DEPARTMENT OF FISH AND GAME<http://www.dfg.ca.gov>POST OFFICE BOX 47
YOUNTVILLE, CALIFORNIA 94599
(707) 944-5500

October 14, 1999

Mr. Rob Rossi
750 Pismo Street
San Luis Obispo, California 93401

Dear Mr. Rossi:

SANTA MARGARITA RANCH, SAN LUIS OBISPO COUNTY

Our July 21, 1999 letter expressed concerns about potential fish and wildlife impacts associated with your proposed vineyard development. It continues to be our understanding that you intend to irrigate portions of the proposed vineyards using shallow, alluvial wells that may reduce downstream flows and impact associated instream and riparian habitats. Our July 21 letter also requested some basic water availability information that would help you and us determine the extent to which the proposed water use would constitute a "diversion" of stream flow. We have concluded from our site visit with you on September 11, 1999 and a review of the 1994 Environmental Constraints Analysis for the property that instream impacts from pumping from shallow wells may occur.

Any substantial diversion of flow from streams on the property will require the development of a Streambed Alteration Permit between you and the Department as per Sections 1601-1603 of the Fish and Game Code. Our issuance of a permit is a discretionary action by the Department which must comply with the California Environmental Quality Act (CEQA) regulations. The water availability information requested in our July 21 letter is essential to 1) determining whether or not a permit is required, and 2) how to manage well operations to avoid and minimize impacts on local aquatic environments. I have enclosed a notification package so that you can begin the process of obtaining a permit, developing appropriate terms, and accomplishing CEQA compliance.

Our July 21 letter also refers to the possible need for you to obtain appropriative water rights permits for your proposed alluvial well water use. We again encourage you to work with the

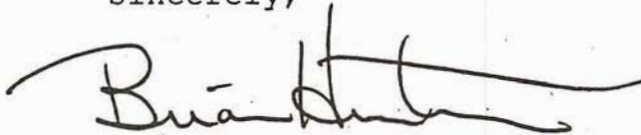
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State Water Resources Control Board to obtain appropriate permits to avoid the potential filing of formal water rights complaints relating to your pumping operations.

If you have any questions about the Streambed Alteration Permit process, please contact Mr. Patrick Coulston, Senior Biologist, in our Monterey office at (831) 649-2882. Mr. Coulston is also available to discuss your project, and measures to avoid and mitigate any impacts it potentially could have on local aquatic environments.

Sincerely,



Brian Hunter
Regional Manager
Central Coast Region

Enclosure

cc: Division Of Water Rights
State Water Resources Control Board
Sacramento

Mr. Pat Coulston
Mr. Chuck Marshal
Department of Fish and Game
Monterey

Mr. Pat Veasart
Environmental Center of San Luis Obispo County
864 Osos Street, Suite C
San Luis Obispo, California 93401