EXHIBIT CC

Robert G. Kuhs

From: Mike McLachlan <mike@mclachlanlaw.com>
Sent: Friday, November 21, 2014 5:15 PM
To: Ted Chester (tchester@smilandlaw.com)
Cc: Richard Zimmer; Bob Joyce; Michael Fife (MFife@bhfs.com); Scott K. Kuney (skuney@youngwooldridge.com); Robert G. Kuhs; Michael Davis (Michael.Davis@greshamsavage.com); WSloan@mofo.com; Dan Oleary
Subject: Lane / Granite
Attachments: Exh 4-- 3-31-14 draft v1.xls

Ted,

Bob's comments about the allocation negotiations culminating at the end of March relative to everyone understanding that we had a deal on Exhibit 4 are entirely to the point.

On March 31, we all reached a deal covering many landowner parties. As part of that deal, we all agreed to 126 afy to Granite's Big Rock facility, and to the split Lane and Granite agreed to for Little Rock. There was quite a bit of horse trading in that window of time with many parties, including Mr. Burrows. On April 1, you sent around modified version of Exhibit 4, which after a small pro-rata reduction and a few other changes not impacting the Lane/Granite water, resulted in the Exhibit 4 we have to date. It is my understanding that the first anyone heard of any dispute by Mr. Lane as to the allocation was in August, after we had completed nearly all of the substantive negotiations on the terms of a deal. I find no evidence in the record available to me that there was any dispute as between Lane/Granite between March and August. There is a very strong impression that your client changed his mind, and tried to back out of the deal.

I understand that you would like to leave a hole in Exhibit 4 and litigate that issue, and further that you believe you can do that without risk to anyone else on Exhibit 4. I do not agree with that position. I think there is risk that under *Tehachapi-Cummings v. Armstrong* this dispute turns into a determination of the correlative rights all overlying parties. This may occur at the trial court level, or it may result from one side or the other taking the matter up on appeal after they are aggrieved with Judge Komar's decision.

You knew that today was a real deadline, but did not obtain a resolution. Your solution seems to be to lay the issue on the doorstep of all the other parties with the implication that we should solve it. If that is your plan, I suspect your client(s) may not be happy with the result when the other parties are called upon to decide how to proceed.

I did not get a chance today to state the position of the Class, so I will do it now. The Class is not going to agree to a settlement that leaves Exhibit 4 open in this fashion among allegedly settling parties. If you cannot resolve it, my position will be that Mr. Lane can either take the deal that was negotiated, or he is not going to be a party to the agreement. I would rather not take up sides, but your clients' conduct – or your mis-handling of this issue – is putting the settlement in jeopardy. When push comes to shove, my position is here is simple: "a deal is a deal."

I agree with Fife: I don't want to hear any more squabbling or lobbying here, all I want to hear by early next week is that it is resolved. And if this situation devolves further, you may fully expect that the Class' agreement to Burrows' allocation, which was a true gift, will not hold.

Mike McLachlan
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