



Food Company, Inc.

*David H. Murdoch*  
Chairman of the Board  
Chief Executive Officer

August 23, 1994

Mr. Ron McOmber  
President  
Lana'ians For Sensible Growth  
Post Office Box W  
Lana'i City, HI 96763

Re: Proposal For The Use of High-Level Brackish Water  
From Palawai Basin For Irrigation At Manele

Dear Ron:

This letter follows an earlier discussion with Dolores Fabrao, Elaine Kaopuiki and ckiyou regarding the use of brackish, high-level groundwater from the Palawai Basin. Geophysical mapping of the entire Palawai Basin has been completed and the site shown on the attached map has been selected for a new well. We are in the process of applying for a well drilling permit.

The entire process to bring the well on line, including permitting, drilling, testing and outfitting, may take two years and is likely to cost approximately \$1 million. Our goal is to develop a brackish, more salient water source further away from the high-level potable groundwater in Well #1. If the new well is successful, we propose to operate it in the following manner:

1. Subject to the new well's capability to produce at least 450 GPM on a consistent basis of a suitable quality for irrigation, Well #1 (and its 600 GPM pump) will become a stand-by source, per our discussion, and will only be operated under the following conditions:
  - a) When and if either Well #9 or the new well is out of service for mechanical, electrical or other malfunctions or for scheduled maintenance, and the other well is unable to produce Manele's irrigation requirements, Well #1 will be used as a supplemental source.
  - b) Well #1 will also be operated for the purpose of exercising the pump, motor and other equipment to maintain functionality.

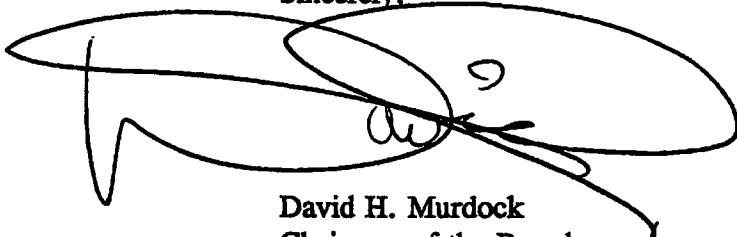
**EXHIBIT I-8**

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2. The development of the new well, which is to be used in conjunction with Well #9 for Manele irrigation, shall not change or increase the total volume allowed for the Palawai Basin well.

We trust this letter correctly reflects our previous discussions and understandings. We hope to continue working with you and LSG in a constructive manner regarding the development and use of Lana'i's groundwater resources.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'David H. Murdock', is written over a large, hand-drawn oval shape.

David H. Murdock  
Chairman of the Board  
Chief Executive Officer

**Attachment**

cc: Dolores Fabrao  
Elaine Kaopuiki

Lanai City

Nininiwai Hill

Alalaka

Hulupuunulu

Kanaeae

575T

4-4 VEED

Hill Flats

LOCATION OF THE PROPOSED PALANI BASIN EXPLORATORY WELL

23C  
63

573T

385T

7334T

535T

545T

366T

368T

366T

372T

398T

387T

391T

Papaiaohulu Hill

Uwala Hill

539T

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345T

357T

415T

402T

376T

383T

391T

PETRO

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