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7

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO
10

11 Chino Basin Municipal Water District,
12 Plaintiff,
13 v.
14 City of Chino, et al.,
15 Defendants.
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Case No. RCVRS 51010

Assigned for All Purposes to the Honorable
Stanford E. Reichert

NOTICE OF MOTION AND MOTION TO
CONFIRM POST-JUDGMENT ORDERS
AND ENFORCE AND CARRY OUT THE
CHINO BASIN JUDGMENT

*[Filed concurrently with Request for Judicial
Notice; and [Proposed] Order]*

Date: July 20, 2012
Time: 10:30 a.m.
Dept.: C-1

1 TO ALL PARTIES AND TO THEIR RESPECTIVE ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE THAT on July 20, 2012 at 10:30 a.m. or as soon thereafter as
3 this matter may be heard, in Department C-1 of the Chino Division of the San Bernardino County
4 Superior Court, located at 13260 Central Avenue, Chino, California 91710, Defendant California
5 Steel Industries, Inc. ("CSI") will move and hereby does move, pursuant to Paragraph 15 of the
6 Judgment in this action, for an Order to confirm previous post-Judgment Orders of this Court and
7 to enforce and carry out the Judgment in this action with respect to the rights established
8 thereunder.

9 The Motion will be based upon this Notice of Motion and Motion, the attached
10 Memorandum of Points and Authorities, the pleadings, records and files in this action, and upon
11 such oral argument and other evidence as may be presented at the hearing on the Motion.

12
13 Dated: June 20, 2012

BEST BEST & KRIEGER LLP

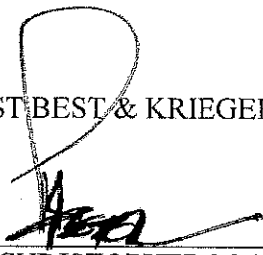
By: 
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1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I. INTRODUCTION

3 Pursuant to Paragraph 15 of the Judgment in this action, Defendant California Steel
4 Industries, Inc. (“CSI”) respectfully requests this Court to grant this Motion and the relief herein
5 requested, which are necessary to confirm the post-Judgment orders of this Court, to enforce and
6 carry out the Chino Basin Judgment (“Judgment”), and to help avoid the possibility for
7 inconsistent rulings by another court with respect to the adjudicated water rights that are
8 administered under the Judgment by this Court pursuant to its full and continuing jurisdiction in
9 this action. The matter presented through this Motion portrays an attempt by Aqua Capital
10 Management LP (“ACM”) to eviscerate certain water rights held by CSI under the Judgment, and
11 to nullify at least two post-Judgment Orders of this Court that have expressly confirmed the rights
12 held by CSI.

13 Worse yet, ACM has engaged in forum shopping at its worst. Even though ACM is a
14 party to this action and the Judgment, ACM recently filed a verified complaint – as a separate
15 action and in a separate court – to quiet title to 630.274 acre-feet per year of Overlying Non-
16 Agricultural Production Rights that ACM admits were established “under and pursuant to the
17 Judgment.” According to its quiet title complaint, ACM alleges that it acquired a “sole
18 ownership” interest in the 630.274 acre-feet per year from CCG Ontario LLC (“CCG”), another
19 party to this action, based on representations from CCG that it held a “sole ownership” interest in
20 the rights. The fundamental problem with ACM’s complaint, however, is that this Court has
21 previously issued two post-Judgment orders (one in 1995 and another in 2001) which expressly
22 state – as clear as day – that the rights to the 630.274 acre-feet per year are held in joint
23 ownership, and that CSI is one of the co-owners.

24 Despite these Court rulings and records, ACM’s separate action alleges it was a good faith
25 bona fide purchaser for value of CCG’s “sole ownership” interest in 630.274 acre-feet of
26 production rights under the Judgment, and that ACM’s purchase was made “without knowledge
27 or notice” of the rights held by CSI. Those allegations by ACM are very hard to believe from a
28 due diligence standpoint, and they raise some interesting questions about what CCG may have

1 told (or failed to tell) ACM in connection with their transaction. Yet more importantly, the
2 evidence shows that CSI's joint ownership interest in the right to 630.274 acre-feet per year is
3 expressly documented in the official records of the San Bernardino County Recorder's Office.
4 These and other factors squelch the veracity of ACM's separate quiet title action.

5 Surely this is why ACM has shopped so hard for another forum and tried so hard to keep
6 its separate action away from this Court. Had ACM originally brought its claims before this
7 Court, ACM and CCG would be confronted with the Court's 1995 and 2001 Orders. Indeed,
8 when CSI was recently successful in having ACM's quiet title action transferred to this Court,
9 ACM filed a peremptory challenge pursuant to Code of Civil Procedure section 170.6. The only
10 chance for ACM to eviscerate CSI's rights and nullify this Court's previous orders regarding the
11 joint ownership interests in the 630.274 acre-feet per year is to obtain an inconsistent ruling from
12 another court. Yet that result would turn the Judgment, the post-Judgment Orders, the Chino
13 Basin Adjudication, and this Court's continuing jurisdiction on their head.

14 These risks presented by ACM's separate action can be greatly minimized through an
15 order from this Court which confirms that ACM acquired no more from CCG than what CCG had
16 to give. In other words, the Court should issue an order confirming the Court's previous 1995
17 and 2001 Orders by stating that the current interests in the 630.274 acre-feet per year are held by
18 CSI and ACM as tenants in common, where the co-tenancy rights of ACM are defined by and
19 limited to the rights that were held by its predecessor(s)-in-interest under the Judgment and this
20 Court's post-Judgment Orders. Furthermore, the Court should enjoin CCG and ACM from
21 pursuing any further transaction(s) or asserting any further claim(s) that are inconsistent with the
22 stated rights of CSI as set forth in the Court's ruling on this Motion.

23 This Court has full authority and jurisdiction to issue such an order. In accordance with
24 Paragraph 15 of the Judgment, this Court maintains continuing – if not exclusive – jurisdiction to
25 confirm its prior Orders and to enforce and carry out the rights and privileges that have been
26 established pursuant to the Judgment. Moreover, both ACM and CCG are parties to the Judgment
27 and thus have already consented to the Court's jurisdiction in this action.

II. FACTUAL BACKGROUND

A. The Court has Already Determined the Ownership Interests for Chino Basin Groundwater Rights and Retains Full Jurisdiction to Enforce, Protect and Administer Those Rights Under and Pursuant to the Judgment

Since the Judgment in this action was first entered in 1978, the parties and the Court have expended countless time, money, and other resources to implement the Physical Solution, preserve and enhance the Basin, protect the parties' adjudicated rights, and promote the effective and efficient administration of the Judgment.¹ These and other critical activities are made possible through the Court's retention of full jurisdiction, power and authority as to matters contained in the Judgment, where the terms of the Judgment are applicable to and binding upon the parties to the action and their respective heirs, successors and assigns. (See, e.g., Judgment ¶¶ 15, 39, 63.) Indeed the Court's personal and subject matter jurisdiction in this action have been, and remain, critical to the sanctity of the Chino Basin and the water rights established therein.

B. The Court's 1995 Order Established CSI's Joint Ownership Interest in 630.274 Acre-Feet Per Year of Overlying Non-Agricultural Production Rights

In December 1995, this Court entered an Order which referenced, approved and included various documents that created CSI's joint ownership interest in the right to 630.274 acre-feet per year. (the "1995 Order").² The 1995 documentation sets forth several background facts that are relevant to this Motion. In the late 1980s, CSI acquired a portion of land owned by Kaiser Steel Corporation ("Kaiser"), and Kaiser agreed to deliver water to CSI for its business operation. (RJN Exh. 2, pp. 26-27.) In the early 1990s, a dispute arose between Kaiser and CSI over the groundwater rights subject to the Judgment, and CSI filed motions in this action to interpret and modify the Judgment. (RJN Exh. 2, pp. 27-28.) Kaiser and CSI resolved the dispute in 1995 by executing a Stipulation, a Water Rights Agreement, a Water Rights Acknowledgment, and a Settlement Agreement. Among other things, these documents established the parties' respective

¹ A true and correct copy of the 1978 Judgment is attached as Exhibit "1" to the Request for Judicial Notice in Support of CSI's Motion ("RJN") filed concurrently herewith.

