built on the Hiawatha Hotel and hot water began being piped to the Hotel. The hot water from the Hailey Hot Springs was used for the pool as well as to heat the 82 room hotel.
- 1918-1978 The Hiawatha Hotel natatorium was open to the public. Each year, the kids from Hailey and Bellevue were taught swimming lessons here.
- 1930 A new water pipe was installed from the Gulch across the Big Wood River to the Hotel. There was a bathtub at the bridge and folks used the water there, too.
- 1978 The Hotel burned.
- 1978-1990 Winter and summer, people trekked to the hot springs, built tubs and soaked in the water. In the late summer of 1990, developers destroyed the tub.

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HOT WATER EQUAL TO THE WORLD'S BEST

History of the Hailey Hot Springs - Part 1

My interest in the hot springs of the area began to blossom while writing the new recreation section of the Blaine County Comprehensive Plan. I received help with the historical information from Art Selin, Interpretive and Historical Specialist for the S.N.R.A., who had written an abstract for the 1990 Centennial Exhibit on Recreation. I also received much help from the Regional History Department at the Community Library.

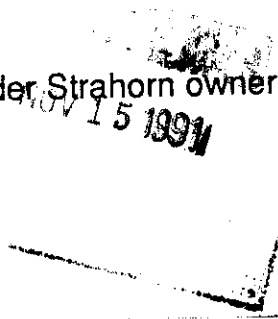
Selin wrote, "The development of hot springs resorts was a major tourism enterprise of the late 1880's." The Wood River News Miner of August 12, 1882, discussed resort construction at the Hailey Hot Springs and cited the value of such springs. "The curative properties of these things are wonderful. They have never failed in cases of rheumatism, catarrh, lameness, soreness and are death on corns".

Idaho's unparalleled climate and wonderful medicinal waters had already made the territory the resort of thousands of summer visitors in search of health and recreation. This type of promotional advertising made Easterners eager to head for this Northwestern Land of promise. How to get there? Why on the Oregon Shortline, of course. It was being constructed between Pocatello and Portland. A branch of the Oregon Shortline Railway was built by the Union Pacific Railway from Shoshone arriving at Hailey on May 7, 1883 and at Ketchum on August 19, 1884.

Robert E. Strahorn was hired to take charge of the publicity department for the Union Pacific Railroad Company. In 1881, he authored a book titled "The Resources and Attractions of Idaho Territory." In 1889, he opened the Hailey Hot Springs Hotel, the Wood River Valley's first destination resort.

He seemed determined to make Hailey the center of tourism in the Wood River Valley. He worked with the local Hailey Chamber of Commerce who produced beautiful color brochures on the area. They were full of photographs and 30-40 pages in length. It was Strahorn who predicted that Hailey would become the Denver of Idaho. The Hailey Hot Springs Hotel opened with a grand ball on June 20, 1889.

By June 1899, the Hailey Hot Springs resort under Strahorn ownership had a



HAILEY HOT SPRINGS
DECEMBER 1990

new hotel with bowling and billiards plus a new ladies plunge. There was also a large hospital for county patients, miner's subscription patients and private patients. "In all respects being the finest swimming bath west of Chicago."

Lucille Friedman recalled the Hailey Hot Springs during interviews conducted through the Regional History Department at the Community Library a few years ago; "When I was a little girl the Hailey Hot Springs was the big resort...That was a marvelous place in my childhood memories".

"They had this big hotel with a lobby and big fireplaces and they had some fine people, the Stewarts, who ran it and Mrs. Stewart liked children. So, we used to go out there and have Sunday with the family. And, Mrs Stewart would always make us popcorn over the open fireplaces. It was THE gathering place. The social place."

And, they had plunges out there. My mother was an expert swimmer and when I was just little, I can remember she'd put me on her back and she'd swim around the pool with me. That was a lovely place out there. It was a great loss to Hailey when it burned."

The hotel only lasted 10 years. On July 27, 1899, it was totally destroyed by fire.

The importance of the Hailey Hot Springs, Guyer Hot Springs, Clarendon and all the others to the development and growth in the Wood River Valley is significant. Although the importance has been forgotten, these are all marvelous natural resources and abundant with energy. For 60 years the Hailey Hot Springs heated the Hiawatha Hotel in Hailey. A 1979 study by the Department of Energy concluded that the Hailey Hot springs could heat the entire town of Hailey...profitably! For almost 60 years the Guyer Hot Springs gave Ketchum kids a pool and heated the Bald Mountain Hot Springs Hotel.

I think their importance will be realized again someday. Either because of the medicinal, recreational, historical or energy values. They are a marvelous public resource. Can they be saved?

RECEIVED

NOV 15 1991

THE HIAWATHA YEARS

History of the Hailey Hot Springs-Part II

At its grand opening in 1886, the Alturas (later known as the Hiawatha Hotel) was called "the finest hotel between Denver and the Pacific Ocean."

It was about 1918 when the hotel was expanded and the first pipeline was laid from the Hailey Hot Springs to the Hotel. It was a wooden pipeline that local, Grant Rember, helped replace in the 1930's.

The water from the Hailey Hot Springs heated the entire 82 room hotel, the natatorium and "several places around town were heated," according to Lucille Friedman.

Lucille Friedman recalls the family involvement in the hotel during interviews conducted through the Regional History Department at the Community Library. The family purchased the hotel at a Sheriff's sale in 1928. "Dad had taken a mortgage. He said it meant so much to the community and it was doing such a big business, and so then it began having troubles."

At the time, Lucille was working in Berkeley, but the family hoped she would help run it, if only for a little while. "She said, 'If I can get my leaved extended, let's try it for six months and see.'" She stayed 17 years.

She recalls finding out what the trouble was with the hotel. "When we began to explore the place, we found there was a nice little gambling den that was set up in there. And this fellow (the manager) had taken everything--everything he would take in he'd take there and then gamble away. And that's what--it wasn't that the hotel wasn't paying, it was just that he was taking all the money and gambling it away."

The Friedman's kept the hotel from 1928 to 1945, then sold it.

For most of its years, the natatorium in the Hiawatha Hotel was THE social place to be for young people. Each year, Red Cross swimming lessons were given to the local children. One Hailey native, Mary Dutz, who is now 90 and still living in Hailey remembers, "...most of the children in Hailey

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HAILEY HOT SPRINGS

PART II

JANUARY 1991

learned to swim in this water until the hotel burned in 1978." Her daughter, Dorothy Ann, spent several summers teaching children to swim at the Hiawatha Hotel.

Lucille Friedman also remembers, "every youngster learned to swim there. They always had the Red Cross swimming lessons there...."

HAILEY HOT SPRINGS

NOV 15 1991

HOGUE, SPECK & AANESTAD

A PROFESSIONAL ASSOCIATION
ATTORNEYS

TERRY G. HOGUE
JAMES P. SPECK
DOUGLAS J. AANESTAD
J. STEPHEN CRABTREE
TRACY DUNLAP

120 EAST AVENUE
POST OFFICE BOX 987
KETCHUM, IDAHO 83340
(208) 726-4421
FAX (208) 726-0752

HAILEY OFFICE:
16 WEST CROY STREET
SUITE K
POST OFFICE BOX 460
HAILEY, IDAHO 83333
(208) 788-3567

February 20, 1991

RECEIVED

FEB 22 1991

Mr. Doug Jones
Idaho Department of Water Resources
222 Shoshone St. East
Twin Falls, ID 83301

Department of Water Resources
Southern Region Office

Re: Crystal Hot Springs Ranch Limited Partnership
Application for Permit No. 37-08670

Dear Doug:

This letter is in reply to your November 14, 1990 letter to me requesting additional information for the above-referenced Application for Permit. First, I have enclosed two (2) 8.5" X 14" copies of the Crystal Hot Springs Ranch Subdivision (the "Subdivision") preliminary plat, one (1) with an overlay of the proposed pipeline distribution system and one (1) without. The latter is sent to better depict the stream and pond features.

