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September 23, 2008

Posted Via Court Website

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All other Interested Counsel

Re: Antelope Valley Groundwater Adjudication

Gentlemen:

Following the conference call with Judge Komar last week, I received the *Public Water Suppliers' Memorandum of Points and Authorities in Opposition to Sheep Creek Water Company's Motion to be Excluded from the Antelope Valley Groundwater Adjudication, etc.* ("Opposition"). This letter is directed to the indicated signatories to that Opposition, and to Mr. Leininger due to our numerous telephonic conversations regarding this matter. This letter is also directed to any other counsel whose designated expert witnesses may also intend to opine on the issues addressed in *Sheep Creek Water Company's Motion to be Excluded from the Antelope Valley Groundwater Adjudication, or, in the alternative, for Recognition of its Prior Rights to the Waters of Sheep Creek* ("Motion").

My reading of the Opposition leads me to understand that none of your clients has yet taken a definitive position in opposition to Sheep Creek's contention that its property is in the El Mirage Basin as opposed to the Antelope Valley Basin, and that there is not material hydrologic

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Messrs. O'Neill, Dunn, Bunn, Tootle, Evertz and Orr

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connectivity between the two basins in the general vicinity of Sheep Creek's property. Rather, it appears that each of your clients is presently taking the position that that determination has not yet been made. Though we are willing to bifurcate the issues, and ask the Court to presently address only the issues of whether the subject property is in the El Mirage Basin as opposed to the Antelope Valley Basin and whether there is material hydrologic connectivity between the two basins, reserving other issues until after the Phase II Trial, we would still need to be prepared to address those issues in that proceeding.

Though I will be filing a Reply Brief to the Opposition, I will ask the Court to hear the issues of whether Sheep Creek's property is in the El Mirage Basin as opposed to the Antelope Valley Basin and whether there is material hydrologic connectivity between the two basins in the general vicinity of Sheep Creek's property as part of the Phase II Trial.

In order for Sheep Creek to be prepared to address those issues in the Phase II Trial, I need to know if any of your experts are intending to or will be opining that the Sheep Creek property is not in the El Mirage Basin, or that there is material hydrologic connectivity between the El Mirage Basin and the Antelope Valley Basin in the general vicinity of Sheep Creek's property. I did not attend Ken Utley's deposition today, because he was not designated on these issues; however, I need to know whether any of your other experts will be so opining before any further expert depositions occur, except that of Joe Scalmanini (as Jeff Dunn and I have made other arrangements), so that I can examine them as to their opinions regarding those issues.

If none of your experts will be opining that Sheep Creek's property is in the Antelope Valley Basin as opposed to the El Mirage Basin, or that there is material hydrologic connectivity between the El Mirage Basin and the Antelope Valley Basin in the general vicinity of Sheep Creek's property, then I propose that a stipulation on those issues be submitted to the Court in lieu of contesting those issues in the Phase II Trial. That would allow you to focus on the larger issues presented by Tejon Ranchcorp and Anaverde, LLC.

Sincerely,



Michael Duane Davis of
GRESHAM SAVAGE NOLAN & TILDEN,
a Professional Corporation

MDD:tdg

cc: C. Cummings
Ernest E. Riffenburgh

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I am employed in the County of Riverside, State of California. I am over the age of 18 years and not a party to the within action; my business address is: 3750 University Avenue, Suite 250, Riverside, CA 92501-3335.

(X) **BY ELECTRONIC SERVICE** – I posted the document(s) listed above to the Santa Clara County Superior Court website, <http://www.scefiling.org>, in the action of the Antelope Valley Groundwater Cases.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on September 23, 2008, at Riverside, California.

Teri Gallagher
TERI D. GALLAGHER