² A true and correct copy of the Notice of Order, including the Court's 1995 Stipulation and Order and related attachments, is attached as Exhibit "2" to CSI's RJN filed concurrently herewith.

1 water rights, including a joint ownership interest held by Kaiser and CSI in 630.274 acre-feet per
2 year of Overlying Non-Agricultural rights under the Judgment. (RJN Exh. 2, pp. 5, 31-33.)

3 In late 1995, this Court entered the 1995 Order pursuant to its full and continuing
4 jurisdiction over Chino Basin groundwater rights, which approved the 1995 Stipulation and the
5 Water Rights Agreement and Water Rights Acknowledgment between Kaiser and CSI. (RJN
6 Exh. 2, pp. 10-11.) The Water Rights Acknowledgment expressly provides that Kaiser and CSI
7 hold a joint ownership interest in the “Joint Water Rights” defined as “630.274 acre feet annually
8 of the decreed water rights” that were established under the Judgment. (RJN Exh. 2, pp. 26-27,
9 31.) This Court’s 1995 Order expressly determined that “Kaiser and CSI have mutual rights to
10 the beneficial use of the Joint Water Rights as defined and provided in the Water Rights
11 Acknowledgment.” (RJN Exh. 2, p. 10, emphasis added.)

12 C. **The Court’s 2001 Order Recognized CCG as the Successor-in-Interest to**
13 **Kaiser and Confirmed the Joint Ownership Interest Held By CSI in the Right**
to 630.274 Acre-Feet Per Year

14 In 2001, CCG became Kaiser’s successor-in-interest under the Judgment by acquiring,
15 among other things, Kaiser’s joint ownership interest in the right to 630.274 acre-feet per year
16 pursuant to the Judgment and the Court’s post-Judgment 1995 Order (above). As part of
17 acquiring Kaiser’s water right interests, CCG filed a petition with this Court through the
18 assistance of reputable legal counsel to intervene as a party to the Chino Basin Adjudication and
19 the Judgment.³ In its petition, CCG expressly confirmed to the Court that CCG was the
20 successor-in-interest to Kaiser, and requested that the Court “recognize its Overlying Non-
21 Agricultural Rights” as including “630.274 acre-feet as tenants in common with California Steel
22 Industries, Inc.” (RJN Exh. 3, pp. 3-5.)

23 In July 2001, this Court issued an Order pursuant to its full and continuing jurisdiction
24 over Chino Basin groundwater rights which approved CCG’s intervention and expressly
25 determined that CCG and CSI held a joint ownership interest in the right to 630.274 acre-feet per
26

27 ³ A true and correct copy of CCG’s Petition in Intervention, along with Watermaster’s Joinder to
28 Petition in Intervention by CCG, is attached as Exhibit “3” to CSI’s RJN filed concurrently
herewith.

1 year under the Judgment (the “2001 Order”).⁴ The Court’s 2001 Order provides in relevant part:

- 2 1. CCG Ontario, LLC is granted leave to intervene and become a Party to the
- 3 Judgment herein;
- 4 2. CCG Ontario, LLC shall hereafter be a Party bound by the Judgment herein
- 5 entitled to all the rights and privileges accorded under the Physical Solution in the
- 6 Judgment through the Overlying Non-Agricultural Rights Pool shown on Exhibit
- 7 D to the Judgment in place of Kaiser Steel Corporation;
- 8 3. CCG Ontario, LLC’s Overlying Agricultural Rights are:
- 9 (a) 525 annual acre-feet;
- 10 (b) 475 annual acre-feet as tenants in common with the California Speedway
- 11 Corporation (“TCS”) with TCS having the right of first use;
- 12 (c) 630.274 acre-feet as tenants in common with California Steel Industries,
- 13 Inc. (“CSI”), with CSI having the right of use, with payment to CCG
- 14 Ontario, LLC, through June 30, 2004, and CCG Ontario, LLC having the
- 15 right of first use thereafter

16 (RJN Exh. 4, p. 3, emphasis added.)

17 Accordingly, this Court’s 2001 Order confirmed that CCG was the successor-in-interest to
18 Kaiser, and that CSI holds a joint ownership interest in the right to 630.274 acre-feet per year, as
19 established by the Court’s 1995 Order.

20 **D. In February 2009, this Court Granted ACM’s Intervention, Which Bound**
21 **ACM to the Judgment, applicable Post-Judgment Orders, and the Court’s**
22 **Full and Continuing Jurisdiction over Chino Basin Water Rights**

23 In late 2008, ACM and CCG submitted letters and related information to the Chino Basin
24 Watermaster requesting approval of (1) the transfer of CCG’s rights to 630.274 acre-feet per year
25 to ACM, and (2) ACM’s intervention in the Judgment as a member of the Overlying Non-
26 Agricultural Pool. In a November 7, 2008 letter from ACM’s CEO to Watermaster, ACM stated
27 that it was submitting a request to intervene in the Judgment based on the “fact” that CCG

28 ⁴ A true and correct copy of the Court’s 2001 Order is attached as Exhibit “4” to CSI’s RJN filed
concurrently herewith.

1 “currently owns 630.274 AFY of adjudicated safe yield” and that “CCG wishes to transfer all of
2 its remaining adjudicated water rights (approximately 630.274 AFY)” to ACM. (RJN Exh. 5, pp.
3 45-46.)⁵ In a separate November 7, 2008 letter from CCG’s legal counsel to Watermaster, CCG
4 stated that it “is a party to the Chino Basin Judgment and currently owns 630.274 AFY of
5 adjudicated safe yield.” (RJN Exh. 5, pp. 47-48.)

6 Watermaster staff prepared at least two analyses in connection with this proposed transfer
7 from CCG to ACM, one for the members of the Pool Committees and Watermaster Board, and
8 one for other interested parties. Both analyses stated that Watermaster had received form requests
9 from ACM to intervene in the Judgment, and both analyses contained the following background
10 description of the water rights that CCG proposed to transfer to ACM:

11 [CCG] intervened into the Judgment in 2000, at which time it
12 acquired 630.274 acre-feet of Overlying (Non-Agricultural) Pool
13 water rights from Kaiser Venture, Inc. Recently, CCG executed a
14 definitive agreement to sell real property overlying the Chino
15 Basin, totaling 9.58 acres to Aqua Capital Management (Aqua). As
16 part of the property sale, CCG wishes to transfer all of its water
17 rights and its water in storage to Aqua.

18 (RJN Exh. 5, pp. 43-44, 65-66.)⁶

19 Implicit in Watermaster’s statement that CCG acquired “630.274 acre-feet of water rights
20 from Kaiser” is the fact that CCG only acquired a joint ownership interest in those rights in
21 accordance with this Court’s 1995 and 2001 Orders. Based on the above-described proposal for
22 CCG to transfer the rights it held under the Judgment to ACM, Watermaster staff recommended
23

24 ⁵ True and correct copies of the November 7, 2008 letters from CCG and ACM to Watermaster
25 were included in Watermaster’s Notice of Meetings and Agenda Package for public meetings
26 held on November 18 and November 20, 2008, excerpts of which are attached as Exhibit “5” to
27 CSI’s RJN filed concurrently herewith.

28 ⁶ True and correct copies of the November 13, 2008 Summary and Analysis and the November
18/20, 2008 Staff Report were included in Watermaster’s Notice of Meetings and Agenda
Package for public meetings held on November 18 and November 20, 2008, excerpts of which are
attached as Exhibit 5 to CSI’s RJN filed concurrently herewith.