The distribution system consists of the existing wells, a collection box for the artesian flow from these wells, a holding tank from which water is pumped by external pumps, and pressurized underground pipelines leading to each lot and future expansion stubouts. Please note that the return flows from both Thermal Systems will be delivered to the "cooling pond" located on Lot 14 (the existing, lower reservoir). "Thermal System A" will serve Lots 3, 4, 5, 6, 7, 8 and 9 and a maximum of seven (7) lots $\sum_A = 14$ to be developed on lands known as Block 2 of the Subdivision up the canyon to the north. "Thermal System B" will serve Lots 1, 2, 10, 11, 12, 13 and 14 and future expansion to a maximum of sixty-two (62) additional lots on other lands owned by the Partnership, but not a part of the Subdivision. Thus, a maximum total of eighty-three (83) single family residential lots will be served by the system. Present zoning permits the following structures on each of these lots which could use the geothermal heating system: single family residence, indoor pool and spa, caretakers quarters, guest house, driveway, greenhouse, garage/shop, indoor equestrian facility and barn. $\sum_B = 69$ $\sum_{sys} = 83 \text{ lots}$

Second, there will not be a common domestic water system to serve the fifteen (15) lots in the Subdivision. Instead, domestic water for each lot will be provided by individual wells, and each lot owner will have the right to file an application for permit with the Department to obtain a water

NOV 15 1991

Mr. Doug Jones
February 20, 1991
Page 2

right for the irrigation of not more than three (3) acres of his lot in connection with the single family residence to be constructed thereon.

Third, ownership of that portion of the surface rights presently used to irrigate the lands which will become the Subdivision will be transferred to the homeowners association which will continue to use these rights to irrigate the same lands which have historically been irrigated. The Subdivision CCR's will require those portions of Lots 6, 7, 10, 11, 12, 13, 14 and 15 which have been historically irrigated to continue to be used in that fashion, except for residential improvements located in building envelopes within these areas. There is no plan to change the place or nature of use for any of these rights. The remaining portions of these surface rights will continue to irrigate the lands south of Croy Road owned by the Partnership. Amended Claims will be filed in the Adjudication to reflect this division of ownership; however, I do not believe any transfer applications will be necessary.

Fourth, I have enclosed sketches of the existing upper reservoir and the proposed changes. As you can see, the intent is to partially "breach" the existing dam and decrease the surface area of the "pond" to approximately 2 - 2 1/2 acres. An outlet pipe with a control valve will also be installed to prevent overflow of the partially "breached" section of the dam. I understand you are the Southern Region's "safety of dams" engineer. Please let me know if you need any additional information for this dam/reservoir. Please note that Claim No. A37-12396, based upon beneficial use, has been filed in the Adjudication for storage of water in this upper reservoir.

Please call me if you have any further questions or need additional information before you can complete the regional processing of this Application for Permit. Thank you for your continuing cooperation and assistance in these matters.

Sincerely yours,

HOGUE, SPECK & AANESTAD


James P. Speck

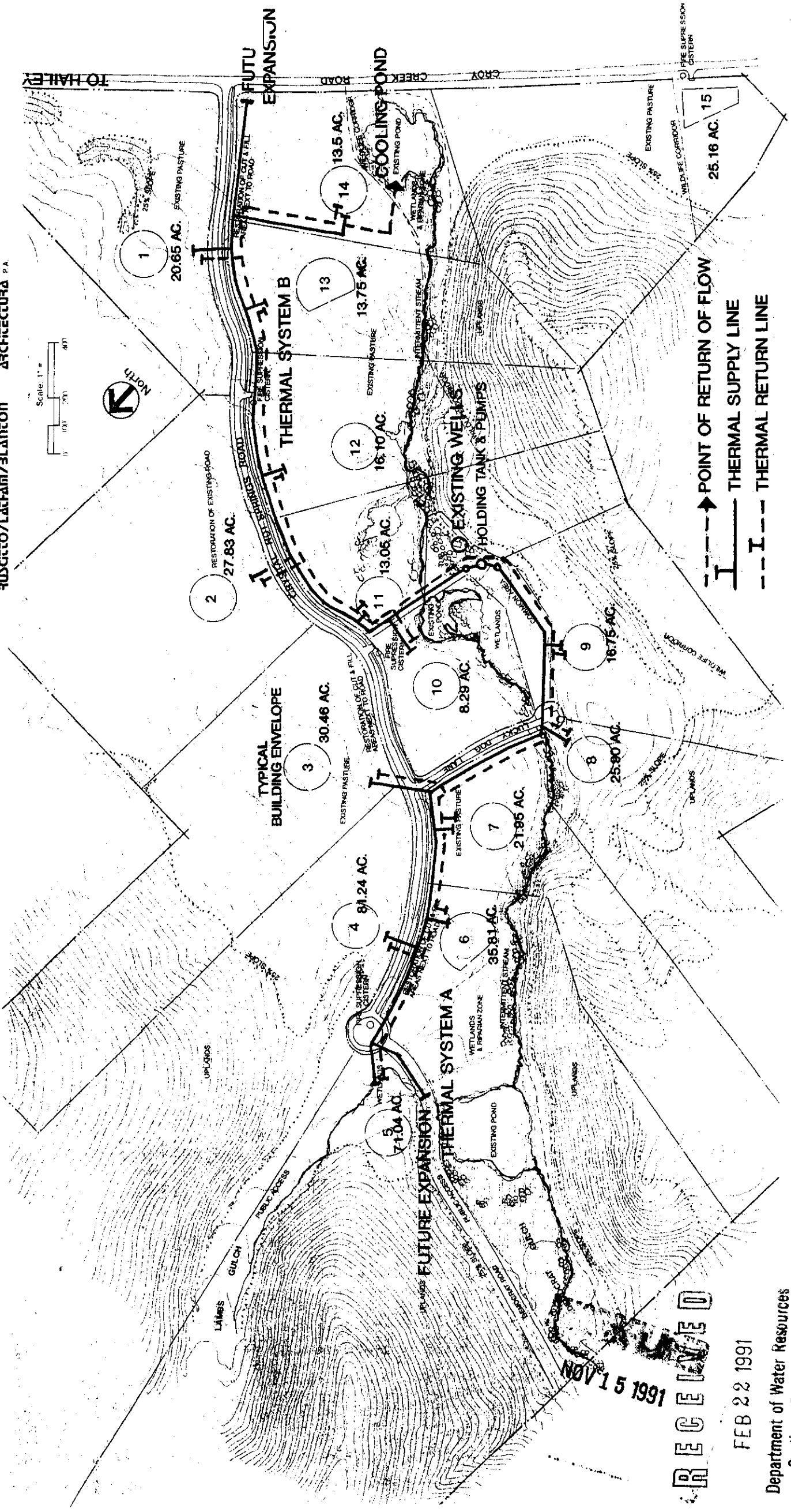
JPS/j
(enclosures)
cc: Mr. Tom Ziegler (w/ enclosures)
Dr. Lynn Levy (w/enclosures)
Mr. Nick Latham (w/enclosures)

NOV 15 1991

CRYSTAL HOT SPRINGS RANCH

Blaine County, Idaho

POUNCEY/BLANCK ARCHITECTURE P.A.



