



# State Bank

## OF SOUTHERN UTAH

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May 14, 2007

Jerry Olds  
Utah Division of Water Rights  
P.O. Box 146300  
Salt Lake City, UT 84114-6300  
Via Fax (801) 538-7467

Dear Mr. Olds,

State Bank of Southern Utah is an Independent Bank serving primarily South Central and South Western Utah. The bank has a strong background in agricultural lending and has outstanding agricultural loans in our area totaling +/- 30 million dollars. Our investment in the local agricultural market required our representation at the Enterprise meeting, and to make the following observations after considerable thought and discussions with customers and water users.

- 1- Water users are and should be encouraged to develop any proposed plan themselves within the perimeters established by law. Any plan crammed down by the State Water Engineers office that is perceived to cut too deeply or too sharply is sure to meet with stiff legal resistance that will only serve to make the water lawyers of this state very wealthy. The development of this plan may take at least a year to develop.
- 2- The problem of over pumping has developed over at least 50 years. We believe it is reasonable to rectify the problem over a period of time that is similar in duration giving the economy of the area opportunity to assimilate those changes without disrupting the economic/sociologic basis of the entire area.
- 3- The State of Utah including the State Water Engineers office has willingly contributed to the problem of over pumping, not only in the Escalante Valley, but many basins and valleys of the state. This resulted in investments by farmers, ranchers and municipality's in infrastructure, equipment, land and water rights. It seems that there is a moral obligation on the part of the state to participate financially in helping bridge the gap these water users will face in losing the water resources they have developed over the years.

- 4- At various meetings we have heard several different estimates, even from your office, as to the seriousness of the over pumping problem in Escalante Valley. That leads to a question of the accuracy and science of "safe yield". Actions should be judiciously and carefully taken where the science is not complete or extensively understood.

We believe State Bank's investment in the farms and ranches of Southern Utah give us standing in this process. Should the interest of the Bank, and the farmers and ranchers we serve be excluded in this process, unnecessary economic losses and damage could result.

We support reasonable efforts to preserve and protect this precious water resource consistent with the observations listed above. We encourage your office to build a future of wise water use, built on a broad foundation of willing water users and other stakeholders, to bring a satisfactory resolution to the issues involved.


Sincerely,



Ronald W. Heaton  
President / Chief Executive Officer



H. LaNor Warby  
Executive Vice President / Chief Credit Officer



DeLynn C. Barton  
Executive Vice President / Agricultural Lending



Wade Kleinman  
Vice President / Agricultural Specialist