1 ACM's intervention in the Judgment. (RJN Exh. 5, pp. 44, 65.) Watermaster legal counsel then
2 prepared and filed a Notice of Motion and Motion dated December 22, 2008 requesting approval
3 of ACM's intervention in the Judgment.⁷ The Motion simply provided that the request for
4 intervention was approved by all three Pool Committees, by the Advisory Committee, and by the
5 Watermaster Board, and that Watermaster was not aware of any opposition. (RJN Exh. 6, p. 2.)
6 The Motion did not specify the nature of the rights being transferred to ACM as the successor-in-
7 interest to CCG, and the Motion did not purport in any way that ACM's intervention or the
8 transfer of rights from CCG to ACM would change, modify, extinguish or otherwise affect CSI's
9 joint ownership interest in the right to 630.274 acre-feet per year as expressly provided in the
10 Court's 1995 and 2001 post-Judgment Orders.

11 The hearing on ACM's intervention was held before this Court on February 2, 2009. At
12 that time, the Court simply ruled as follows with respect to ACM:

13 The first order of business is we have a motion for approval of the
14 intervention of Aqua Capital Management to the overlying or non-
15 agricultural pool. Apparently, there's no opposition. Does anyone
16 have any opposition to that? All right, that's approved.

17 (RJN Exh. 7, p. 3.)⁸

18 The Notice of Rulings for the February 9, 2009 hearing merely states that the Court
19 approved ACM's intervention into the Overlying Non-Agricultural Pool. (RJN Exh. 8, p. 1.)⁹ Of
20 particular note, this Court has never issued an Order that expressly changes, modifies,
21 extinguishes or otherwise affects CSI's joint ownership interest in the right to 630.274 acre-feet
22 per year as specified in the Court's 1995 and 2001 post-Judgment Orders – and for good reason.
23 As part of its transaction with CCG, ACM could have acquired only the legal interests that were

24 _____
25 ⁷ A true and correct copy of Watermaster's December 22, 2008 Notice of Motion and Motion and
26 Points and Authorities in Support Thereof is attached as Exhibit "6" to CSI's RJN filed
concurrently herewith.

27 ⁸ A true and correct copy of excerpts from the Reporter's Transcript of Oral Proceedings,
February 2, 2009, are attached as Exhibit "7" to CSI's RJN filed concurrently herewith.

28 ⁹ A true and correct copy of the Notice of Rulings, dated February 23, 2009 is attached as Exhibit
"8" to CSI's RJN filed concurrently herewith.

1 held by CCG at that time. This Court's 1995 and 2001 Orders show unequivocally that CCG held
2 only a joint tenancy interest in the right to 630.274 acre-feet per year. Thus, that is the only right
3 that ACM could have acquired in connection with its 2009 intervention to the Judgment in this
4 action.

5 **E. In April 2011, CSI Sought Clarification Regarding Its Joint Ownership**
6 **Interest in the Right to 630.274 Acre-Feet Per Year**

7 In and around 2011, CSI discovered that Watermaster's records did not reflect the fact that
8 CSI holds a joint ownership interest in the right to 630.274 acre-feet per year. Nor did
9 Watermaster records reflect the fact that ACM only acquired a joint ownership interest in said
10 rights from CCG. Accordingly, in accordance with Section 3.3 of the Watermaster Rules and
11 Regulations, CSI submitted a letter to Watermaster dated April 19, 2011 that requested a
12 correction of the records to reflect CSI's joint ownership interest. CSI provided a copy of its
13 letter to ACM.¹⁰

14 **F. In October 2011, ACM Went Forum Shopping and Has Fought Ever Since to**
15 **Keep Its Chino Basin Water Right Claims Away From This Court**

16 Even though ACM and CCG are parties to this action and the Judgment, ACM responded
17 to CSI's April 2011 letter to the Watermaster by filing a verified complaint – as a separate action
18 and in a separate court – to quiet title to the right to 630.274 acre-feet per year that it acquired
19 from CCG.¹¹ In its quiet title action, ACM admits that the water right at issue was established
20 “under and pursuant to the Judgment” in this action. Remarkably, however, ACM alleges that it
21 acquired a “sole ownership” interest in the 630.274 acre-feet per year from CCG – to the
22 exclusion of CSI's joint ownership interest – and that CCG made representations to ACM that a
23 sole ownership interest was being conveyed. Yet as detailed by the facts above, CCG did not
24 have a “sole ownership” interest to sell. Pursuant to this Court's 1995 and 2001 post-Judgment
25 Orders, CCG held only a joint tenancy interest in the right to 630.274 acre-feet per year and,

26 ¹⁰ A true and correct copy of CSI's April 19, 2011 letter to Watermaster is attached as Exhibit “9”
27 to CSI's RJN filed concurrently herewith.

28 ¹¹ A true and correct copy of ACM's verified complaint is attached as Exhibit “10” to CSI's RJN
filed concurrently herewith.

1 therefore, that is the only legal interest that ACM could have acquired in its 2008 purchase and
2 sale transaction with CCG.

3 In an attempt to skirt this Court's 1995 and 2001 post-Judgment Orders, ACM has
4 engaged in forum shopping. Originally it filed its quiet title action in the Rancho Cucamonga
5 District, and the case was assigned to the Honorable Judge Williams. CSI was able to obtain an
6 order from Judge Williams that transferred ACM's quiet title action to this Court. However,
7 ACM immediately filed a peremptory challenge against this Court pursuant to Code of Civil
8 Procedure section 170.6, and hence its quiet title action has been assigned to yet another court,
9 and is now pending before the Honorable Judge Ochoa. Thus, pending before Judge Ochoa is the
10 potential for a ruling that ACM holds a sole ownership interest in the right to 630.274 acre-feet
11 per year, which would fly in the face of this Court's two previous Orders that the right is held in
12 joint ownership. Judge Ochoa has set a trial date of November 13, 2012, and CSI anticipates
13 filing a motion for summary judgment in that action in the near future.

14 **III. ARGUMENT**

15 **A. The Court Should Grant CSI's Motion Because the Court's 2009 Ruling Did** 16 **Not Explicitly Define ACM's Legal Rights**

17 As fully set forth in the factual background above, CSI's joint ownership interest in the
18 right to 630.274 acre-feet per year has been expressly established by this Court in accordance
19 with its full and continuing jurisdiction over the Judgment and the Court's 1995 and 2001 post-
20 Judgment Orders in the Chino Basin Adjudication. A confirming order is needed from this Court
21 to enforce and carry out the rights previously awarded by this Court to CSI and to specifically
22 define the rights acquired by ACM in 2009 in relation to the rights held by CSI. Such an order is
23 also required to help avoid an inconsistent ruling by another court.

24 The Judgment specifies that: "Loss, whether by abandonment, forfeiture or otherwise, of
25 any right herein adjudicated shall be accomplished only (1) by a written election by the owner of
26 the right filed with the Watermaster, or (2) by order of the Court upon noticed motion and after
27 hearing." (RJN, Exh. 1, ¶ 61.) As originally created, CSI's joint ownership interest was held as
28 tenants in common with Kaiser. In particular, this Court's 1995 Order specified that CSI and

1 Kaiser held mutual rights to the 630.274 acre-feet per year. (See RJN, Exh. 2, p. 10.) When
2 CCG later became the successor-in-interest to Kaiser and intervened in the Judgment, CCG's
3 intervention motion and the Court's 2001 Order expressly provided that CSI and CCG held rights
4 to the 630.274 acre-feet as tenants in common. (See RJN, Exh. 3, p. 5; Exh. 4, p. 3.)