RECEIVED

FEB 22 1991

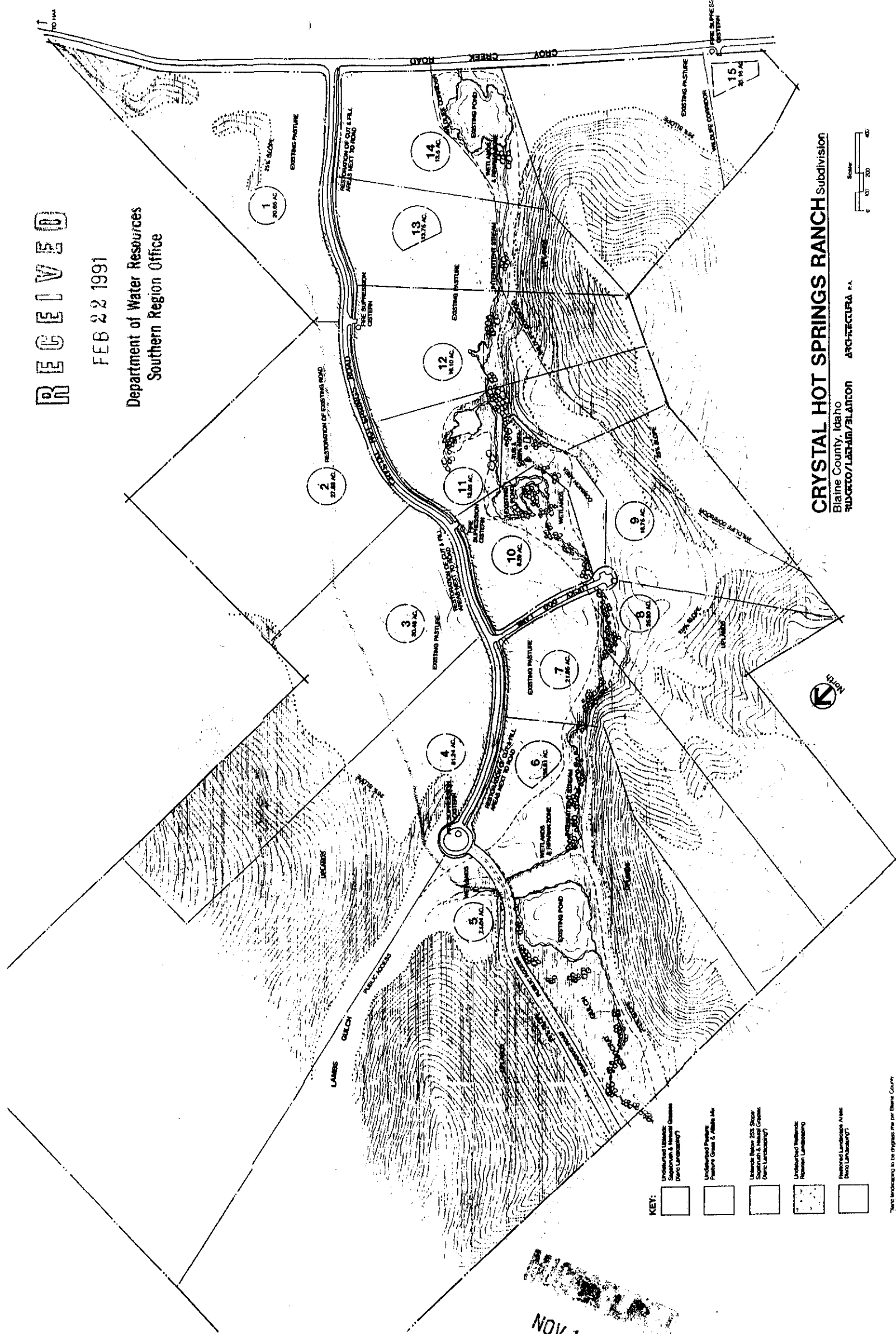
**Department of Water Resources
Southern Region Office**

PIPING DISTRIBUTION PLAN

RECEIVED

FEB 22 1991

Department of Water Resources
Southern Region Office



- KEY:
- Undisturbed Upland Sagebrush & Hardwood Grass (Dark Landscaping)
 - Undisturbed Pasture Pasture Grass & Yellow Pine
 - Upland Below 25% Slope Sagebrush & Hardwood Grass (Dark Landscaping)
 - Undisturbed Wetland Riparian Landscaping
 - Restored Landscapes Areas (Dark Landscaping)

NOV 15 1991

CRYSTAL HOT SPRINGS RANCH Subdivision

Blaine County, Idaho

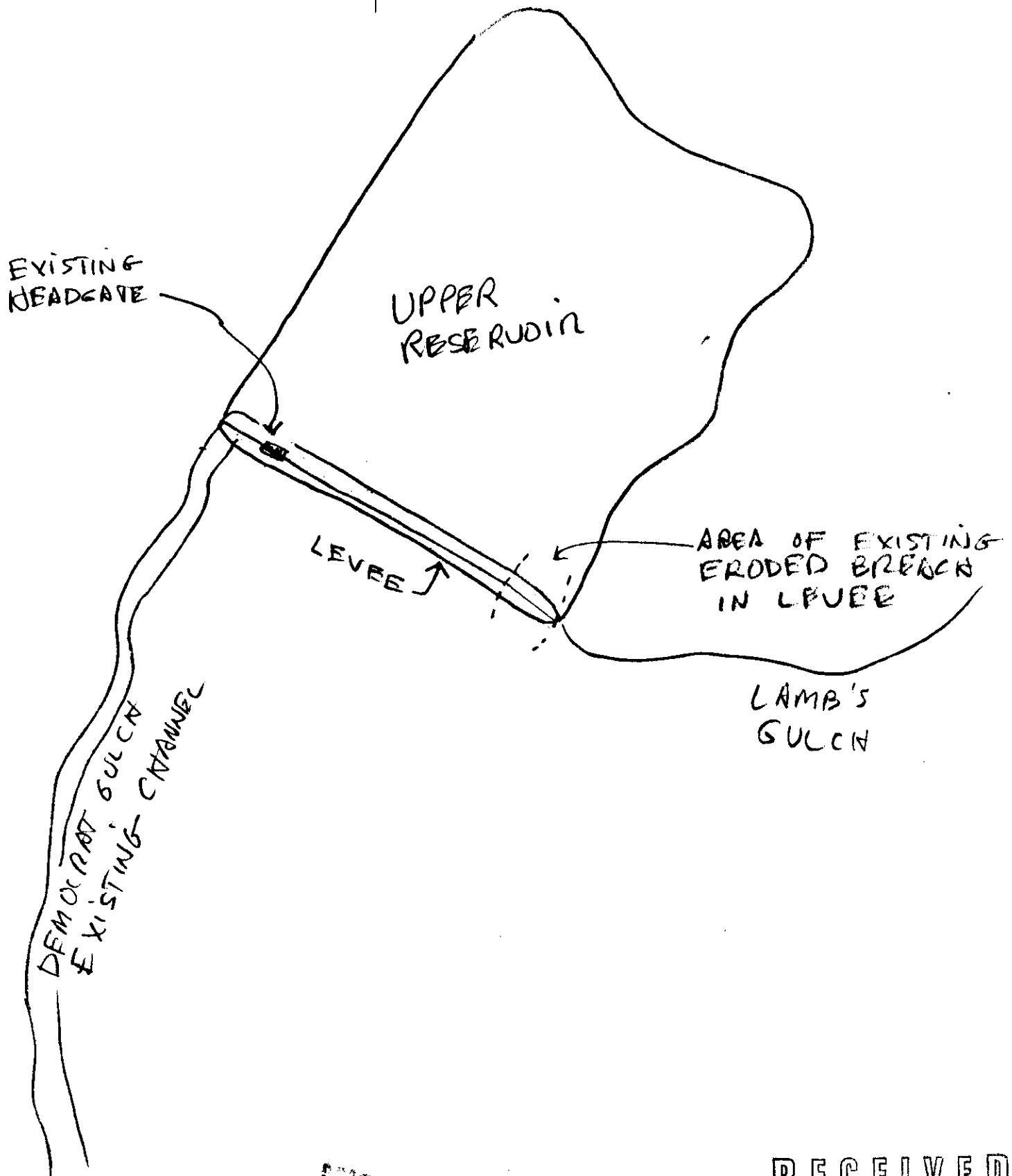
RUSKUTO/LACHMAN/BLANTON

ARCHITECTURE P.A.

Scale 0 100 200 400

This subdivision is in Blaine County, Idaho.

