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SMITH HARTVIGSEN
A PROFESSIONAL LIMITED LIABILITY COMPANY

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October 1, 2003

Jerry D. Olds, P.E. State Engineer
Utah Department of Natural Resources
Division of Water Rights
P.O. Box 146300
Salt Lake City, UT 84114-6300

Re: Impairment of Huntington Creek Drainage

Dear Mr. Olds:

This letter is written on behalf of Huntington-Cleveland Irrigation Company which is the holder of the largest and most senior water rights in the Huntington Creek drainage. As you know, there has been growing concern over the loss of water from this drainage, particularly through an apparent underground leakage from Electric Lake to the Skyline Mine.

Representatives of Huntington-Cleveland met with you approximately one year ago to discuss this issue. At that time, you informed Huntington-Cleveland that your office was closely monitoring the situation and the hydrological information regarding the loss of water in Electric Lake and the increased flows encountered in the nearby Skyline Mine.

This past June, Pacificorp, which is both a shareholder of Huntington-Cleveland and owns and operates Electric Lake, presented to the Division of Oil, Gas & Mining the results of its hydrological studies and investigations into the loss of water from Electric Lake and the relationship of that loss with increased water flow encountered in Skyline Mine. Enclosed is a copy of the Pacificorp study, which we believe demonstrates that the Huntington Creek drainage is being severely impaired by the interception of Huntington Creek drainage water by the Skyline Mine. A large percentage of this water is being taken out of the Huntington Creek drainage via the mine and is being diverted into the Price River drainage. Hopefully, this additional information will be sufficient to provide a factual basis for you to take action on this matter to protect the Huntington Creek drainage from this unauthorized transbasin diversion.

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DIV. OF OIL, GAS & MINING

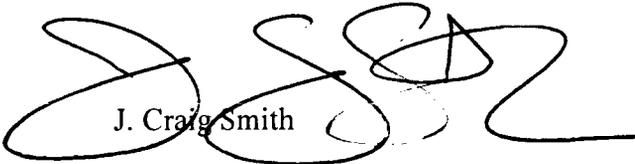
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We would ask that you as the State Engineer, take appropriate action to stop the impairment of this drainage under Utah law and to coordinate your efforts with the Division of Oil, Gas & Mining to see that water taken from the Huntington Creek drainage into the Price River drainage is replaced as required by Utah Code Ann. §40-10-18(15)(c).

If further information of explanation would be helpful, please feel free to contact me. We appreciate your efforts to protect water right holders in the Huntington Creek drainage.

Yours truly,

SMITH HARTVIGSEN, PLLC



J. Craig Smith

Enclosures

cc: Lowell Braxton, w/o encl.
Mark Page, w/encl.
Jody Williams, w/o encl.
Huntington-Cleveland Irr. Co., w/o encl.