5 When ACM became the successor in interest to CCG and sought to intervene in the
6 Judgment, the paperwork filed by ACM and CCG did not purport that ACM would be obtaining a
7 "sole ownership" interest in the right to 630.274 acre-feet per year. Similarly, the 2009 Motion
8 that was filed in support of ACM's intervention did not purport that ACM would be obtaining a
9 "sole ownership" interest in the right, and it contained no indication that CSI's joint ownership
10 interest would be changed, modified, extinguished, or otherwise affected in any way. Nor did the
11 Court issue any type of order to that effect. Instead, as indicated above, the Court simply ruled as
12 follows with regard to ACM's intervention:

13 The first order of business is we have a motion for approval of he
14 intervention of Aqua Capital Management to the overlying or non-
15 agricultural pool. Apparently, there's no opposition. Does anyone
16 have any opposition to that? All right, that's approved.

17 (RJN Exh. 7, p. 3.)

18 In fact, this Court has never issued an Order that expressly changes, modifies,
19 extinguishes or otherwise affects CSI's joint ownership interest in the right to 630.274 acre-feet
20 per year as provided in the Court's 1995 and 2001 Orders. ACM did not acquire anything more
21 from CCG than what CCG held pursuant to the Judgment and post-Judgment Orders. Thus, at
22 best ACM only holds a joint ownership interest in the right to 630.274 acre-feet per year.

23 **B. ACM is Barred by the Doctrines of Res Judicata and Collateral Estoppel**
24 **from Claiming that It Owns a "Sole Ownership" Interest in the 630.274 Acre-**
Feet Per Year of Chino Basin Groundwater Rights

25 Under principles of res judicata, an action is barred if (1) the prior action relied on was a
26 final judgment on the merits; (2) the present action involves the same cause of action as the prior
27 action; and (3) there is privity between the parties to the prior action and the present action. (See
28 *Duffy v. City of Long Beach* (1988) 201 Cal.App.3d 1352, 1357-58; *Pollock v. Univ. of S. Cal.*

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1 (2003) 112 Cal.App.4th 1416, 1427; *Mycogen Corp. v. Monsanto Co.* (2002) 28 Cal.4th 888, 896;
2 *Busick v. Workmen's Comp. Appeals Bd.* (1972) 7 Cal.3d 967, 974.) Similarly, the doctrine of
3 collateral estoppel precludes re-litigation of an issue previously adjudicated when the following
4 requirements are satisfied: (1) the issue sought to be precluded must be identical to that decided
5 in a prior proceeding; (2) the issue must have been actually litigated and necessarily decided in
6 the prior proceeding; (3) the decision in the former proceeding must be final and on the merits;
7 and (4) the party against whom issue preclusion is asserted must be the same as or in privity with
8 the party to the prior proceeding. (*Silver v. Los Angeles County Met. Trans. Auth.* (2000) 79 Cal.
9 App. 4th 338, 357; *Kelly v. Vons Companies, Inc.* (1998) 67 Cal. App. 4th 1329, 1339.)

10 As set forth above, ACM has filed an action in another court seeking a declaration that it
11 has a "sole ownership" interest in the right to 630.274 acre-feet per year of Overlying Non-
12 Agricultural production, and that CSI has no ownership interest in that right. (RJN Exh. 10, ¶¶ 4-
13 5, 10-13, 20.) As discussed above, however, this Court's 1995 and 2001 Orders show on their
14 face that the right to 630.274 acre-feet per year has already been finally adjudicated, and has
15 always been held in joint ownership between CSI and ACM's predecessors-in-interest, i.e., first
16 Kaiser and then CCG. (RJN Exhs. 2-4.) Thus, ACM is simply trying to re-litigate the same
17 primary right that already has been decided on multiple occasions among its privies in this case.
18 ACM's claims are completely barred by the doctrines of res judicata and collateral estoppel.

19 C. **This Court Should Ignore Any Claims by ACM that It Is a Good Faith Bona**
20 **Fide Purchaser Without Knowledge of CSI's Joint Ownership Interest in the**
Right to 630.274 Acre-Feet Per Year

21 In its separate action, ACM claims it is a good faith bona fide purchaser of a "sole
22 ownership" interest in the right to 630.274 acre-feet per year of Chino Basin groundwater rights
23 without knowledge of CSI's joint ownership interest in the same right. (See RJN, Exh. 10, ¶¶ 7,
24 10-13.) Yet ACM's allegations lack credibility. Prior Orders of this Court, and other official
25 records of the San Bernardino County Recorder's Office expressly document CSI's joint
26 ownership interest in the right to 630.274 acre-feet per year. ACM cannot simply pretend that
27 such public records do not exist, nor can it have another court re-write them.

28 ACM claims on its website to be a sophisticated water rights company, and the facts show

1 that ACM either knew or should have known about CSI's joint ownership interest in the right to
2 630.274 acre-feet per year. To begin with, ACM concedes in its separate action that the water
3 right it acquired from CCG was established "under and pursuant to" the Judgment in the Chino
4 Basin Adjudication. (RJN Exh. 10, ¶¶ 4-5.) ACM further admits that the only rights it acquired
5 from CCG were those that CCG had obtained in accordance with the Judgment and Chino Basin
6 Adjudication. In fact, the purported water rights grant deed that ACM attaches to its complaint
7 expressly provides that ACM was acquiring an interest in water rights that had been "allocated to
8 [CCG] (or [CCG's] predecessor(s) in interest) under and pursuant to the Judgment dated January
9 27, 1978 and entered in San Bernardino Superior Court Case No. 51010 entitled 'Chino Basin
10 Municipal Water District v. City of Chino, et al.'" (RJN Exh. 10, Exhibit A thereof.) That deed
11 instrument also expressly acknowledges that CCG was the successor-in-interest to Kaiser, who
12 was an original party to the Chino Basin Adjudication. (RJN Exh. 10, Exhibit A thereof.) Thus,
13 by its own admission ACM knew that it was only acquiring an interest in water rights that were
14 held by Kaiser under the Judgment, and then conveyed from Kaiser to CCG in accordance with a
15 post-Judgment transaction that would have been subject to the Court's approval. The discussion
16 in Section II above shows that Kaiser – and then CCG – held only a joint ownership interest in the
17 right to 630.274 acre-feet per year, as expressly confirmed by this Court's 1995 and 2001 post-
18 Judgment Orders. The records and files of this Court are public records and were readily
19 available to ACM at the time of its transaction with CCG.

20 In addition to the Court's records in the Chino Basin Adjudication, CSI's joint ownership
21 interest in the right to 630.274 acre-feet per year is documented in the official records of the San
22 Bernardino County Recorder.¹² In a 2000 Grant Deed, wherein Kaiser conveyed its interests in
23 both land and water rights to CCG, CSI is expressly referenced as holding a joint interest in the
24 630.274 acre-foot right. (RJN Exh. 11, p. 25.) ACM cannot contend that it did not have access to
25 the 2000 Grant Deed prior to consummating its deal with CCG. Contrary to what it claims, ACM
26 is not a good faith bona fide purchaser without notice of CSI's joint ownership rights.


27
28 ¹² A true and correct copy of the 2000 Grant Deed, Document Number 20000294484, is attached
as Exhibit "11" to CSI's RJN filed concurrently herewith.

1 **IV. CONCLUSION**

2 For the reasons stated herein, CSI respectfully requests this Court to grant this Motion and
3 enter an order confirming CSI's joint ownership interest in the right to 630.274 acre-feet per year
4 as set forth in the Court's prior 1995 and 2001 Orders.

5 Dated: June 20, 2012

BEST BEST & KRIEGER LLP

6
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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO
10

11 Chino Basin Municipal Water District,

12 Plaintiff,

13 v.