EXISTING UPPER RESERVOIR



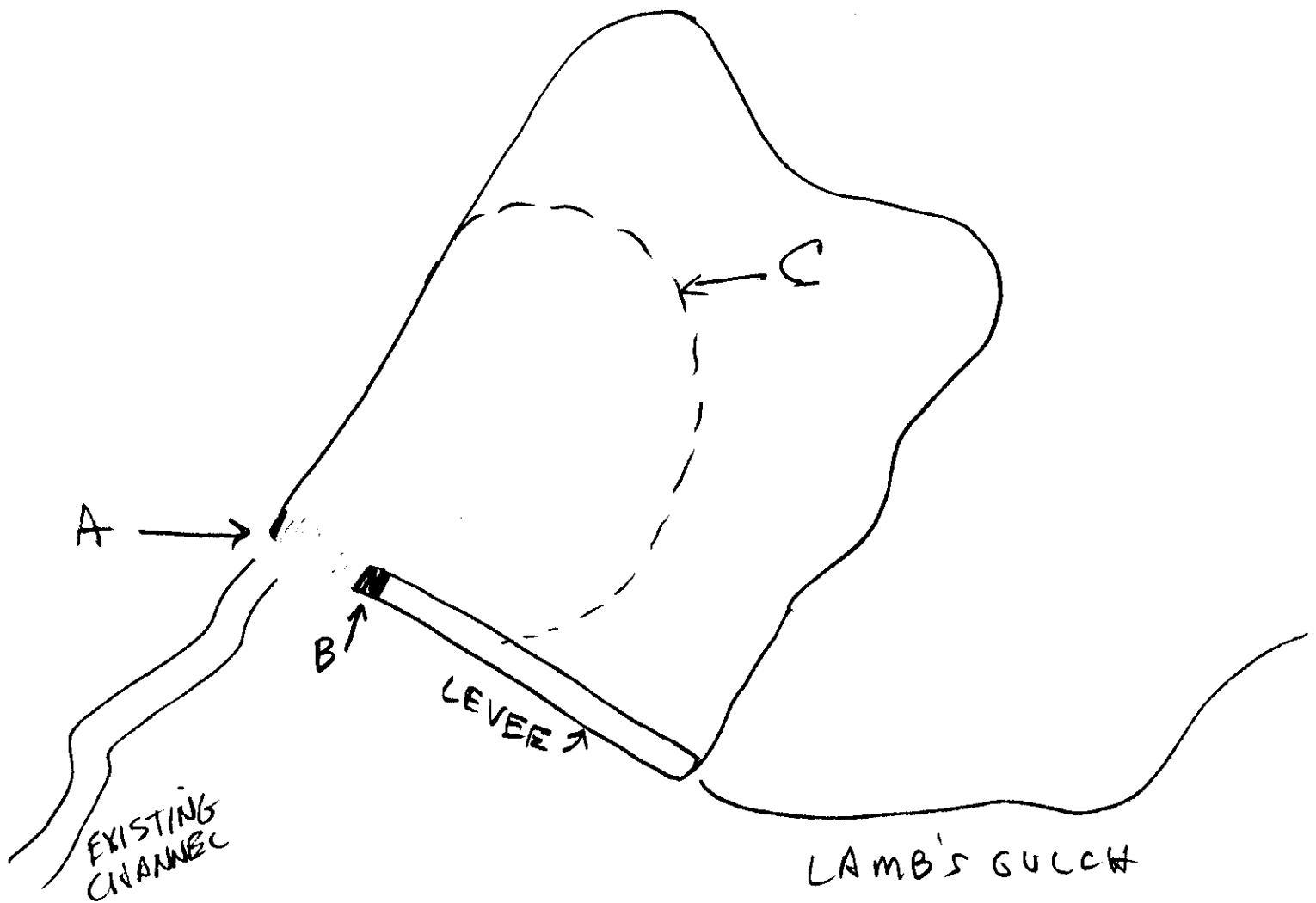
NOV 15 1991

RECEIVED

FEB 22 1991

Department of Water Resources
Southern Region Office

OVERHEAD VIEW OF NEW RESERVOIR



- A NEWLY CONSTRUCTED BREACH WITH OVERFLOW CONTROL FOR FLOW TO GO DOWN EXISTING CREEK BED CHANNEL
- B GATE TO EMPTY RESERVOIR FROM BOTTOM IF NECESSARY
- C APPROXIMATE BORDER OF "NEW POND"
2-2½ ACRE SURFACE AREA

NOV 15 1991

RECEIVED

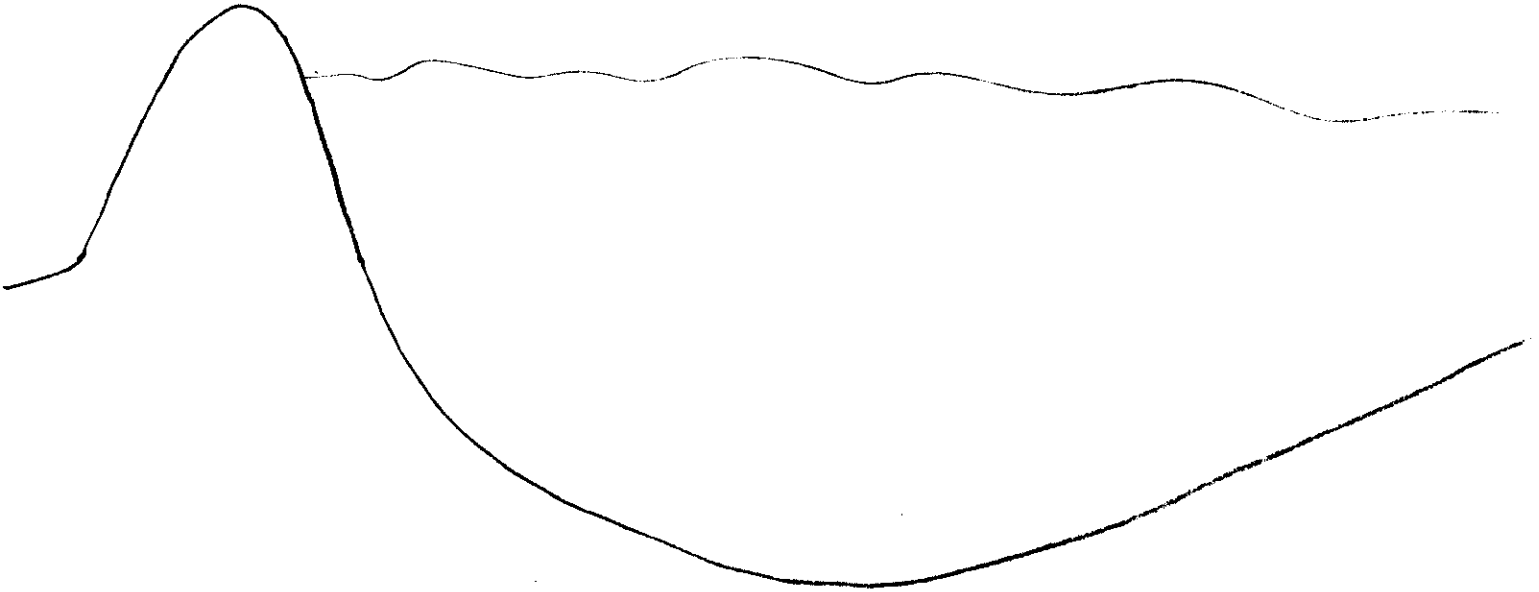
FEB 22 1991

Department of Water Resources
Southern Region Office

EXISTING LEVEL

SIDE VIEWS

POTENTIAL LEVEL IF LEVEE WERE COMPETENT



LEVEE

EXCAVATION BELOW LEVEL OF BREACH

HANDLE TO CONTROL VALVE AT BOTTOM

OUTLET PIPE

LEVEL OF BREACH IN LEVEE

SO WATER LEVEL CAN NEVER POSE HAZARD

DOWNSTREAM
RECEIVER

FEB 15 1991

FEB 22 1991

Department of Water Resources
Southern Region Office



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region, 222 Shoshone St. East, Twin Falls, Idaho 83301 (208) 734-3578

CECIL D. ANDRUS
Governor

R. KEITH HIGGINSON
Director

2/21/91

James Speck, Atty
Hogue, Speck & Aarstad
P.O. Box 987
Ketchum, ID 83340

Dear Jim,

Thank you for touching base with me last week about the Crystal Hot Springs Ranch application. At that time you indicated that the information was prepared and ready for forwarding. During our conversation I indicated that I'd normally write a letter reminding an applicant that the processing abeyance deadline is up and to submit the requested information. This letter shall fulfill that notification obligation.

If you have any questions please contact me.

Sincerely,

Douglas Jones, EIT
W.R. Engineering Specialist
Safety of Dams Section

NOV 15 1991

RECEIVED

HOGUE, SPECK & AANESTAD
A PROFESSIONAL ASSOCIATION
ATTORNEYS

120 EAST AVENUE
POST OFFICE BOX 987
KETCHUM, IDAHO 83340
(208) 726-4421
FAX (208) 726-0752

December 18, 1990

TERRY G. HOGUE
JAMES P. SPECK
DOUGLAS J. AANESTAD
J. STEPHEN CRABTREE
TRACY DUNLAP

DEC 20 1990

Department of Water Resources
HAILEY OFFICE:
16 WEST CROY STREET
SUITE K
POST OFFICE BOX 460
HAILEY, IDAHO 83333
(208) 788-3567

Mr. Doug Jones
Idaho Department of Water Resources
222 Shoshone St. East
Twin Falls, Idaho 83301

Re: Crystal Hot Springs Ranch Limited Partnership
Application for Permit No. 37-08670

Dear Doug:

This letter will confirm our telephone conversation of December 14, 1990 wherein you have granted my client an extension until February 15, 1991 to provide the information requested by your November 14, 1990 letter to me. Thank you very much for your cooperation and assistance in this matter.

