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Department of Water Resources

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Attorneys for Claimant/Objector

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

In Re SRBA
Case No. 39576

SUBCASE NOS. 43-04028A, 43-04087, 43-04088,
43-04176

SECOND SETTLEMENT REPORT

COMES NOW Hal T. Anderson/American West Enterprises, Inc., Harris Ag, parties in the above-captioned subcases, and, together with the Idaho Department of Water Resources, submit this report pursuant to their agreement in the Settlement Conference Report filed on December 24, 2002 to submit a second settlement report on or before January 31, 2003.

The parties and IDWR report to the Special Master that Mr. Anderson and his representatives met with IDWR on January 14, 2003 to discuss potential settlement of the issues involving prior administrative processes which led to Mr. Anderson's objections in the above-referenced subcases. At their January 14, 2003 meeting, IDWR and Mr. Anderson agreed that Mr. Anderson's representatives would conduct an analysis to determine the quantity of water that may have been diverted under certain water rights prior to the mandatory groundwater permit date of March 25, 1963. Such an analysis may be a basis for the successful settlement of Mr.

Anderson's objections.

After the January 14, 2003 meeting with IDWR, Mr. Anderson's attorney contacted Harris Ag's attorney to explain the substance of the meeting. Harris Ag's attorney is in agreement with the approach towards settlement outlined above. As of this point in time, neither IDWR nor the parties foresee a need to immediately set further SRBA proceedings.

The parties hereto agree to submit a third settlement report to the Special Master by March 31, 2003 reporting on the progress of Mr. Anderson's analysis, and any further settlement discussions, and informing the Special Master as to the necessity of setting further proceedings in the event that settlement discussions prove unfruitful.

Dated this 31st day of January, 2003.

RINGERT CLARK, CHARTERED

By Charles L. Honsinger
Charles L. Honsinger

Dated this 31st day of January, 2003.

RACINE OLSON NYE BUDGE & BAILEY,
CHARTERED

By Charles L. Honsinger for
Randall C. Budge

Dated this 31st day of January, 2003.

IDAHO DEPARTMENT OF WATER
RESOURCES

By Charles L. Honsinger for
Candice McHugh

CERTIFICATE OF MAILING

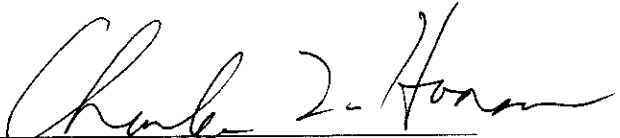
I hereby certify that service of the within and foregoing Notice of Appearance was made this 31st day of January, 2003, by mailing a copy thereof, postage prepaid, to each of the parties listed below.

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