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February 2, 2010

Ms. Patricia "Tish" Beltranena. Principal Planner MNS ENGINEERS, INC. 201 Industrial Way Buellton, CA 93427

RE: Vineyard suitable acreage calculation - La Laguna Ranch

Dear Tish,

Per your request, we have reviewed topographical maps and conducted two field visits to the subject property to verify and refine our estimates of land suitable for vineyard development. The basic parameters for our review were as follows:

- 1. Slope generally 30% or less
- 2. Avoidance of heavily oak tree wooded areas
- 3. Avoidance of exposed bed rock areas with very minimal top soils
- 4. Avoidance of areas that would result in vineyard blocks of less than 2 acres

It is our opinion that it likely would be a producer of high quality winegrapes. It is an area that has potential for white and red production. This study was primarily related to topography and future block layout. While an in depth soil study was not conducted, it appeared to us that the soils would be suitable and winegrapes are grown successfully on neighboring properties.

All of the irrigated row crop acreage shown on the map would also be suitable for vineyard. Of the new areas we designated, the gross acres plantable came to 421. This would include areas for turning at row ends and some non planted areas within the planting around some tree areas or where there are some other obstructions such as outcroppings. Some trees can be trimmed within planted areas as well.

Vineyards are generally planted up and down the slope and can be done with permanent cover crop to avoid erosion quite successfully. We did not delineate any areas that we felt were too steep to farm due to erosion and equipment operation safety concerns.

A final block design could set up blocks to utilize machine harvesting for sales to larger wineries and also smaller blocks, utilizing more hand work, for smaller ultra premium or boutique wineries. We have found that this allows for flexibility in marketing to two distinct channels of customers, assuming one winery does not use all of the production and some grapes are sold.

Please let me know if further input is required or any questions arise.

Sincerely,

Dana M. Merrill,

President