Sincerely yours,

HOGUE, SPECK & AANESTAD


James P. Speck

JPS:jal

cc: Mr. Tom Ziegler
Dr. Lynn Levy
Mr. Dick Fosbury
Mr. Nick Latham

NOV 15 1991



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Statehouse Mail, Boise, Idaho 83720 -(208) 327-7900

CECIL D. ANDRUS

GOVERNOR

R. KEITH HIGGINSON

DIRECTOR

December 5, 1990

RECEIVED

DEC -7 1990

James P. Speck, Attorney
Crystal Hot Springs Ranch
P.O. Box 987
Ketchum, ID 83340

Department of Water Resources
Southern Region Office

RE: Democrat Gulch Dam

D37-12396

Dear Mr. Speck:

In accordance with Title 42, Chapter 17 (Safety of Dams Statutes) Idaho Code, the Department regulates water storage dams, that are 10 ft or more in height, or have capacity to store 50 ac-ft or more. During a recent field examination, a small (abandoned) dam, located in Section 18, T2N, R18E, Blaine County, was found on property purportedly owned by Crystal Hot Springs Ranch. Our cursory examination and estimates indicate the dam and reservoir capacity may not be sufficient in size to be regulated by the Department, considering the downstream hazard. However, our inspector advised a subdivision is contemplated, which may be constructed around the reservoir site and below the dam. If the subdivision is constructed, there could be houses downstream, which would change the risk category of the dam and therefore the Department would have jurisdiction (regulate the design, construction, operation and maintenance of the dam).

It's apparent the existing dam and appurtenances are in poor condition and considerable work will be required to rehabilitate the dam to assure it is safe to impound water. Since we are uncertain about the owner's intentions and future use of the project site, one of the following actions is recommended:

- Breach the embankment, such that no water can be impounded
- Reconstruct the dam and appurtenant features, so that it conforms with technical requirements and can safely store water.

Should the owner decide to proceed with developing the subdivision and reconstruct the dam, an application (copy enclosed) must be filed and approved before construction proceeds. The owner should submit the application and fee (based on the size of the reservoir) as explained in Section 42-1713 Safety of Dams Statutes, Idaho Code. A copy of the Safety of Dams, Rules and Regulations, is enclosed for reference; please note the Code provisions are printed in the Appendix of the booklet.

NOV 15 1991

James P. Speck
RE: D37-12396
Page 2

The Department has searched the records, but found no water right filed for storage at the existing dam. If the dam is to be re-constructed, the owner will also need to file an application for a water (storage) right.

Should you have any questions regarding disposition of the dam, or filings required, contact Doug Jones (phone 734-3578) in our Twin Falls office.

Very truly yours,

David H. Hollingshead

DAVID H. HOLLINGSHEAD
Dam Safety Section, Mgr

DHH:nl

Enclosures

✓cc: IDWR - S. Region

NOV 15 1991

James P. Speck, Atty
Hogue, Speck & Aanestad
PO Box 987
Ketchum, ID 83340

14-Nov-1990

RE: Crystal Hot Springs Ranch Ltd Partnership, App. for Permit #37-8670

Dear Mr. Speck,

During review of the application referenced above I have concluded that I do not have enough information to assess the impacts and overlaps of the proposed development. My principal concern centers around the diversion, distribution, and the ultimate return of the thermal water to the surface drainage system. The general map included in the application is not adequate to address these concerns. Please submit an 8.5x11 or 8.5x14 plat which includes lots (with sizes and envelopes), common facilities, piping network, stream locations, and the point of return flow. Also, how are individual lots going to get their domestic and irrigation water? Will irrigations be made with individual wells or will irrigations be made with existing surface water rights? Do your clients plan to transfer, e.g. change the place of use or nature of use, of any of their surface water rights?

Submitting a subdivision plat would also answer Safety of Dams related questions regarding the location of building envelopes in relation to potential hazard from the reservoir located above the confluence of Lambs and Democrat Gulches. Is there an engineering report documenting the existing upper and lower structures, and the reservoirs' existing (and planned) surface areas and volumes? What plans are there to rehabilitate the dams? A recent look at the two structures show both are in need of extensive repairs to be safe. The upper dam may presently be subject to IDWR regulation; a field report has been forwarded to Boise for review and determination. The lower dam is probably too small to be regulated.

Please submit the above requested information within thirty (30) days in order to continue processing in a timely manner. We may, upon written request, grant an extension of time in which to submit the above information. If you have any questions please contact us.

Sincerely,

Douglas Jones, EIT
Water Resources Engineering Specialist

NOV 21 1990

NOV 15 1991

MEMORANDUM

TO: FILE 37-8670, CRYSTAL HOT SPRINGS RANCH LTD PARTNERSHIP

FROM: DOUGLAS JONES

DATE: 14-Nov-1990

RE: PRE-PERMIT EXAM

ON 8/13/1990 IDWR RECEIVED THE ABOVE REFERENCED APPLICATION FOR PERMIT WITH APPROPRIATE FEES. THE APPLICATION WAS STAFFED ON 8/27/1990. ALTHOUGH THE APPLICATION PROPOSES THE DIVERSION OF GEOTHERMAL GROUNDWATER IT WAS FELT THAT UNCERTAINTY ABOUT PRESENT WATER USEAGE AND EXISTING FACILITIES, E.G. WELLS, PONDS, ETC, AND THE PROPOSED DEVELOPMENT'S EFFECT ON THE EXISTING HOT SPRINGS WARRANTED TAKING A LOOK AT THE AREA. ON 9/5/1990 I CONDUCTED A PRE-PERMIT EXAM AS INDICATED ON THE STAFFING SHEET. THE ATTACHED PHOTOGRAPHS DOCUMENT PART OF WHAT WAS OBSERVED THAT DAY.

THE FOLLOWING IS A LIST OF OTHER WATER RIGHTS AND SRBA CLAIMS OVERLAPPING THE PROPOSED DEVELOPMENT.

WR #	SOURCE	AMOUNT	B/U	SRBA?
0548	HAILEY HOT SPGS	ALL FLOW	IRR	Y
0549	CROY CR	4.0	IRR	Y
1220	CROY CR	4.0	IRR	N
1221	WILSON GULCH	1.5	IRR	N
1222	DEMOCRAT GULCH	0.4	IRR	Y
2142	HOT SPRING <i>Gulch</i>	1.5	IRR/DOM	N
4138	WARM SPRING	1.05	IRR	Y
4139	WARM SPRING	0.5	HT/REC	Y
4440	GROUNDWATER	0.69	IRR S/STK	Y
	DEMOCRAT GULCH	3.0	IRR S/REC/STK	12396

I DID NOT MAKE A FLOW MEASUREMENT BECAUSE THE APPLICATION PROPOSES TO DIVERT MORE GROUNDWATER THAN WAS OBSERVED TO FLOW FROM THE SPRINGS AND ARTESIAN FLOW FROM THE WELLS, COMBINED. DIVERSION FROM GROUNDWATER COULD REDUCE OR ELIMINATE SPRING FLOW. FLOW MEASUREMENTS COULD BE MADE ABOVE AND BELOW THE SPRINGS AREA TO DETERMINE ACTUAL SPRING WATER FLOW RATES, IF REQUIRED.

I COULD ONLY FIND ONE WELL HEAD, SUPPOSEDLY THERE ARE THREE. THE AREA IS VERY MARSHY AND THERE ARE SEVERAL EXISTING PONDS CREATING A WELL ESTABLISHED WETLAND. THE WETLAND HAS CONSIDERABLE VEGETATIVE COVER WHICH COULD HAVE HIDDEN WELL HEADS FROM VIEW AND ACCESS AROUND THE AREA IS ALSO LIMITED BY STANDING WATER.

IRRIGATION IS PRESENT ALONG THE VALLEY UPSTREAM AND DOWNSTREAM OF THE HOT SPRINGS. UPSTREAM IRRIGATIONS ARE MADE FROM DEMOCRAT GULCH AND/OR LAMBS GULCH, AT TIME OF EXAM WATER WAS FLOWING ONLY FROM LAMBS GULCH. DOCUMENTATION OF HEADGATE AND DELIVERY DITCH LOCATIONS WAS NOT DONE DUE TO THE NON-IRRIGATION NATURE OF THE APPLICATION. EXISTING IRRIGATION WATER RIGHTS AND PENDING CLAIMS SPEAK FOR THOSE DIVERSIONS AND USEAGES.

