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RECEIVED
APR 27 2006

Department of Water Resources
Eastern Region

April 26, 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:

I have received your recent Motion to File an Amended Notice of Claim for the purpose of amending 29-13407 to include an additional 1.2 cfs, bringing the total to 2.4 cfs for the irrigation of 180 acres. I note this motion is set for hearing before Judge Melanson Wednesday, May 31, 2006, at 1:30 p.m. I also note the April 25, 2006 Notice Setting Subcase for Scheduling Conference before Special Master Bilyeu on Wednesday, May 3, 2006 at 10:00 a.m.

From my discussions with Candice McHugh of the Department, it is my understanding that the May 3 scheduling conference is replacing the pretrial conference that was scheduled at the same time on 29-13406. Further, that the Department proposes to use the May 10 trial date as a mediation in an attempt to finalize the settlement with the trial to be rescheduled for June 28. We have no objection to these scheduling changes requested by the Department and will so advise the Court at the May 3 scheduling conference.

The proposed settlement which we have been discussing for some time and has the support of the Department as well as my clients, Portneuf Marsh Valley Canal Company and Marsh Valley Development Company, would be for you to amend 29-13407 as you propose to do for the purpose of adding additional water to this claim. Additionally, we expect that your pending objection to 29-13406 will be withdrawn. As a result that claim will be decree as recommended with a 1962

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priority. Accordingly, we will not oppose the Motion to Amend 29-13407 so long as your objection to 29-13406 is simultaneously withdrawn.

Information available including information received from Water Master Steve Hebbon confirms that Topaz Irrigation Company does in fact have the prior decreed right on Dempsey Creek. Accordingly, Topaz would take available water from Dempsey Creek and you would be entitled to receive your proportionate share based upon your stock. This settlement appears to be fair to all involved and would not seem to leave you with any real concern or prejudice of the water you would still have available on the land in question below the canal from Topaz Irrigation Company.

If you are in agreement with the settlement as outlined above, we can simply inform the Court at the May 3 scheduling conference, which will bring the matter to a conclusion at that time. If you have any questions, feel free to give me a call.

Sincerely,

RANDALL C. BUDGE

RCB:rr

cc: Ted Sorensen/MVD
Ellis Gilbert/PMVCC
IDWR:

Candice McHugh
Ernie Carlson