

November 23, 1998

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Mr. John R. Mann, Regional Engineer
Department of Natural Resources
Division of Water Rights
1594 West North Temple
Salt Lake City, Utah 84114-6300

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**WATER RIGHTS
SALT LAKE**

Dear Mr. Mann:

We recently read a copy of a letter written by Mr. Keith Allred of Red Cedar Corporation, dated September 28, 1998. We feel that we should respond to some of the statements Mr. Allred makes concerning our operation. Looking at the courtesy copy list, the letter had wide distribution, and we want our views to be part of the record.

Out of all the rambling in Mr. Allred's letter there are two points that I wish to clear up: The first is appointing of a River Commissioner.

We bought two staff gauges as recommended by the State Engineers for Red Cedar Corporation to install on Red Cedar Creek and Granite Creek to measure the flows that they were diverting. These gauges were installed by Red Cedar Corporation in such a way that it was not possible to get an accurate reading from them and of course they do not totalize. One of the reasons Mr. Garland resigned as River Commissioner was due to the lack of accuracy in the measuring system that Red Cedar Corporation had.

We installed totalizing meters on our system as we and Red Cedar Corporation were supposed to do according to the Court Stipulation. These meters had worked for over seven years. This year the meter on Granite stopped working at flows less than 200 gallons per minute due to bearing failure. Our meters will be repaired and calibrated by the factory and in service before the 1999 irrigation season.

Since Mr. Garland resigned, we have not hired a river Commissioner because there was no means to quantify Red Cedar Corporation's diversions accurately.

The second point would be: we have exceeded our tariff.

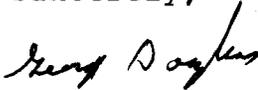
This statement is totally ludicrous, since Red Cedar Corporation's diversion is above ours. Red Cedar Corporation have complete control of what water we get to divert. Most years they do not let us have any in the spring until they cannot get any more into their pipe. It is crucial that we get water on our fields in early April. The last several years this has

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not happened because Red Cedar Corporation has taken all the water they can from Granite creek while letting water go to waste in Red Cedar creek. This is a direct violation to the Court Stipulation.

Since a meeting with the State Engineers representative John Mann and Lee Sim, on August 17, 1998, and subsequent visits with field Engineer Gertrudys Adkins, it appears that all parties will have totalizing meters this year and the River Commissioner, Jim White to read them. We are certainly looking forward to having data and facts to work with instead of accusations and innuendoes.

Sincerely,



George Douglass

cc: Paul Dremann