

MEMBER UNITS EXHIBIT NUMBER 72

STUART L. SOMACH
Admitted to the State Bar of California
in the District of Columbia

DE CUIR & SOMACH
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

400 CAPITOL MALL
SUITE 1900
SACRAMENTO, CA 95814-4407
TELEPHONE (916) 446-7879
FACSIMILE (916) 446-8188

October 18, 1995

VIA FACSIMILE

Mr. Robert Wignot
Executive Director
Cachuma Project Authority
3301 Laurel Canyon Road
Santa Barbara, CA 93105-2017

Re: Contract to Establish Negotiation Process Between City of Lompoc
and Cachuma Project Authority

Dear Mr. Wignot:

As you are aware, the Lompoc City Council has, over the past few months, expended a great deal of time and energy addressing the various issues associated with the Santa Ynez River and the Lompoc groundwater basin. In this context, the City has had an opportunity to review the Contract to Establish Negotiation Process Between City of Lompoc and Cachuma Project Authority ("Contract").

The City of Lompoc believes that the formal process provided for in the Contract has been beneficial and useful in fostering discussions concerning the City's water quantity and water quality concerns associated with the Cachuma Project's impacts on the Santa Ynez River. Lompoc recognizes that through this formal process the parties have developed and shared a great deal of information during this formal process. Such information will prove useful to all parties as we continue to work towards a solution to these problems. After several years of pursuing this formal process, however, Lompoc and the Cachuma Project Authority have been unable to reach an agreement or consensus with respect to the Cachuma Project's impacts to the Santa Ynez River watershed. Therefore, at this time Lompoc has decided to disengage from the formal process provided for in the Contract and Lompoc will not renew the existing Contract.

Lompoc's decision not to renew the Contract, however, should in no way be interpreted to mean that Lompoc does not seek to continue the dialogue with the Cachuma Project Authority, Santa Barbara County Water Agency and others.

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PUB. WORKS.

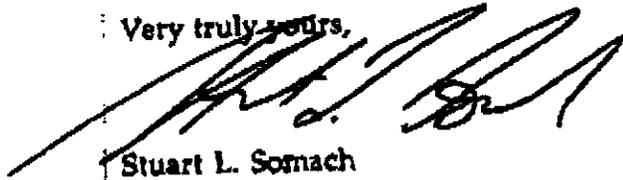
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Lompoc continues to believe that a physical solution is the best answer to the continuing problems associated with the Cachuma Project. To that end, Lompoc will continue to make its staff and consultants available for meetings and discussions.

On behalf of the City of Lompoc, I would like to thank the Cachuma Project Authority for the time and effort expended on the negotiations. Please do not hesitate to contact me if you have any questions regarding this matter.

Very truly yours,



Stuart L. Somach
Attorney

SLS:sb

cc: Joyce Howerton, Mayor
Lompoc City Council
Gary Keefe
David H. Hirsch, Esq.