



OFFICE OF THE GOVERNOR

December 19, 2005

Mr. Phillip Del Rosa
Tribal Chairman
Alturas Rancheria
P.O. Box 340
Alturas, CA 96101

Re: Alturas Rancheria Shasta Mountain Casino
NOTICE of Request to Meet and Confer Under Compact Section 9.1
NOTICE of Opportunity to Cure Breaches Under Compact Section 11.2.1

Dear Chairperson Del Rosa:

This letter is to provide the Alturas Rancheria ("Tribe") with notice that the State of California ("State") wishes to commence a "meet and confer" process with the Tribe pursuant to section 9.1 of the Tribe's class III gaming compact with the State ("the Compact"). Further, this letter is also intended to provide written notice under Compact section 11.2.1, subdivision (c), of the Tribe's sixty (60) day opportunity to cure material Compact breaches.

Request to Meet and Confer

Generally, dispute resolution under the Compact is commenced by an aggrieved party in "a written notice setting forth, with specificity, the issues to be resolved." (Compact, § 9.1, subd.

(a.) Accordingly, the issues we seek to resolve in the meet and confer process are as follows:

1. Whether the Tribe has commenced construction of a Gaming Facility on non-Indian lands near the City of Yreka, California, in violation of the Indian Gaming Regulatory Act ("IGRA") 25 U.S.C. § 2710 (d), and in violation of Compact, section 1.0, subdivision (b), and section 4.2.

2. Whether the Tribe has commenced construction of a Gaming Facility on non-Indian lands near the City of Yreka, California, in violation of the environmental protection requirements of Compact section 10.8.2, subdivision (a).

Notice of Opportunity to Cure Compact Breaches

As you know, the Compact allows an aggrieved party to "unilaterally terminate" the Compact following a judicial determination that the Compact has been materially breached and provided the breaching party has been afforded sixty (60) days to cure the breach(es) prior to the filing of a declaratory relief action. (Compact, § 11.2.1, subd. (c).) We believe that the Tribe has materially breached the Compact in two respects, as outlined below.

Please note that we have given careful consideration to the Compact's preference for involuntary dispute resolution that recognizes the government-to-government relationship between the State and the Tribe. Nevertheless, it appears that the Tribe's Compact breaches, particularly as they relate to Gaming Facility construction on non-Indian lands, are so fundamental, that resolution through informal dispute resolution is likely impossible if the Tribe intends to proceed with construction. Accordingly, we believe that it is also appropriate at this time to provide notice of the Tribe's opportunity to cure the following Compact breaches:

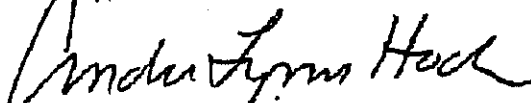
1. The Tribe has commenced construction of a Gaming Facility on non-Indian lands near the City of Yreka, California, in violation of the Indian Gaming Regulatory Act ("IGRA") 25 U.S.C. § 2710 (d), and in violation of Compact, section 1.0, subdivision (b), and section 4.2.
2. The Tribe has commenced construction of a Gaming Facility on non-Indian lands near the City of Yreka, California, in violation of the environmental protection requirements of Compact section 10.8.2, subdivision (a).

Under Compact section 9.1, the meet and confer session must occur within 10 days of receipt of this letter. Representatives of the State would be available to meet in Sacramento on December 29, 2005 at 11:00 a.m. Please have a tribal representative or your legal counsel contact this office as soon as possible to confirm your availability.

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Thank you for your prompt attention to this matter.

Sincerely,



ANDREA LYNN HOCH
Legal Affairs Secretary

cc: John Peebles, Esq.
Steven J. Bloxham, Esq.
Mark A. Levitan, Esq.
Wayne Smith
The Honorable Gail Norton, Secretary, Department of the Interior
Phillip Hogan, Chairman, National Indian Gaming Commission
Penny Coleman, Acting General Counsel, National Indian Gaming Commission
John Hay, Staff Attorney, National Indian Gaming Commission
Dan Shillito, Regional Solicitor, Department of the Interior
Janet Goodwin, Assistant Solicitor, Office of the Solicitor, Department of the Interior
Frank DeMarco, Siskiyou County Counsel