14 City of Chino, et al.,

15 Defendants.
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Case No. RCVRS 51010

Assigned for All Purposes to the Honorable
Stanford E. Reichert

REQUEST FOR JUDICIAL NOTICE IN
SUPPORT OF CALIFORNIA STEEL
INDUSTRIES, INC.'S MOTION TO
CONFIRM POST-JUDGMENT ORDERS
AND ENFORCE AND CARRY OUT THE
CHINO BASIN JUDGMENT

*[Filed concurrently with Notice of Motion and
Motion to Confirm Post-Judgment Orders and
Enforce and Carry Out The Chino Basin
Judgment; and [Proposed] Order]*

Date: July 20, 2012
Time: 10:30 a.m.
Dept.: C-1

1 TO ALL PARTIES AND TO THEIR ATTORNEYS OF RECORD:

2 Pursuant to Evidence Code Sections 452 and 453, Defendant CALIFORNIA STEEL
3 INDUSTRIES, INC. ("CSI") requests that the Court take judicial notice of the following
4 documents attached hereto as Exhibits:

5 Exhibit 1	True and correct copy of the 1978 Judgment entered in <i>Chino Basin 6 Municipal Water District v. City of Chino</i> , San Bernardino County Superior 7 Court Case No. 51010
8 Exhibit 2	True and correct copy of the Notice of Order, including the 1995 Stipulation 9 and Order and related attachments, filed in <i>Chino Basin Municipal Water 10 District v. City of Chino</i> , San Bernardino County Superior Court Case No. 11 51010
12 Exhibit 3	True and correct copy of CCG Ontario LLC's Petition in Intervention, along 13 with Watermaster's Joinder to Petition in Intervention by CCG Ontario, 14 LLC, filed in <i>Chino Basin Municipal Water District v. City of Chino</i> , San 15 Bernardino County Superior Court Case No. 51010
16 Exhibit 4	True and correct copy of July 19, 2001 Order entered in <i>Chino Basin 17 Municipal Water District v. City of Chino</i> , San Bernardino County Superior 18 Court Case No. 51010
19 Exhibit 5	True and correct copies of excerpts of the Watermaster's Notice of Meetings 20 and Agenda Package for public meetings held on November 18 and 21 November 20, 2008, including copies of the November 7, 2008 letters from 22 CCG and ACM to Watermaster, and the November 13, 2008 Summary and 23 Analysis, and the November 18/20, 2008 Staff Report
24 Exhibit 6	True and correct copy of Watermaster's December 22, 2008 Notice of 25 Motion and Motion and Points and Authorities in Support Thereof
26 Exhibit 7	True and correct copy of excerpts from the Reporter's Transcript of Oral 27 Proceedings, February 2, 2009

Exhibit 8	True and correct copy of the Notice of Rulings, dated February 23, 2009
Exhibit 9	True and correct copy of CSI's April 19, 2011 letter to Watermaster
Exhibit 10	True and correct copy of ACM's verified complaint
Exhibit 11	True and correct copy of the 2000 Grant Deed, Document Number 20000294484

Dated: June 20, 2012

BEST BEST & KRIEGER LLP


By: 
 CHRISTOPHER M. PISANO
 PAETER E. GARCIA
 Attorneys for Defendant
 CALIFORNIA STEEL INDUSTRIES, INC.

EXHIBIT 1

Rec'd 8:50am
Jan 27, 1978
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Routing
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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER)
DISTRICT,)

Plaintiff,)

v.)

CITY OF CHINO, et al.)

Defendants.)

MICROFILMED

No. 164327

REN 51010

JUDGMENT

JUDGMENT
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FOR THE COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER
DISTRICT,

Plaintiff,

v.

CITY OF CHINO, et al.

Defendants.

No. 164327

JUDGMENT

I. INTRODUCTION

1. Pleadings, Parties and Jurisdiction. The complaint herein was filed on January 2, 1975, seeking an adjudication of water rights, injunctive relief and the imposition of a physical solution. A first amended complaint was filed on July 16, 1976. The defaults of certain defendants have been entered, and certain other defendants dismissed. Other than defendants who have been dismissed or whose defaults have been entered, all defendants have appeared herein. By answers and order of this Court, the issues have been made those of a full inter se adjudication between the

1 parties. This Court has jurisdiction of the subject matter of
2 this action and of the parties herein.

3 2. Stipulation For Judgment. Stipulation for entry of
4 judgment has been filed by and on behalf of a majority of the
5 parties, representing a majority of the quantitative rights herein
6 adjudicated.

7 3. Trial; Findings and Conclusions. Trial was commenced on
8 December 16, 1977, as to the non-stipulating parties, and findings
9 of fact and conclusions of law have been entered disposing of the
10 issues in the case.

11 4. Definitions. As used in this Judgment, the following
12 terms shall have the meanings herein set forth:

13 (a) Active Parties. All parties other than those who
14 have filed with Watermaster a written waiver of service of
15 notices, pursuant to Paragraph 58.

16 (b) Annual or Year -- A fiscal year, July 1 through
17 June 30, following, unless the context shall clearly indicate
18 a contrary meaning.

19 (c) Appropriative Right -- The annual production right
20 of a producer from the Chino Basin other than pursuant to an
21 overlying right.

22 (d) Basin Water -- Ground water within Chino Basin which
23 is part of the Safe Yield, Operating Safe Yield, or replen-
24 ishment water in the Basin as a result of operations under the
25 Physical Solution decreed herein. Said term does not include
26 Stored Water.

27 (e) CBMWD -- Plaintiff Chino Basin Municipal Water
28 District.

1 (f) Chino Basin or Basin -- The ground water basin
2 underlying the area shown as such on Exhibit "B" and within
3 the boundaries described in Exhibit "K".

4 (g) Chino Basin Watershed -- The surface drainage area
5 tributary to and overlying Chino Basin.

6 (h) Ground Water -- Water beneath the surface of the
7 ground and within the zone of saturation, i.e., below the
8 existing water table.

9 (i) Ground Water Basin -- An area underlain by one or
10 more permeable formations capable of furnishing substantial
11 water storage.

12 (j) Minimal Producer -- Any producer whose production
13 does not exceed five acre-feet per year.

14 (k) MWD -- The Metropolitan Water District of Southern
15 California.

16 (l) Operating Safe Yield -- The annual amount of ground
17 water which Watermaster shall determine, pursuant to criteria
18 specified in Exhibit "I", can be produced from Chino Basin by
19 the Appropriative Pool parties free of replenishment obliga-
20 tion under the Physical Solution herein.

21 (m) Overdraft -- A condition wherein the total annual
22 production from the Basin exceeds the Safe Yield thereof.

23 (n) Overlying Right -- The appurtenant right of an owner
24 of lands overlying Chino Basin to produce water from the Basin
25 for overlying beneficial use on such lands.

26 (o) Person. Any individual, partnership, association,
27 corporation, governmental entity or agency, or other organ-
28 ization.

1 (p) PVMWD -- Defendant Pomona Valley Municipal Water
2 District.

3 (q) Produce or Produced -- To pump or extract ground
4 water from Chino Basin.

5 (r) Producer -- Any person who produces water from Chino
6 Basin.

7 (s) Production -- Annual quantity, stated in acre feet,
8 of water produced.

9 (t) Public Hearing -- A hearing after notice to all
10 parties and to any other person legally entitled to notice.

11 (u) Reclaimed Water -- Water which, as a result of
12 processing of waste water, is suitable for a controlled use.

13 (v) Replenishment Water -- Supplemental water used to
14 recharge the Basin pursuant to the Physical Solution, either
15 directly by percolating the water into the Basin or indirectly
16 by delivering the water for use in lieu of production and use
17 of safe yield or Operating Safe Yield.

18 (w) Responsible Party -- The owner, co-owner, lessee or
19 other person designated by multiple parties interested in a
20 well as the person responsible for purposes of filing reports
21 hereunder.

22 (x) Safe Yield -- The long-term average annual quantity
23 of ground water (excluding replenishment or stored water but
24 including return flow to the Basin from use of replenishment
25 or stored water) which can be produced from the Basin under
26 cultural conditions of a particular year without causing an
27 undesirable result.

28 (y) SBVMWD -- San Bernardino Valley Municipal Water

District.

