

ELLISON, SCHNEIDER & HARRIS L.L.P.

CHRISTOPHER T ELLISON
ANNE J SCHNEIDER
JEFFERY D HARRIS
DOUGLAS K KERNER
ROBERT E DONLAN
ANDREW B BROWN
MARGARET G LEAVITT, OF COUNSEL

ATTORNEYS AT LAW
2015 H STREET
SACRAMENTO, CALIFORNIA 95814-3109
TELEPHONE (916) 447-2166 FAX (916) 447-3512

TRENTON M DIEHL
FRED S ETHERIDGE
JEDEDIAH J GIBSON
LYNN M HAUG
PETER J KIEL
CHRISTOPHER M SANDERS
WILLIAM W WESTERFIELD III
GREGGORY L WHEATLAND

January 3, 2007

VIA HAND DELIVERY

Ms. Jane Farwell
State Water Resources Control Board
Division of Water Rights
PO Box 2000
Sacramento, CA 95812-2000

Subject: Dismissal of Local Sponsors' Protest to Application No. 31174 of Orange County Water District

Dear Ms. Farwell:

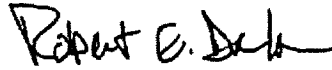
On July 17, 2002, Orange County Flood Control District ("OCFCD"), Riverside County Flood Control and Water Conservation District ("RCFCWCD") and San Bernardino County Flood Control District ("SBCFCD"), collectively the Santa Ana River Local Sponsors responsible for flood control on the Santa Ana River ("Local Sponsors"), submitted a protest to Application No. 31174 of Orange County Water District ("OCWD") to appropriate water from the Santa Ana River. On or about July 30, 2002, the State Water Resources Control Board accepted the Local Sponsors' protest. The protest proposed the execution of an "operations agreement" between OCWD and OCFCD as a means to resolve the Local Sponsors' protest.

RCFCWCD and SBCFCD have authorized OCFCD to withdraw the protest on behalf of the Local Sponsors following execution of an Operations Agreement that ensures that the water rights application and any new water conservation activities at Prado Dam do not adversely affect the Local Sponsors' property interests and Santa Ana River flood control obligations. OCFCD and OCWD have now entered into an Operations Agreement, which is enclosed with this letter. OCFCD hereby dismisses the Local Sponsors' protest and requests that the State Board condition any permit or license granted to OCWD on OCWD's compliance with the Operations Agreement. OCFCD and the Local Sponsors reserve all rights to participate as an interested party in any hearing or administrative proceeding on Application No. 31174 in order to protect and defend its interests, including those interests created by or recognized in the Operations Agreement.

January 3, 2007
Page 2

Please contact me if you have any questions or desire additional information about the Operations Agreement.

Sincerely,

A handwritten signature in black ink that reads "Robert E. Donlan". The signature is written in a cursive style with a prominent initial "R".

Robert E. Donlan

cc: Mr. Daniel Frink (SWRCB)
Mr. Craig Miller (OCWD)
Mr. Christopher McNevin (for OCWD)
Mr. Patrick Mead (SBCFCD)
Ms. Vana Olson (SBCFCD)
Mr. Warren "Dusty" Williams (RCFCWCD)
Ms. Zulema Smith (RCFCWCD)
Mr. Peter Kiel (for Local Sponsors)