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*ALSO MEMBER WY & IL BARS
**ALSO MEMBER UT BAR
†ALSO MEMBER D. C. BAR
††ALSO MEMBER MO BAR
†††ALSO MEMBER IL BAR
‡ALSO MEMBER CA BAR

LOUIS F. RACINE (1917-2005)
WILLIAM D. OLSON
W. MARCUS W. NYE
RANDALL C. BUDGE
JOHN A. BAILEY, JR.
JOHN R. GOODELL*
JOHN B. INGELSTROM
DANIEL C. GREEN**
BRENT O. ROCHE
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FRED J. LEWIS
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ERIC L. OLSEN
CONRAD J. AIKEN
RICHARD A. HEARN, M.D.†
DAVID E. ALEXANDER††
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BRENT L. WHITING
LISA R. TANNER‡
JUSTIN R. ELLIS
JOSHUA D. JOHNSON†††
JONATHAN S. BYINGTON

RECEIVED
MAY 08 2006
DEPARTMENT OF
WATER RESOURCES

May 4, 2006

Brett and Nancy Casperson
8893 E. Maughan Road
Lava Hot Springs, Idaho 83246

Re: *SRBA Water Right Nos. 29-13406 (Enlargement Claim) and
29-13407 (Extended Season Claim)*

Dear Brett and Nancy:

Enclosed please find the original and extra copy of a proposed Settlement Agreement which you will note I have executed on behalf of Protestants Portneuf-Marsh Valley Canal Company and Marsh Valley Development Company. Although IDWR is not a party and therefore will not be signing the Settlement Agreement, I did run it by Candice McHugh and she has approved it on behalf of the Department.

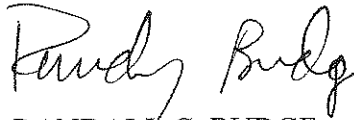
The other Protestants, Portneuf Irrigating Company to both subcases, and Lava Irrigation Company to 29-13407, have not been actively involved in recent settlement discussions, but I expect they will execute the same following the lead of the active Protestants.

If the same meets with your approval, please promptly sign and return the original Settlement Agreement to me in the enclosed stamped and addressed return envelope or drop it by the office. I will then secure the remaining signatures, file the same with the Court and serve back a signed copy on all parties. If you have any questions, give me a call. If the Stipulation is not signed by all parties, then the schedule established on both subcases before Special Master Bilyeu and Presiding Judge John Melanson will proceed.

Brett Casperson
May 4, 2006
Page 2

By copy of this letter and the enclosures, I am advising Jerry Rigby, attorney for Lava Irrigating Company, and Randolph Stone, attorney for Lava Irrigation Company, of the foregoing. If either of you have any questions or concerns, please contact me at your earliest convenience.

Sincerely,



RANDALL C. BUDGE

RCB:rr

Enclosures

cc: Jerry Rigby (w/encl.)
Randolph Stone (w/encl.)
Ted Sorensen/MVD (w/encl.)
Ellis Gilbert/PMVCC (w/encl.)
Candice McHugh/IDWR (w/encl.)

Randall C. Budge, ISB No. 1949
RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED
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Phone: 208-232-6101

RECEIVED
MAY 08 2006
DEPARTMENT OF
WATER RESOURCES

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

In Re SRBA	)	Subcase No. 29-13406, 29-13407
	)	
Case No. 39576	)	STIPULATED SETTLEMENT
	)	AGREEMENT
	)	
	)	
	)	

COME NOW all parties to Subcase Nos. 29-13406 and 29-13407, being the Claimant Brett Casperson and Nancy Casperson, husband and wife, pro se (hereinafter "Caspersons"), Protestants in both subcases, Marsh Valley Development Company and Portneuf-Marsh Valley Canal Company by and through their attorney of record Randall C. Budge, Portneuf Irrigating Company by and through its attorney Randolph C. Stone, and Protestant in Subcase No. 29-13407, Lava Irrigation Company, through its attorney Jerry R. Rigby, and in full compromise and settlement of all claims and protests do hereby stipulate and agree as follows:

1. Casperson's Objections to the Director's Report for Water Right No. 29-13406 and the Protestants' Responses thereto are hereby withdrawn, contingent upon the SRBA District Court's granting Casperson's Motion to Amend Claim No. 29-13407 which is set for hearing, May 31, 2006, before the Honorable John Melanson.

2. Accordingly, Casperson's claim to 29-13406 with an asserted priority date of April 1, 1962, shall be decreed as shown in the Amended Director's Report Recommendation of Right No. 29-13406 filed on May 4, 2005.

3. The parties agree that Casperson's Motion to File Amended Notice of Claim for Water Right No. 29-13407 set for hearing May 31, 2006, before Presiding Judge John M. Melanson should be granted.

4. Caspersons hereby withdraw their Notice of Challenge filed March 10, 2006, to the Order on Motion to Alter or Amend issued by Special Master Brigitte Bilyeu filed on February 24, 2006, regarding 29-13407.

5. The parties further stipulate that the Court enter a Decree to Caspersons for Claim No. 29-13407 as reflected in the attached amended recommendation, which right shall be subject to and bound by the Settlement Agreement entitled *Portneuf River Settlement Agreement Basin 29: Portneuf River* ("Portneuf Agreement") as may be amended.

6. The terms and conditions of this Settlement Agreement are binding upon the parties and effective conditional upon the Court's approval of this Settlement Agreement and entry of a Decree to Caspersons for Claim Nos. 29-13406 and 29-13407 in accordance with this Stipulation. Absent such approval and Decree, this Settlement Agreement shall be deemed rescinded, the parties' prior positions restored and further proceedings rescheduled accordingly.