(z) State Water -- Supplemental Water imported through the State Water Resources Development System, pursuant to Chapter 8, Division 6, Part 6 of the Water Code.

(aa) Stored Water -- Supplemental water held in storage, as a result of direct spreading, in lieu delivery, or otherwise, for subsequent withdrawal and use pursuant to agreement with Watermaster.

(bb) Supplemental Water -- Includes both water imported to Chino Basin from outside Chino Basin Watershed, and reclaimed water.

(cc) WMWD -- Defendant Western Municipal Water District of Riverside County.

5. List of Exhibits. The following exhibits are attached to this Judgment and made a part hereof:

"A" -- "Location Map of Chino Basin" showing boundaries of Chino Basin Municipal Water District, and other geographic and political features.

"B" -- "Hydrologic Map of Chino Basin" showing hydrologic features of Chino Basin.

"C" -- Table Showing Parties in Overlying (Agricultural) Pool.

"D" -- Table Showing Parties in Overlying (Non-agricultural Pool and Their Rights.

"E" -- Table Showing Appropriators and Their Rights.

"F" -- Overlying (Agricultural) Pool Pooling Plan.

"G" -- Overlying (Non-agricultural) Pool Pooling Plan.

"H" -- Appropriative Pool Pooling Plan.

"I" -- Engineering Appendix.

"J" -- Map of In Lieu Area No. 1.

"K" -- Legal Description of Chino Basin.

II. DECLARATION OF RIGHTS

A. HYDROLOGY

6. Safe Yield. The Safe Yield of Chino Basin is 140,000 acre feet per year.

7. Overdraft and Prescriptive Circumstances. In each year for a period in excess of five years prior to filing of the First Amended Complaint herein, the Safe Yield of the Basin has been exceeded by the annual production therefrom, and Chino Basin is and has been for more than five years in a continuous state of overdraft. The production constituting said overdraft has been open, notorious, continuous, adverse, hostile and under claim of right. The circumstances of said overdraft have given notice to all parties of the adverse nature of such aggregate over-production.

B. WATER RIGHTS IN SAFE YIELD

8. Overlying Rights. The parties listed in Exhibits "C" and "D" are the owners or in possession of lands which overlie Chino Basin. As such, said parties have exercised overlying water rights in Chino Basin. All overlying rights owned or exercised by parties listed in Exhibits "C" and "D" have, in the aggregate, been limited by prescription except to the extent such rights have been preserved by self-help by said parties. Aggregate preserved overlying rights in the Safe Yield for agricultural pool use, including the rights of the State of California, total 82,800 acre feet per year. Overlying rights for non-agricultural pool use

1 total 7,366 acre feet per year and are individually decreed for
2 each affected party in Exhibit "D". No portion of the Safe Yield
3 of Chino Basin exists to satisfy unexercised overlying rights, and
4 such rights have all been lost by prescription. However, uses may
5 be made of Basin Water on overlying lands which have no preserved
6 overlying rights pursuant to the Physical Solution herein. All
7 overlying rights are appurtenant to the land and cannot be assigned
8 or conveyed separate or apart therefrom.

9 9. Appropriative Rights. The parties listed in Exhibit "E"
10 are the owners of appropriative rights, including rights by pres-
11 cription, in the unadjusted amounts therein set forth, and by
12 reason thereof are entitled under the Physical Solution to share in
13 the remaining Safe Yield, after satisfaction of overlying rights
14 and rights of the State of California, and in the Operating Safe
15 Yield in Chino Basin, in the annual shares set forth in Exhibit
16 "E".

17 (a) Loss of Priorities. By reason of the long continued
18 overdraft in Chino Basin, and in light of the complexity of
19 determining appropriative priorities and the need for con-
20 serving and making maximum beneficial use of the water re-
21 sources of the State, each and all of the parties listed in
22 Exhibit "E" are estopped and barred from asserting special
23 priorities or preferences, inter se. All of said appropri-
24 ative rights are accordingly deemed and considered of equal
25 priority.

26 (b) Nature and Quantity. All rights listed in Exhibit
27 "E" are appropriative and prescriptive in nature. By reason
28 of the status of the parties, and the provisions of Section

1 1007 of the Civil Code, said rights are immune from reduction
2 or limitation by prescription.

3 10. Rights of the State of California. The State of
4 California, by and through its Department of Corrections, Youth
5 Authority and Department of Fish and Game, is a significant pro-
6 ducer of ground water from and the State is the largest owner of
7 land overlying Chino Basin. The precise nature and scope of the
8 claims and rights of the State need not be, and are not, defined
9 herein. The State, through said departments, has accepted the
10 Physical Solution herein decreed, in the interests of implementing
11 the mandate of Section 2 of Article X of the California Constitu-
12 tion. For all purposes of this Judgment, all future production by
13 the State or its departments or agencies for overlying use on
14 State-owned lands shall be considered as agricultural pool use.

15 C. RIGHTS TO AVAILABLE GROUND WATER STORAGE CAPACITY

16 11. Available Ground Water Storage Capacity. There exists in
17 Chino Basin a substantial amount of available ground water storage
18 capacity which is not utilized for storage or regulation of Basin
19 Waters. Said reservoir capacity can appropriately be utilized for
20 storage and conjunctive use of supplemental water with Basin
21 Waters. It is essential that said reservoir capacity utilization
22 for storage and conjunctive use of supplemental water be undertaken
23 only under Watermaster control and regulation, in order to protect
24 the integrity of both such Stored Water and Basin Water in storage
25 and the Safe Yield of Chino Basin.

26 12. Utilization of Available Ground Water Capacity. Any
27 person or public entity, whether a party to this action or not, may
28 make reasonable beneficial use of the available ground water

1 storage capacity of Chino Basin for storage of supplemental water;
2 provided that no such use shall be made except pursuant to written
3 agreement with Watermaster, as authorized by Paragraph 28. In the
4 allocation of such storage capacity, the needs and requirements of
5 lands overlying Chino Basin and the owners of rights in the Safe
6 Yield or Operating Safe Yield of the Basin shall have priority and
7 preference over storage for export.

8
9 III. INJUNCTION

10 13. Injunction Against Unauthorized Production of Basin
11 Water. Each party in each of the respective pools is enjoined, as
12 follows:

13 (a) Overlying (Agricultural) Pool. Each party in the
14 Overlying (Agricultural) Pool, its officers, agents, employees,
15 successors and assigns, is and they each are ENJOINED AND
16 RESTRAINED from producing ground water from Chino Basin in any
17 year hereafter in excess of such party's correlative share of
18 the aggregate of 82,800 acre feet allocated to said Pool,
19 except pursuant to the Physical Solution or a storage water
20 agreement.

21 (b) Overlying (Non-Agricultural) Pool. Each party in
22 the Overlying (Non-agricultural) Pool, its officers, agents,
23 employees, successors and assigns, is and they each are
24 ENJOINED AND RESTRAINED from producing ground water of Chino
25 Basin in any year hereafter in excess of such party's decreed
26 rights in the Safe Yield, except pursuant to the provisions of
27 the Physical Solution or a storage water agreement.

28 (c) Appropriative Pool. Each party in the

1 Appropriative Pool, its officers, agents, employees, successors
2 and assigns, is and they are each ENJOINED AND RESTRAINED from
3 producing ground water of Chino Basin in any year hereafter in
4 excess of such party's decreed share of Operating Safe Yield,
5 except pursuant to the provisions of the Physical Solution or
6 a storage water agreement.

7 14. Injunction Against Unauthorized Storage or Withdrawal
8 of Stored Water. Each party, its officers, agents, employees,
9 successors and assigns is and they each are ENJOINED AND RESTRAINED
10 from storing supplemental water in Chino Basin for withdrawal, or
11 causing withdrawal of, water stored by that party, except pursuant
12 to the terms of a written agreement with Watermaster and in
13 accordance with Watermaster regulations. Any supplemental water
14 stored or recharged in the Basin, except pursuant to such a Water-
15 master agreement, shall be deemed abandoned and not classified as
16 Stored Water. This paragraph has no application, as such, to
17 supplemental water spread or provided in lieu by Watermaster pur-
18 suant to the Physical Solution.

