



June 4, 2007

Kent Hector
Shasta County

RE: Panorama Easements

Kent,

I wanted to communicate our understanding of any off-site easements necessary for the Panorama project. I have spoken with various consultants and have confirmed that no off-site easement acquisition is necessary for this project at this time. The following items are known off-site improvements and possible easements involved.

Sanitary Sewer: We have spoken with Tom Warnock of Pace Engineering regarding any easement acquisition necessary for off-site sewer. His recollection is that everything proposed is within existing right-of-way or on the treatment plant property. Additional off-site sewer across PG&E property to the south of the Panorama project has been explored. Mike Momber, a land agent with PG&E has had conversation with our clients regarding acquiring an easement, or potentially the entire parcel over the past two years. This appears to be an amicable arrangement that would be a trade for the abandonment across PG&E land currently held by Romar Homes. We have explored the potential to avoid this section of gravity sewer across the PG&E land to keep sewer service for this project entirely within the boundaries of the project. This is a possible solution in the event the Romar Homes cannot acquire an easement with PG&E. The following is an excerpt from an e-mail between Vicky Gibson-Eggen and Mike Momber dated July 2, 2006:

-----Original Message-----

From: Momber, Mike

To: Vicky Gibson-Eggen

Cc: Mark Rychlik (E-mail) ; Ben Wiechman ; O'Connell, Dennis J (ET)

Sent: Tue, 11 Jul 2006 7:18 am

Subject: RE: Panorama Point for Romar / PGE easement

Hi Vicky-

I've routed your June 9th e-mail and drawing for review and haven't had any negative comments. The next thing I will need is an updated Use Application from Mark (we discussed this on May 25th when he came by my office). Once I have that I can start drafting the easement. One thing I'm not sure how to address at this point is the final ownership and maintenance of the easement area. If possible, I would prefer to make the grant directly to the ultimate owner of the rights (homeowner's association, County...) since they will be accepting maintenance responsibilities.

Our Substation Supervisor, Dennis O'Connell, is the best contact for site access. He can be reached at 347-7517. Dennis had the area mowed recently, so it should be easier to work in than when we last met there.

We are in discussions with a rancher, Ivar Amen, regarding grazing cattle on the entire PG&E property surrounding the Substation. I would like to discuss your staking and overall work schedule in greater detail and figure out how to avoid conflicts between your project and Ivar's proposed use. I will give you a call later today.

Mike

Also included is a note from Mark Rychlik of Romar Homes:

Erick,

This memo is to confirm that Romar Homes, Inc. has been in discussions with PG&E for the last two years. Romar has an existing easement that runs through PG&E property. The easement lies where PG&E may one day expand the existing substation. Romar has met with key managers from PG&E to relocate the easement. With local management support, we are exploring the purchase of PG&E lands to the north of the ACID canal where we can locate the Panorama sewer line. If we are not successful in a purchase, we are confident that an easement can be obtained, especially in light of PG&E's desire to extinguish our existing easement rights.

Best Regards,

Mark Rychlik

Water: We have spoken with Tom Warnock regarding the water system upgrades. It appears that the only off-site work would be the addition of a storage tank off of Vantage Drive. It appears that a major portion of Vantage Drive is public, and are verifying with Kris Hollmer of the Cottonwood Water District that the district has easement in place to the proposed tank location.

Balls Ferry Realignment: We have been working with Paul Miller of Omni-Means regarding the possible future alignment of Balls Ferry Road across the railroad grade. It is my understanding that this project is not responsible for the actual realignment work, nor is right-of-way acquisition necessary. Our plans have been updated to indicate that they will function with the possible future alignment, but physically connect to the existing Balls Ferry Road.

We anticipate that this is sufficient to allow this project to further explore utility service requirements and alignments further within the realm Environmental Impact Report. Should you have any further questions, Please let me know. Also attached are the previous studies done by Pace Engineering to help our client to evaluate the feasibility of the project.

Sincerely,

Erick R. Carlson