NOV 15 1991

JUST ABOVE THE CONFLUENCE OF THE GULCHES IS AN OLD DAM IN PARTIAL DISREPAIR. STORAGE BEHIND THIS DAM IS REDUCED DUE TO EXCESSIVE FREEBOARD CAUSED BY SEVERE DOWNCUTTING OF THE SPILLWAY CONTROL SECTION. THE STORAGE IS ESTIMATED TO BE LESS THAN 18 AF. I HAVE DOCUMENTED THE CONDITION OF THE STRUCTURE FOR THE DAM SAFETY SECTION; A COPY OF THE FILE SHOULD BE ON RECORD AT THE STATE OFFICE - SOUTHERN REGION HAS THE ORIGINAL FILE.

A SECOND DAM IS LOCATED AT THE CROSSING OF DEMOCRAT GULCH BY THE CROY CREEK ROAD. THIS DAM IS TOO SMALL FOR REGULATION BY IDWR-SAFETY OF DAMS BUT IS IN VERY POOR CONDITION. THE POND AREA HAD EVIDENCE THAT LITTLE WATER HAS BEEN STORED IN A LONG WHILE. WATER MARKS ON THE OUTLET ENTRANCE HEADWALL INDICATE THAT LESS THAN 2 FEET OF WATER HAS BEEN BACKED UP THERE. THIS DEPTH AT THE GATE AMOUNTS TO A VERY SMALL VOLUME. VEGETATION TYPE AND SIZE WITHIN THE RESERVOIR PROVIDES EVIDENCE THAT STORAGE HAS NOT OCCURRED IN A NUMBER OF YEARS.

I HAVE REQUESTED A MORE DETAILED MAP OF THE DEVELOPMENT TO BETTER UNDERSTAND THE DIVERSION, DISTRIBUTION, AND POINT OF RETURN OF THE FLOW FROM JAMES SPECK, ATTY ON 11/15.

I AM CONCERNED THAT DIVERTING 4.0 CFS CONTINUOUSLY AND RETURNING THAT WATER TO A SURFACE SOURCE FOR FULFILLMENT OF CONSUMPTIVE RIGHTS WILL AMOUNT TO OUT-OF-SEQUENCE PROCESSING UNDER 1180 CONTRACT. STATE OFFICE REVIEWERS WILL NEED TO EVALUATE THIS SITUATION.

RECEIVED

NOV 15 1991

This is a detailed topographic map of the Carbonate Mountain area. The map features numerous contour lines indicating elevation, with labels such as 5200, 5400, 5600, 5800, 6000, 6200, 6400, 6600, and 6800. Key geographical features include Carbonate Mountain, Osborn Gulch, Lambs Gulch, Democrat Gulch, and Croy Creek. Several landmarks are marked, including Springs, Prospects, Mine, and a Reservoir. The map also shows a network of trails, including the Jeep Trail and the Vorberg Trail. A grid system is overlaid on the map, with section numbers 12, 13, 17, 18, 31, 32, and 36. The map includes a scale bar at the bottom left indicating 670,000 feet, and a north arrow at the bottom right. The map is dated November 15, 1961, and is labeled with coordinates 43°30' N, 114°22'30" W, and R. 17 E, R. 18 E. The map is titled 'FAIRFIELD 30 MI.' at the bottom center.

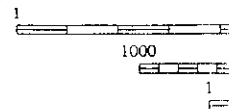
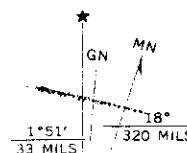
Mapped, edited, and published by the Geological Survey

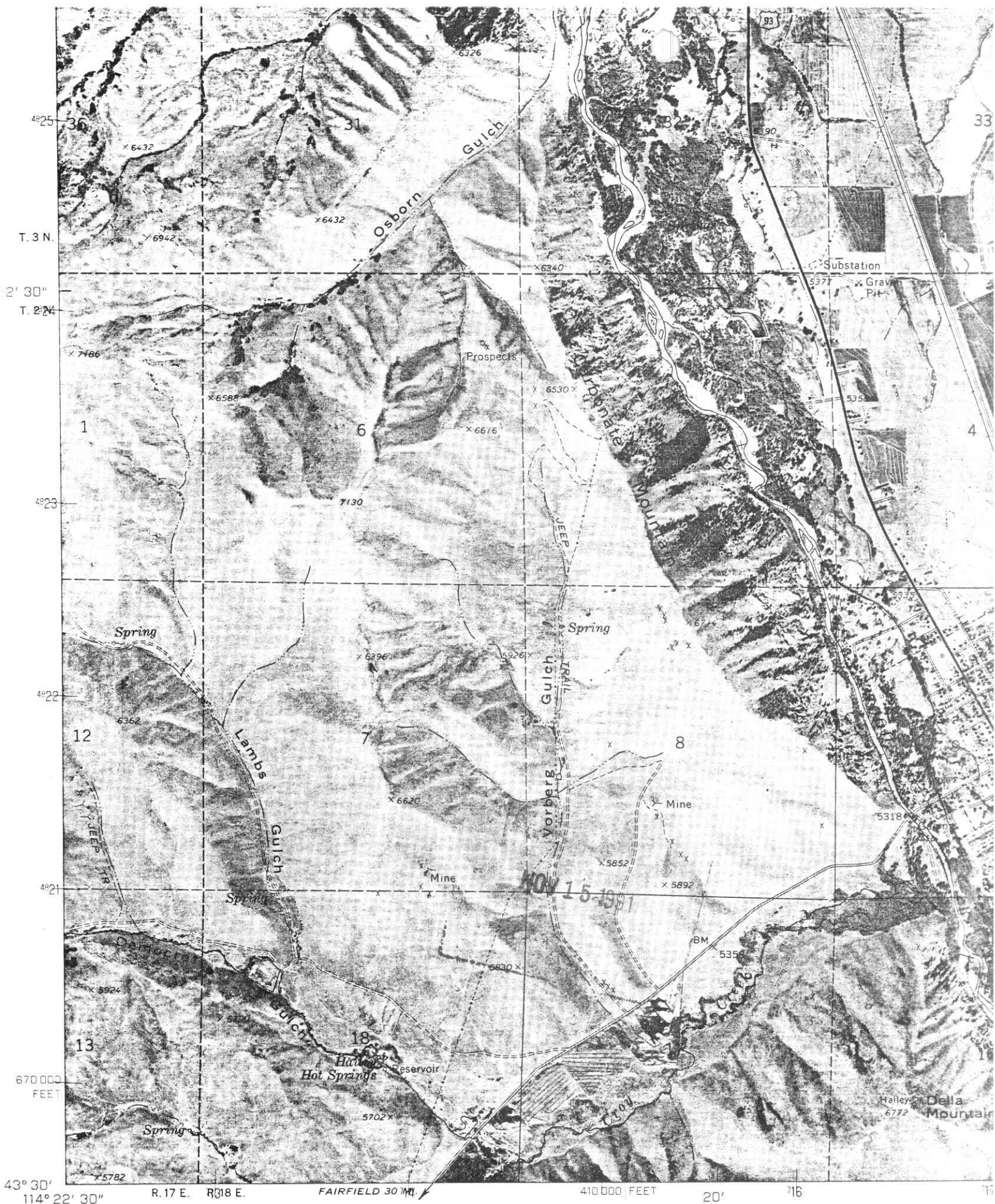
Control by USGS and USC&GS

Topography by photogrammetric methods from aerial
photographs taken 1966. Field checked 1967

Polyconic projection. 1927 North American datum.
10 000-foot grid based on Idaho coordinate system.

