Exhibit F

SMILAND CHESTER LLP
140 SOUTH LAKE AVENUE
SUITE 275
PASADENA, CALIFORNIA 91101
TELEPHONE: (213) 891-1010
FACSIMILE: (213) 891-1414
www.smilandlaw.com

Theodore A. Chester, Jr. **Email: tchester@smilandlaw.com**

December 17, 2014

Robert G. Kuhs
Kuhs & Parker
Old Church Plaza
1200 Truxtun Avenue, Suite 200
Bakersfield, California

Re: Antelope Valley Groundwater Cases
Little Rock Sand and Gravel, Inc./Granite Construction Company

Dear Robert,

This responds to your December 10, 2014 letter.

First, and I think most importantly, your letter refers (at 1) to Granite's "claim" of "pumping history." You state (at 6) that Granite's "water production" on the leased property justifies its water right claim. You don't cite any authority supporting your argument that Granite's exercise of the overlying rights appurtenant to the leased property supports Granite's admitted (at 2) "unexercised overlying rights" on its adjacent property.

There is no entitlement associated with "pumping history." It is not something that can be owned or possessed. It is not the personal property of the pumper. Instead, it is simply a fact that water was extracted and beneficially used on overlying land. The legal effect is that the overlying water rights appurtenant to that land were exercised during the period that pumping took place. The further legal effect is that such exercise protected the overlying rights against claims of prescription (by public water purveyors and others). Finally, the exercise of overlying rights is strong evidence supporting a quantification and allocation of rights to the appurtenant land.

What is especially important is that the extraction, beneficial use, and, thus, the exercise of rights, all occurred with respect to the Lane Family's property, not Granite's adjacent property. Such extraction, use, and exercise occurred for over 20 years before Granite even

acquired the adjacent property in 2008, and has continued to occur since then. The "pumping history" supports the Lane Family's exercised right and is simply not relevant to Granite's unexercised right.

Granite cannot use the Lane Family's exercised rights to somehow piggyback support for Granite's unexercised rights. A tenant is not permitted to deny the landlord's title to water rights. Evid. Code § 624. Nor can a tenant challenge the landlord's rights until expiration of the lease, unless the tenant unequivocally repudiates the landlord's title. *Swartzbaugh v. Sampson*, 11 Cal.App.2d 451, 462 (1936); *Harvey v. Nurick*, 268 Cal.App.2d 213, 215-16 (1968). To the extent that Granite is challenging or otherwise repudiating the Lane Family's title to its overlying water rights, there is a serious question of whether Granite is thereby breaching the lease. *Gold Mining & Water Co. v. Swinerton*, 23 Cal.2d 19, 33 (1943). It is regrettable that Granite is attacking and attempting to diminish the water rights of the one party with which it has a long-established contractual relationship.

Other parts of you December 10, 2014 letter deserve brief comment.

The Lane Family has never stated, as you suggest (at 2), that Granite "lost its water rights to its adjacent lands through non-use." But, Granite's unexercised rights, without self-help, would be subject to the purveyors' prescription claims, and thereby substantially weaker than the Lane Family's exercised rights.

Your letter states (at 3) that "only Granite has a reasonable and beneficial need for water at the Little Rock Quarry, now, and for the foreseeable future." But Granite's need for water and use of the premises is derived directly from the lease and is attributed to the landlord. Miller & Starr 2d §§ 16:37, 18:48. ("The possession of a tenant is that of his landlord and is for the landlord's benefit and subordinate to his rights.") As you acknowledge (at 1) Granite's right to use water rights arises from Section 3.2 of the Lease. But for the lease, Granite would have little or no need or use of water.

Your letter's reference (at 5) to my other clients is irrelevant to the issues between Granite and the Lane Family.

Your letter states (at 6) that there was some form of "handshake" agreement, but you admit (at 4) that Granite rejected the Lane Family's proposal.

Your letter refers (at 3) to the "60,000-70,000 members of the Willis Non-Pumper Class." You also refer (at 5) to the claims of the Blum Trust. Notwithstanding the terms of the proposed judgment, in each case these parties, as owners of unexercised overlying water rights, represent a significant threat to the settling parties' agreed allocation. If an agreement is reached between our respective clients, it should recognize this substantial risk.

Finally, you state (at 6) that Granite "values the parties' long standing relationship." Hopefully, when our clients meet this Friday that sentiment will prevail.

Very truly yours,

Theodore A. Chester

TAC/flh
cc: George M. Lane
William M. Smiland