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DWR Prosecuting Team
Exhibit 13

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Gray Davis
Governor

Winston H. Hickox
Secretary for
Environmental
Protection

DIVISION OF WATER RIGHTS
1001 I Street, 14th Floor • Sacramento, California 95814 • (916) 341-5390
Mailing Address: P.O. Box 2000 • Sacramento, California • 95812-2000
FAX (916) 341-5400 • Web Site Address: <http://www.waterrights.ca.gov>

OCT 07 2003

In Reply Refer
to:363:AM:A008809
A023767, A026306, A026307

Emmerson Investment Inc.
c/o Jack Frost
PO Box 496014
Redding, CA 96049-6014

Dear Mr. Frost:

LICENSE 11609 (APPLICATION 23767) UNNAMED STREAMS TRIBUTARY TO PARKS CREEK AND LICENSE 4151 (APPLICATION 8809) & PERMITS 19164 & 19165 (APPLICATIONS 26306 & 26307) SHASTA RIVER IN SISKIYOU COUNTY

The Division of Water Rights (Division) conducted a compliance inspection on August 23, 2002, of property served by the above-mentioned water rights. This inspection was conducted to determine the current extent of the beneficial use of water and the status of compliance with license terms and conditions. Your ranch manager Pete Scala assisted Division staff with this inspection. The following findings were made for each of your water rights:

License 11609: Staff's inspection of License 11609 found that you are operating within the parameters of the license. However, since your current operation of Upper Dennis Reservoir consists of very minimal or no withdrawal from storage for irrigation use, it should be noted that if the current operation of Upper Dennis Reservoir continues, the withdrawal amount authorized by the license would be subject to being reduced to the actual amount withdrawn from Lower Dennis Reservoir for irrigation purposes.

License 4151: Based on the statements of Shasta River watermaster Keith Dick, it appears that your current use of water at the Hole in the Ground Ranch has been utilizing License 4151 and been within the parameters of the license. However if the current use of water is continued, the authorized season for stockwatering purposes may be reduced to April through August.

Permits 19164 & 19165: Also based on the statements of Mr. Dick, it appears there has been no water available for use under Permits 19164 & 19165 since there has not been any water surplus to the Shasta River adjudication rights in the last few years. Division staff inspected these permits in June of 2000 to determine if a license could be issued. At that time there were no records of diversion to determine the amount of water being beneficially used under these permits. You were asked to keep records and submit a petition of extension of time for the purpose of establishing a record of diversion and use under these permits. You subsequently submitted the petition to the Division, but due to protests and environmental concerns the petition process has not been completed. Since there still are no records of diversion and there has not been any surplus water available since the last inspection, a license still cannot be issued

California Environmental Protection Agency

SURNAME

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Emmerson Investment Inc.
Mr. Jack Frost

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at this time. You should work with Mr. Dick to keep records of all water used from the two points of diversion covered by these permits so that a license may be issued. Please note that you need to diligently pursue all required tasks to receive the extension of time for your permits as failure to diligently pursue the extension may result in the revocation of both permits.

Thank you for your cooperation and assistance during the inspection. Should you have any questions regarding this letter please contact Mr. Aaron Miller of my staff at (916) 341-5390.

Sincerely,

ORIGINAL SIGNED BY

Mark Stretars, Chief
Compliance and Enforcement Unit

cc: Mr. Pete Scala
Shasta Springs Ranch
21305 Slough Road
Weed, CA 96094

Mr. Keith Dick
9106 Airport Road
Montague, CA 96064

Mr. Glyn Echols
2440 Main Street
Red Bluff, CA 96080

bcc: MLS

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