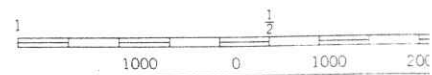
NOV 15 1991

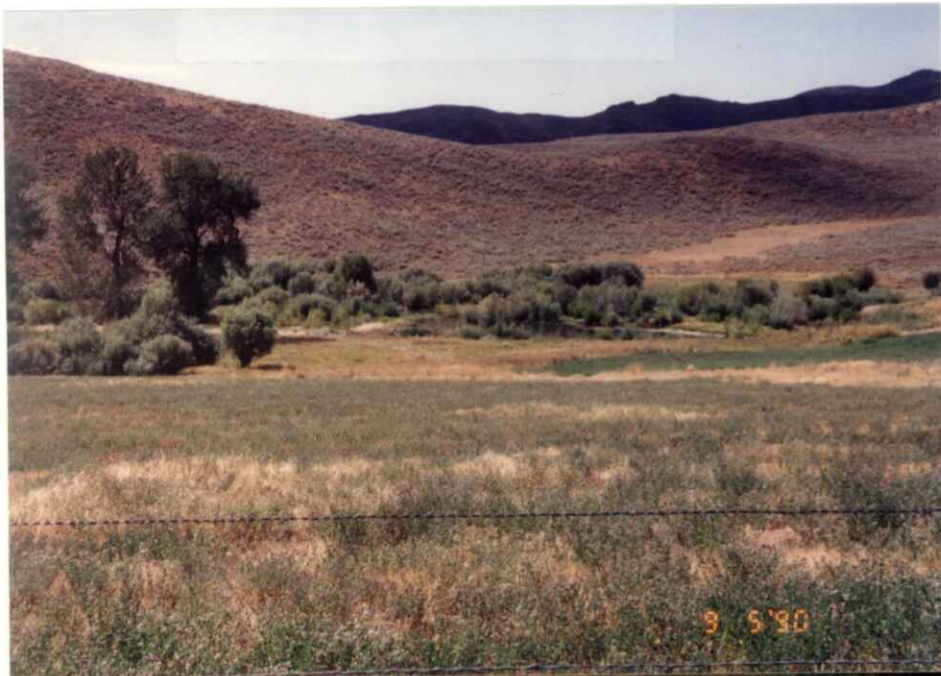




Produced by the Geological Survey

Orthophotograph prepared from 1:80 000-scale
aerial photographs taken July 24, 1974





View from road toward
springs/wells. Note
alfalfa field in foreground
and beaver/earth dam
ponds in background

old cistern in hot
water system



Developed spring
box above concrete
cistern



one of the hot
wells



UNRECORDED

NOV 15 1991

Hailey Hot Springs
Pre-permit exam for
Crystal Hot Springs App
for permit.

View from road toward
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Upstream side of "dam" and reservoir area. Very minimal storage used, 2-3' maximum.

Outlet gate. Tree has tipped over creating large hole in dam crest. Numerous animal holes on all parts of dam. Not in S.O.D. jurisdiction - too small.



View up outlet from downstream end.



There is an irrigation headgate in left groin of dam!
NOV 15 1991

Democrat Gulch - lower "Reservoir"
Pre permit exam on Crystal Hot Springs App for Permit

Upstream side of
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Upstream side of "dam" and reservoir area. Very minimal, storage used, 2-3' maximum.



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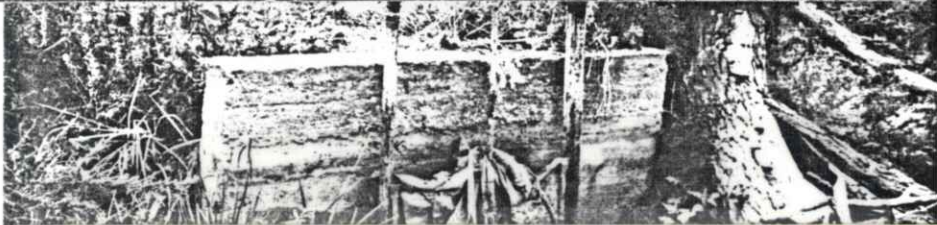
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aspen field in foreground
and beaver/earth dam
ponds in background

old cistern in hot
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One of the hot
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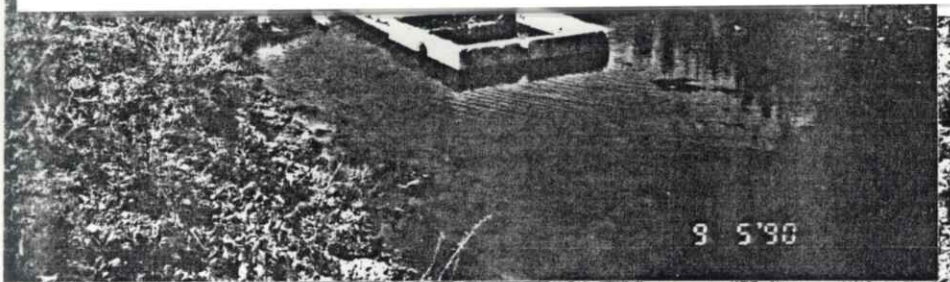
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wells

NOV 15 1991

Hailey Hot Springs
Pre-permit exam for
Crystal Hot Springs App
for permit.

To Doug
Date Wed Time 2:37 A.M.
P.M.

WHILE YOU WERE OUT

Jim Speck
of _____

Phone 726-4421
AREA CODE NUMBER EXTENSION

Telephoned	☒	Please call	☒
Called to see you	☐	Will call again	☐
Wants to see you	☐	Returned your call	☐

Message X-tal Hot Springs -
will request extension
to Feb 15, 1990 to
allow engs time to
develop info.

Signed J

RECEIVED

NOV 15 1991



IDAHO FISH & GAME

REGION 4
868 East Main Street
Jerome, ID 83338
(208) 324-4350

October 12, 1990

RECEIVED

OCT 15 1990

Department of Water Resources
Southern Region Office

Idaho Department of Water Resources
ATTN: James Stanton
222 Shoshone Street East
Twin Falls, Idaho 83301

RE: Application 37-08670 Crystal Hot Springs Ranch

Dear Mr. Stanton:

We have no objection to issuance of this permit provided discharge will not impact water quality (including temperature) in any live stream.

Thank you for the opportunity to comment.

Sincerely,

Carl H. Nellis
Regional Supervisor

RECEIVED

NOV 15 1991

Cecil D. Andrus / Governor
Jerry M. Conley / Director



Working for wildlife since 1938

**Five file
on water rights**

**NOTICE OF APPLICATION
FOR WATER RIGHT**

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

36-08666

KOHL, TIMOTHY O.
P.O. BOX 2745
SUN VALLEY, ID 83353
Source: GROUNDWATER
Diversion Pt: SWNESE Sec 29 T
03N R 18E
Use: IRRIGATION (.040 CFS)
DOMESTIC (.040 CFS)
Total Diversion: (.080 CFS)
Date Filed: 8/30/1990
In: T03N R18E S29 NESE
1.5 ACRES TOTAL

37-08670

CRYSTAL HOT SPRINGS
RANCH LTD. PARTNERSHIP
C/O JAMES P. SPECK, ESQ.
P.O. BOX 987
KETCHUM, ID 83340
Source: GROUNDWATER
Diversion Pt: NWNWSE Sec 18 T
02N R 18E
Use: HEATING (4.000 CFS)
RECREATION (4.000 CFS)
WILDLIFE (4.000 CFS)
Total Diversion: (4.000 CFS)
Date Filed: 8/13/1990
In: T02N R17E S11 SESE; S13
NENE NWNW NENW NWNW
NESE SESE; S14 NENE NWNW
SWNE SESE; R18E S17 SWNW
SENW NESW NWSW; S18 SWNE
NENW Lot 1 (NWNW) Lot 2
(SWNW) SENW NESW Lot 3
(NWSW) Lot 4 (SWSW) SESW
NESE NWSE SWSE SESE

37-08672

RAMM, PAUL C.
RAMM, LYNN A.
P.O. BOX 535
BELLEVUE, ID 83313
Source: GROUNDWATER
Diversion Pt: SWNW Sec 18 T
01N R 19E
Use: IRRIGATION (.060 CFS)
Total Diversion: (.060 CFS)
Date Filed: 8/16/1990
In: T01N R19E S18 SWNW
3.0 ACRES TOTAL

37-08673

G.M.M.K. GROUP
P.O. BOX 1814
HAILEY, ID 83333
Source: GROUNDWATER
Diversion Pt: NWNWNE Sec 19 T
02N R 18E
Use: DOMESTIC (.200 CFS)
FIRE PROTECTION (.600 CFS)
IRRIGATION (.200 CFS)
Total Diversion: (.600 CFS)
Date Filed: 9/6/1990
In: T02N R17E S24 NENE; R18E
S19 NWNE NENW Lot 1 (NWNW)
10.0 ACRES TOTAL

37-08675

LEVIN, DR. DONALD M.
P.O. BOX 699
HAILEY, ID 83333
Source: GROUNDWATER
Diversion Pt: SWSW Sec 29 T
03N R 18E
Use: DOMESTIC (.040 CFS)
IRRIGATION (.090 CFS)
Total Diversion: (.130 CFS)
Date Filed: 9/7/1990
In: T03N R18E S29 SWSW
3.0 ACRES TOTAL

The permit(s) will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec. 42-203A, Idaho Code, and/or the new public interest criteria of Sec. 42-203C, Idaho Code. Protests must be filed with the Director, Dept. of Water Resources, 222 Shoshone Street East, Twin Falls, Idaho 83301, on or before NOVEMBER 5, 1990.