19
20 IV. CONTINUING JURISDICTION

21 15. Continuing Jurisdiction. Full jurisdiction, power and
22 authority are retained and reserved to the Court as to all matters
23 contained in this judgment, except:

24 (a) The redetermination of Safe Yield, as set forth in
25 Paragraph 6, during the first ten (10) years of operation of
26 the Physical Solution;

27 (b) The allocation of Safe Yield as between the several
28 pools as set forth in Paragraph 44 of the Physical Solution;

1 (c) The determination of specific quantitative rights
2 and shares in the declared Safe Yield or Operating Safe Yield
3 herein declared in Exhibits "D" and "E"; and

4 (d) The amendment or modification of Paragraphs 7(a) and
5 (b) of Exhibit "H", during the first ten (10) years of oper-
6 ation of the Physical Solution, and thereafter only upon
7 affirmative recommendation of at least 67% of the voting power
8 (determined pursuant to the formula described in Paragraph 3
9 of Exhibit "H"), but not less than one-third of the members
10 of the Appropriative Pool Committee representatives of parties
11 who produce water within CBMWD or WMWD; after said tenth year
12 the formula set forth in said Paragraph 7(a) and 7(b) of
13 Exhibit "H" for payment of the costs of replenishment water
14 may be changed to 100% gross or net, or any percentage split
15 thereof, but only in response to recommendation to the Court
16 by affirmative vote of at least 67% of said voting power of
17 the Appropriative Pool representatives of parties who produce
18 ground water within CBMWD or WMWD, but not less than one-third
19 of their number. In such event, the Court shall act in con-
20 formance with such recommendation unless there are compelling
21 reasons to the contrary; and provided, further, that the fact
22 that the allocation of Safe Yield or Operating Safe Yield
23 shares may be rendered moot by a recommended change in the
24 formula for replenishment assessments shall not be deemed to
25 be such a "compelling reason."

26 Said continuing jurisdiction is provided for the purpose of en-
27 abling the Court, upon application of any party, the Watermaster,
28 the Advisory Committee or any Pool Committee, by motion and, upon

1 at least 30 days' notice thereof, and after hearing thereon, to
2 make such further or supplemental orders or directions as may be
3 necessary or appropriate for interpretation, enforcement or carry-
4 ing out of this Judgment, and to modify, amend or amplify any of
5 the provisions of this Judgment.

6
7 V. WATERMASTER

8 A. APPOINTMENT

9 16. Watermaster Appointment. CBMWD, acting by and through a
10 majority of its board of directors, is hereby appointed Water-
11 master, to administer and enforce the provisions of this Judgment
12 and any subsequent instructions or orders of the Court hereunder.
13 The term of appointment of Watermaster shall be for five (5) years.
14 The Court will by subsequent orders provide for successive terms or
15 for a successor Watermaster. Watermaster may be changed at any
16 time by subsequent order of the Court, on its own motion, or on the
17 motion of any party after notice and hearing. Unless there are
18 compelling reasons to the contrary, the Court shall act in con-
19 formance with a motion requesting the Watermaster be changed if
20 such motion is supported by a majority of the voting power of the
21 Advisory Committee.

22 B. POWERS AND DUTIES

23 17. Powers and Duties. Subject to the continuing supervision
24 and control of the Court, Watermaster shall have and may exercise
25 the express powers, and shall perform the duties, as provided in
26 this Judgment or hereafter ordered or authorized by the Court in
27 the exercise of the Court's continuing jurisdiction.

28 18. Rules and Regulations. Upon recommendation by the

1 Advisory Committee, Watermaster shall make and adopt, after public
2 hearing, appropriate rules and regulations for conduct of Water-
3 master affairs, including meeting schedules and procedures, and
4 compensation of members of Watermaster at not to exceed \$25 per
5 member per meeting, or \$300 per member per year, whichever is less,
6 plus reasonable expenses related to activities within the Basin.
7 Thereafter, Watermaster may amend said rules from time to time upon
8 recommendation, or with approval of the Advisory Committee after
9 hearing noticed to all active parties. A copy of said rules and
10 regulations, and of any amendments thereof, shall be mailed to each
11 active party.

12 19. Acquisition of Facilities. Watermaster may purchase,
13 lease, acquire and hold all necessary facilities and equipment;
14 provided, that it is not the intent of the Court that Watermaster
15 acquire any interest in real property or substantial capital
16 assets.

17 20. Employment of Experts and Agents. Watermaster may
18 employ or retain such administrative, engineering, geologic,
19 accounting, legal or other specialized personnel and consultants as
20 may be deemed appropriate in the carrying out of its powers and
21 shall require appropriate bonds from all officers and employees
22 handling Watermaster funds. Watermaster shall maintain records for
23 purposes of allocation of costs of such services as well as of all
24 other expenses of Watermaster administration as between the several
25 pools established by the Physical Solution.

26 21. Measuring Devices. Watermaster shall cause parties,
27 pursuant to uniform rules, to install and maintain in good opera-
28 ting condition, at the cost of each party, such necessary measuring

1 devices or meters as Watermaster may deem appropriate. Such
2 measuring devices shall be inspected and tested as deemed necessary
3 by Watermaster, and the cost thereof shall constitute an expense of
4 Watermaster.

5 22. Assessments. Watermaster is empowered to levy and
6 collect all assessments provided for in the pooling plans and
7 Physical Solution.

8 23. Investment of Funds. Watermaster may hold and invest any
9 and all Watermaster funds in investments authorized from time to
10 time for public agencies of the State of California.

11 24. Borrowing. Watermaster may borrow from time to time
12 amounts not exceeding the annual anticipated receipts of Water-
13 master during such year.

14 25. Contracts. Watermaster may enter into contracts for the
15 performance of any powers herein granted; provided, however, that
16 Watermaster may not contract with or purchase materials, supplies
17 or services from CBMWD, except upon the prior recommendation and
18 approval of the Advisory Committee and pursuant to written order of
19 the Court.

20 26. Cooperation With Other Agencies. Subject to prior
21 recommendation or approval of the Advisory Committee, Watermaster
22 may act jointly or cooperate with agencies of the United States and
23 the State of California or any political subdivisions, munici-
24 palities or districts or any person to the end that the purpose of
25 the Physical Solution may be fully and economically carried out.

26 27. Studies. Watermaster may, with concurrence of the
27 Advisory Committee or affected Pool Committee and in accordance
28 with Paragraph 54(b), undertake relevant studies of hydrologic

1 conditions, both quantitative and qualitative, and operating
2 aspects of implementation of the management program for Chino
3 Basin.

4 28. Ground Water Storage Agreements. Watermaster shall
5 adopt, with the approval of the Advisory Committee, uniformly
6 applicable rules and a standard form of agreement for storage of
7 supplemental water, pursuant to criteria therefor set forth in
8 Exhibit "I". Upon appropriate application by any person, Water-
9 master shall enter into such a storage agreement; provided that all
10 such storage agreements shall first be approved by written order of
11 the Court, and shall by their terms preclude operations which will
12 have a substantial adverse impact on other producers.

13 29. Accounting for Stored Water. Watermaster shall calculate
14 additions, extractions and losses and maintain an annual account of
15 all Stored Water in Chino Basin, and any losses of water supplies
16 or Safe Yield of Chino Basin resulting from such Stored Water.