7. This Settlement Agreement represents the compromise of disputed claims and is not to be deemed an admission.

DATED this 5th day of May, 2006.

RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED

By: Randall C. Budge
RANDALL C. BUDGE
Attorney for Marsh Valley Development
Company and Portneuf-Marsh Valley
Canal Company

PORTNEUF IRRIGATION COMPANY

By: _____
RANDOLPH C. STONE

LAVA IRRIGATION COMPANY

By: _____
JERRY R. RIGBY

CLAIMANT

By: _____
BRETT CASPERSON

By: _____
NANCY CASPERSON

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this _____ day of May, 2006, I mailed a true and complete copy of the foregoing document, postage prepaid, to each of the following:

1. Original to:

Clerk of the District Court
Snake River Basin Adjudication
P.O. Box 2707
Twin Falls, Idaho 83303-2707

2. Copies to:

Lava Irrigation Company
Jerry R. Rigby
P.O. Box 250
Rexburg, ID 83440-0250

Portneuf Irrigating Company
Randolph C. Stone
P.O. Box 910
Burley, Idaho 83318

Director of IDWR
P.O. Box 83720
Boise, Idaho 83720-0098

Brett Casperson
Nancy Casperson
8893 E. Maughan Road
Lava Hot Springs, Idaho 83246

RANDALL C. BUDGE

IDAHO DEPARTMENT OF WATER RESOURCES RECOMMENDED
WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 29-13407

NAME AND ADDRESS:

BRETT CASPERSON
8893 E MAUGHAN RD
LAVA HOT SPRINGS ID 83246

NANCY CASPERSON
8893 E MAUGHAN RD
LAVA HOT SPRINGS ID 83246

SOURCE:

Source:

DEMPSEY CREEK

Tributary:

PORTNEUF RIVER

QUANTITY:

2.400 CFS

~~1.200 CFS~~

The rights listed below are limited to a total combined diversion rate of 2.4 cfs.
Combined Right Nos.: 29-10831, 29-10833, 29-13406 and 29-13407.

PRIORITY DATE:

08/07/1932

POINT OF DIVERSION:

T09S R38E S33 SENWNW

Within BANNOCK County

PURPOSE AND
PERIOD OF USE:

Purpose of use

Period of use:

Quantity:

IRRIGATION

04/01 10/31

2.400 CFS

~~1.200 CFS~~

STOCKWATER

04/01 10/31

0.040 CFS

PLACE OF USE:

IRRIGATION

within BANNOCK County

T09S R38E S30 NWNE 2.7

T09S R38E S30 SWNE 37.0

T09S R38E S30 SENE 33.0

T09S R38E S30 NESE 33.0

T09S R38E S30 NWSE 39.0

T09S R38E S30 SWSE 18.0

T09S R38E S30 SESE 17.0

~~STOCKWATER~~

~~within BANNOCK County~~

~~T09S R38E S30 SWNE~~

~~T09S R38E S30 SENE~~

~~T09S R38E S30 NESE~~

~~T09S R38E S30 NWSE~~

~~T09S R38E S30 SWSE~~

~~T09S R38E S30 SESE~~

STOCKWATER Same as IRRIGATION

179.7 ACRES TOTAL

The rights listed below are limited to the irrigation of a combined total of 120 acres in a
single irrigation season. Combined Right Nos.: 29-10831, 29-10833 and 29-13407.

This right is limited to the irrigation of 120 acres within the place of use described above
in a single irrigation season.

USE OF THIS RIGHT WITH THE RIGHTS LISTED BELOW IS LIMITED TO THE
IRRIGATION OF A COMBINED TOTAL OF 179.7 ACRES IN A SINGLE IRRIGATION
SEASON. COMBINED RIGHT NOS.: 29-10831, 29-10833, 29-13406, 29-13407.

IDAHO DEPARTMENT OF WATER RESOURCES RECOMMENDED
WATER RIGHTS ACQUIRED UNDER STATE LAW

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Beneficial Use

RIGHT INCLUDES ACCOMPLISHED CHANGE IN POINT OF DIVERSION
PURSUANT TO SECTION 42-1425, IDAHO CODE.
USE OF THIS RIGHT IS COMBINED WITH WATER FROM TOPAZ CANAL SYSTEM.
RIGHT INCLUDES ACCOMPLISHED CHANGE IN PLACE OF USE PURSUANT TO
SECTION 42-1425, IDAHO CODE.

Randall C. Budge, ISB No. 1949
RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED
P.O. Box 1391; 201 E. Center Street
Pocatello, Idaho 83204-1391
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6. The terms and conditions of this Settlement Agreement are binding upon the parties and effective conditional upon the Court's approval of this Settlement Agreement and entry of a Decree to Caspersons for Claim Nos. 29-13406 and 29-13407 in accordance with this Stipulation. Absent such approval and Decree, this Settlement Agreement shall be deemed rescinded, the parties' prior positions restored and further proceedings rescheduled accordingly.

7. This Settlement Agreement represents the compromise of disputed claims and is not to be deemed an admission.

DATED this 5th day of May, 2006.

RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED

By: Randall C. Budge
RANDALL C. BUDGE
Attorney for Marsh Valley Development
Company and Portneuf-Marsh Valley
Canal Company

PORTNEUF IRRIGATION COMPANY

By: _____
RANDOLPH C. STONE

LAVA IRRIGATION COMPANY

By: _____
JERRY R. RIGBY

CLAIMANT

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T09S R38E S30 SWSE 18.0
T09S R38E S30 SESE 17.0

~~STOCKWATER within BANNOCK County~~

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