R. Keith Higginson, Director
Publish: Wood River Journal-
October 17 & 24, 1990.

RECEIVED

OCT 5 1990

Department of Water Resources
Southern Region Office

OK
MB
10/9/90

RECEIVED

NOV 15 1991

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
Southern Region
222 Shoshone Street East
Twin Falls, ID 83301
(208)734-3578

SEPTEMBER 28, 1990

WOOD RIVER JOURNAL
P.O. BOX 988
HAILEY, ID 83333

Gentlemen:

Enclosed you will find a legal notice which we wish to have published on the dates indicated (once a week for two consecutive weekly issues) in your newspaper. If you cannot publish the notice on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill. Your cooperation is appreciated.

Please send the affidavit of publication and publication billing to this office before NOVEMBER 5, 1990.

Yours truly,

Mary Baldwin
Secretary/Office Coordinator

Enclosure

RECEIVED

NOV 15 1991

37-08670

CRYSTAL HOT SPRINGS RANCH LTD. PARTNERSHIP
C/O JAMES P. SPECK, ESQ.
P.O. BOX 987
KETCHUM, ID 83340

Source: GROUNDWATER

Diversion Pt: NWNWSE Sec 18 T 02N R 18E

Use: HEATING (4.000 CFS)
RECREATION (4.000 CFS)
WILDLIFE (4.000 CFS)
Total Diversion: (4.000 CFS)

Date Filed: 8/13/ 1990

In: T02N R17E S11	SESE				
S13	NENE	NWNE		NENW	NWNW
	NESE	SESE			
S14	NENE	NWNE		SWNE	SENE
R18E S17	SWNW	SENE		NESW	NWSW
S18	SWNE	NENW	Lot 1	(NWNW)	(SWNW)
	SENE	NESW	Lot 3	(NWSW)	(SWSW)
	SESW	NESE		NWSE	SWSE
	SESE				

NOV 15 1990

The permit(s) will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec. 42- 3A, Idaho Code and/or the new public interest criteria of Sec. 42-203C, Idaho Code. Protests must be filed with the Director, Dept. of Water Resources, 222 Shoshone St. East, Twin Falls, Idaho 83301 on or before NOVEMBER 5, 1990.

R. Keith Higginson, Director

Published 10/17/1990 & 10/24/1990

RECEIVED

NOV 15 1991



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region, 222 Shoshone St. East, Twin Falls, Idaho 83301 (208) 734-3578

CECIL D. ANDRUS
Governor

28-Sep-1990

R. KEITH HIGGINSON
Director

CRYSTAL HOT SPRINGS RANCH LTD PARTNERSHIP
C/O JAMES P SPECK ESQ
PO BOX 987
KETCHUM ID 83340

Re: Application for Permit No. 37-08670

Dear Applicant (s):

The Department of Water Resources acknowledges receipt of your water right application for permit. The application has been assigned the above referenced identification number. Please refer to this number in all further correspondence.

This office will be advertising the application in the Wood River Journal on 10/17 & 10/24/90. A period of ten days following the second publication will be allowed for the submittal of protests.

If the application is protested you will be sent a copy of the protest. The protest must be resolved before the application is approved or denied. If the protest is not resolved voluntarily, this Department will conduct a conference and/or hearing on the matter.

If the application is not protested, it will be forwarded to our State Office in about five weeks. State office personnel will conduct a complete review prior to final processing of the application and will notify you of the outcome of this review. When a permit is issued, you will be sent a copy. A typical processing time for an unprotested application is about eight weeks.

Please feel free to contact this office if you have any questions regarding this procedure.

Very truly yours,

James E. Stanton
Sr. Water Resource Agent

JS:MB

NOV 15 1990



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region, 222 Shoshone St. East, Twin Falls, Idaho 83301 (208) 734-3578

CECIL D. ANDRUS
Governor

28-Sep-1990

R. KEITH HIGGINSON
Director

Idaho Dept. of Fish & Game
P.O. Box 428
Jerome, ID 83338

Re: Application(s) for Permit

Gentlemen:

Please find enclosed copy(ies) of an Application(s) for Permit for your information and files.

If you have any questions or if this office can be of further assistance, please feel free to contact us.

Very truly yours,

James E. Stanton
Sr. Water Resource Agent

JS:MB

Enclosure(s)

RECEIVED
SEP 28 1990

SEP 15 1991



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region, 222 Shoshone St. East, Twin Falls, Idaho 83301 (208) 734-3578

CECIL D. ANDRUS
Governor

28-Sep-1990

R. KEITH HIGGINSON
Director

REID J NEWBY WATERMASTER
WATER DISTRICT #37
PO BOX T
SHOSHONE ID 83352

Re: Application(s) for Permit

Dear Mr. Newby:

Please find enclosed copy(ies) of an Application(s) for Permit for your information and files.

If you have any questions or if this office can be of further assistance, please feel free to contact us.

Very truly yours,

James E. Stanton
Sr. Water Resource Agent

JS:MB

Enclosure(s)

NOV 15 1991

HOGUE, SPECK & AANESTAD

A PROFESSIONAL ASSOCIATION
ATTORNEYS

TERRY G. HOGUE
JAMES P. SPECK
DOUGLAS J. AANESTAD
J. STEPHEN CRABTREE
TRACY DUNLAP

120 EAST AVENUE
POST OFFICE BOX 987
KETCHUM, IDAHO 83340
(208) 726-4421
FAX (208) 726-0752

HAILEY OFFICE:
16 WEST CROY STREET
SUITE K
POST OFFICE BOX 460
HAILEY, IDAHO 83333
(208) 788-3567

August 24, 1990

RECEIVED

Doug Jones
Department of Water Resources
220 Shoshone East
Twin Falls, ID 83301

AUG 27 1990

Department of Water Resources
Southern Region Office

Re: Crystal Hot Springs Limited
Partnership/Application for Permit

Dear Doug:

Enclosed you will find copies of a special Power of Attorney and the Certificate of Limited Partnership for Crystal Hot Springs Limited Partnership. Please note that the name of the partnership is "Crystal Hot Springs Limited Partnership" and NOT "Crystal Hot Springs Ranch Limited Partnership". Therefore, will you please also change the name on the Application for Permit as well as make the typographical correction in section 9 of the Application which we discussed over the telephone changing Section 18 to Section 17 on the first line of the tabulation.

Please notify me at your earliest convenience of the advertising schedule. Thank you for your continuing cooperation and assistance in these matters.

Sincerely yours,

Hogue, Speck & Aanestad, P.A.

James P. Speck/amb

James P. Speck

JPS/amb
enclosures

1-61991

37-8670

HOGUE, SPECK & AANESTAD

A PROFESSIONAL ASSOCIATION

ATTORNEYS

TERRY G. HOGUE
JAMES P. SPECK
DOUGLAS J. AANESTAD
J. STEPHEN CRABTREE
TRACY DUNLAP

120 EAST AVENUE
POST OFFICE BOX 987
KETCHUM, IDAHO 83340
(208) 726-4421
FAX (208) 726-0752

HAILEY OFFICE:
16 WEST CROY STREET
SUITE K
POST OFFICE BOX 460
HAILEY, IDAHO 83333
(208) 788-3567

August 9, 1990

RECEIVED

AUG 13 1990

Department of Water Resources
Southern Region Office

CERTIFIED MAIL; RETURN RECEIPT REQUESTED

Loren Holmes
Southern Region
Department of Water Resources
220 Shoshone East
Twin Falls, Idaho 83301

Re: Crystal Hot Springs Ranch Limited Partnership

Dear Loren:

Enclosed you will find an Application for Permit which I have prepared on behalf of Crystal Hot Springs Ranch Limited Partnership. I have also enclosed a copy of the Partnership Agreement and out filing fee check in the amount of \$105.00.

Please call me if you have any questions about this Application and kindly keep me apprised of the schedule for advertising. Thank you.

Sincerely yours,

HOGUE, SPECK & AANESTAD


James P. Speck

JPS/lms

Enclosures

cc and enclosures: Tom Ziegler
Dr. Lynn T. Levy

37-8670