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August 18, 2008

Mr. Michael R. Styler, Executive Director
Department of Natural Resources
PO Box 145610
Salt Lake City, Utah 84114-5610

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Dear Mr. Styler:

We recently received a copy of your August 5, 2008 letter to Dave Clark that references our July 2008 letter to the State Water Engineer, Jerry Olds. On behalf of Western AgCredit, we are writing to clarify misunderstandings that may have been caused by our July letter.

Western AgCredit has been actively monitoring the process of developing a Ground Water Management Plan for the Beryl/Enterprise area and has regularly submitted comments and suggestions based on information presented at public meetings. As you are probably aware, Western AgCredit is a major agricultural lender in the Beryl/Enterprise area. Therefore, we have a significant financial interest in the development of a Ground Water Management Plan. We have not been invited to private meetings between the area's Water Users and the State Water Engineer, but we have attended all of the public meetings for which we have received notice.

If you review our early comment letters, you will find that we have had serious concerns 1) with the lack of adequate data available to support the development of a plan and 2) with the aggressive plans initially introduced by the State Water Engineer. You will find that those comments were particularly critical of what we perceived to be the State Water Engineer's lack of support for an alternative plan based on the cooperative efforts of the Water Users. Throughout the process, we have felt that the Water Users from the area have been diligent in their efforts to develop a reasonable plan that would effectively manage the water use in the area while mitigating the impact on the community and individual citizens.

At the January 10, 2008 public meeting, we were encouraged to see, what we believed to be, significant progress toward developing a plan that would have the Water Users work with each other to orderly reduce water usage in ways that would minimize the economic impact on individuals and the community. We also felt that the gradual implementation - over a period much longer than what was originally proposed by the State Water Engineer - with ongoing measurements and multi-phase implementation would help to mitigate some of the risks caused by the lack of adequate information about the water basin. Therefore, we were surprised when we received a letter from Mr. Olds indicating that no further work would be done in the Beryl/Enterprise area. Our July letter to him was intended to compliment him for the progress that had been made and to encourage him to continue to work with the Water Users.

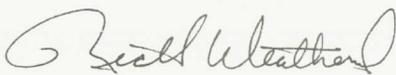
After sending our July 2008 letter to Mr. Olds, we have been informed of private meetings between the State Water Engineer and the Water Users in the spring of 2008. Because these were not public meetings, we do not have direct knowledge of the discussions or of positions taken. However, it has been reported to us by the Water Users, that the spirit of cooperation demonstrated by the State Water Engineer in the January public meeting was not evident in the subsequent private meetings and that the Water Users have been very frustrated by those meetings. We were not aware of this deterioration in the process of developing a plan; and it was not the intent of our July 2008 letter to indicate that we are any less supportive of the efforts of the Water Users to implement a plan based on a gradual reduction in usage and cooperation among the users in the community.

We believe that it is critical that all parties in this process remain focused on the objective of doing what is right for the community and the individuals who live there. In particular, the State Water Engineer should work to facilitate a reasonable solution and not take stances that would impede progress. If additional supervisory or legislative oversight or other controls are necessary to accomplish this, then we also encourage their use as necessary. We also believe that any material plan changes, negotiations or other critical discussions should be communicated to all interested parties through public meetings or by letter to avoid future misunderstandings that can come from the private meetings.

In summary, it was the intent of our letter to compliment Mr. Olds on what we viewed as his movement from the overly aggressive plans initially presented toward a more reasonable plan, as outlined in the January 10, 2008 meeting. It was not our intent to undermine the Water Users in their efforts to finalize an appropriate plan, or to endorse any statements that were made or positions that were taken in subsequent private meetings. We trust you will share this letter with all parties to whom you had provided a copy of our July 2008 letter so that our position on the issues will not be misrepresented.

If you would like to discuss this issue further, we would be happy to meet with you.

Sincerely,



Richard Weathered
President & CEO



Wayne A. Smith
Chairman

cc: Jerry Olds
Beryl/Enterprise Water Users

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