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November 27, 2006

Lincoln County
Planning & Development Department
210 SW 2nd Street
Newport, OR 97365

Oregon Department of Administrative
Services
Risk Management -- Measure 37 Unit
1225 Ferry Street SE, U160
Salem, OR 97310-4292

CERTIFIED MAIL,
Receipt No. 7002 2030 4108 3272 7154

CERTIFIED MAIL,
Receipt No. 7002 2030 4108 3272 7161

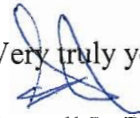
Re: My clients: DK Quarries, Inc.
Measure 37 Claim, ORS 197.352
Property Description: Tax Lots 6-10-25-CC-00111 and -00112
4.58 acres
MF 442-2492

Dear Ladies & Gentlemen:

I represent DK Quarries, Inc. and Dan Kauffman and Sherry Riedesel pertaining to their real property described above, hereafter "claimants."

Under the requirements of Ballot Measure 37, claimants hereby submit a claim for compensation pursuant to ORS 197.352 in the amount of \$1,000,000.00 for the reduction in fair market value of the claimants' affected property interests resulting from enactment or enforcement of land use regulations as of the date of this claim. Claimants have desired to, among other things, build a shop on the property where excavation has been ongoing, and claimants have been denied the right to develop the property for that purpose due to the application of land use regulations.

Within 180 days hereof, kindly order that all land use regulations burdening the property not be either applied to or enforced against the property, including without limitation transportation plans and restrictions prohibiting the improvements described above or the processing of rock and materials on site. Otherwise, kindly remit the sum of \$1,000,000.00 on claimants' claim. Please address all correspondence on this claim to my office.

Very truly yours,

Russell L. Baldwin
Attorney at Law
Cc: clients