17 30. Annual Administrative Budget. Watermaster shall submit
18 to Advisory Committee an administrative budget and recommendation
19 for each fiscal year on or before March 1. The Advisory Committee
20 shall review and submit said budget and their recommendations to
21 Watermaster on or before April 1, following. Watermaster shall
22 hold a public hearing on said budget at its April quarterly meeting
23 and adopt the annual administrative budget which shall include the
24 administrative items for each pool committee. The administrative
25 budget shall set forth budgeted items in sufficient detail as
26 necessary to make a proper allocation of the expense among the
27 several pools, together with Watermaster's proposed allocation.
28 The budget shall contain such additional comparative information

1 or explanation as the Advisory Committee may recommend from time
2 to time. Expenditures within budgeted items may thereafter be
3 made by Watermaster in the exercise of powers herein granted, as a
4 matter of course. Any budget transfer in excess of 20% of a
5 budget category during any budget year or modification of such
6 administrative budget during any year shall be first submitted to
7 the Advisory Committee for review and recommendation.

8 31. Review Procedures. All actions, decisions or rules of
9 Watermaster shall be subject to review by the Court on its own
10 motion or on timely motion by any party, the Watermaster (in the
11 case of a mandated action), the Advisory Committee, or any Pool
12 Committee, as follows:

13 (a) Effective Date of Watermaster Action. Any action,
14 decision or rule of Watermaster shall be deemed to have
15 occurred or been enacted on the date on which written
16 notice thereof is mailed. Mailing of copies of approved
17 Watermaster minutes to the active parties shall constitute
18 such notice to all parties.

19 (b) Noticed Motion. Any party, the Watermaster (as
20 to any mandated action), the Advisory Committee, or any
21 Pool Committee may, by a regularly noticed motion, apply
22 to the Court for review of any Watermaster's action,
23 decision or rule. Notice of such motion shall be served
24 personally or mailed to Watermaster and to all active
25 parties. Unless otherwise ordered by the Court, such
26 motion shall not operate to stay the effect of such
27 Watermaster action, decision or rule.
28 - - - - -

1 (c) Time for Motion. Notice of motion to review any
2 Watermaster action, decision or rule shall be served and filed
3 within ninety (90) days after such Watermaster action, de-
4 cision or rule, except for budget actions, in which event said
5 notice period shall be sixty (60) days.

6 (d) De Novo Nature of Proceedings. Upon the filing of
7 any such motion, the Court shall require the moving party to
8 notify the active parties, the Watermaster, the Advisory
9 Committee and each Pool Committee, of a date for taking
10 evidence and argument, and on the date so designated shall
11 review de novo the question at issue. Watermaster's findings
12 or decision, if any, may be received in evidence at said
13 hearing, but shall not constitute presumptive or prima facie
14 proof of any fact in issue.

15 (e) Decision. The decision of the Court in such proceed-
16 ing shall be an appealable supplemental order in this case.
17 When the same is final, it shall be binding upon the Water-
18 master and all parties.

19 C. ADVISORY AND POOL COMMITTEES

20 32. Authorization. Watermaster is authorized and directed to
21 cause committees of producer representatives to be organized to
22 act as Pool Committees for each of the several pools created under
23 the Physical Solution. Said Pool Committees shall, in turn,
24 jointly form an Advisory Committee to assist Watermaster in per-
25 formance of its functions under this judgment. Pool Committees
26 shall be composed as specified in the respective pooling plans, and
27 the Advisory Committee shall be composed of not to exceed ten (10)
28 voting representatives from each pool, as designated by the

1 respective Pool Committee. WMWD, PVMWD and SBVMWD shall each be
2 entitled to one non-voting representative on said Advisory Com-
3 mittee.

4 33. Term and Vacancies. Members of any Pool Committee, shall
5 serve for the term, and vacancies shall be filled, as specified in
6 the respective pooling plan. Members of the Advisory Committee
7 shall serve at the will of their respective Pool Committee.

8 34. Voting Power. The voting power on each Pool Committee
9 shall be allocated as provided in the respective pooling plan. The
10 voting power on the Advisory Committee shall be one hundred (100)
11 votes allocated among the three pools in proportion to the total
12 assessments paid to Watermaster during the preceding year; pro-
13 vided, that the minimum voting power of each pool shall be

- 14 (a) Overlying (Agricultural) Pool 20,
15 (b) Overlying (Non-agricultural) Pool 5, and
16 (c) Appropriative Pool 20.

17 In the event any pool is reduced to its said minimum vote, the re-
18 maining votes shall be allocated between the remaining pools on
19 said basis of assessments paid to Watermaster by each such remain-
20 ing pool during the preceding year. The method of exercise of
21 each pool's voting power on the Advisory Committee shall be as
22 determined by the respective pool committees.

23 35. Quorum. A majority of the voting power of the Advisory
24 Committee or any Pool Committee shall constitute a quorum for the
25 transaction of affairs of such Advisory or Pool Committee; pro-
26 vided, that at least one representative of each Pool Committee
27 shall be required to constitute a quorum of the Advisory Committee.
28 No Pool Committee representative may purposely absent himself or

1 herself, without good cause, from an Advisory Committee meeting to
2 deprive it of a quorum. Action by affirmative vote of a majority
3 of the entire voting power of any Pool Committee or the Advisory
4 Committee shall constitute action by such committee. Any action or
5 recommendation of a Pool Committee or the Advisory Committee shall
6 be transmitted to Watermaster in writing, together with a report of
7 any dissenting vote or opinion.

8 36. Compensation. Pool or Advisory Committee members may
9 receive compensation, to be established by the respective pooling
10 plan, but not to exceed twenty-five dollars (\$25.00) for each
11 meeting of such Pool or Advisory Committee attended, and provided
12 that no member of a Pool or Advisory Committee shall receive
13 compensation of more than three hundred (\$300.00) dollars for
14 service on any such committee during any one year. All such com-
15 pensation shall be a part of Watermaster administrative expense.
16 No member of any Pool or Advisory Committee shall be employed by
17 Watermaster or compensated by Watermaster for professional or other
18 services rendered to such Pool or Advisory Committee or to Water-
19 master, other than the fee for attendance at meetings herein
20 provided, plus reimbursement of reasonable expenses related to
21 activities within the Basin.

22 37. Organization.

23 (a) Organizational Meeting. At its first meeting in
24 each year, each Pool Committee and the Advisory Committee
25 shall elect a chairperson and a vice chairperson from its
26 membership. It shall also select a secretary, a treasurer
27 and such assistant secretaries and treasurers as may be
28 appropriate, any of whom may, but need not, be members of

1 such Pool or Advisory Committee.

2 (b) Regular Meetings. All Pool Committees and the
3 Advisory Committee shall hold regular meetings at a place and
4 time to be specified in the rules to be adopted by each Pool
5 and Advisory Committee. Notice of regular meetings of any
6 Pool or Advisory Committee, and of any change in time or
7 place thereof, shall be mailed to all active parties in said
8 pool or pools.

9 (c) Special Meetings. Special meetings of any Pool or
10 Advisory Committee may be called at any time by the Chair-
11 person or by any three (3) members of such Pool or Advisory
12 Committee by delivering notice personally or by mail to each
13 member of such Pool or Advisory Committee and to each active
14 party at least 24 hours before the time of each such meeting
15 in the case of personal delivery, and 96 hours in the case of
16 mail. The calling notice shall specify the time and place of
17 the special meeting and the business to be transacted. No
18 other business shall be considered at such meeting.

19 (d) Minutes. Minutes of all Pool Committee, Advisory
20 Committee and Watermaster meetings shall be kept at Water-
21 master's offices. Copies thereof shall be mailed or otherwise
22 furnished to all active parties in the pool or pools con-
23 cerned. Said copies of minutes shall constitute notice of any
24 Pool or Advisory Committee action therein reported, and shall
25 be available for inspection by any party.

26 (e) Adjournments. Any meeting of any Pool or Advisory
27 Committee may be adjourned to a time and place specified in
28 the order of adjournment. Less than a quorum may so adjourn

1 from time to time. A copy of the order or notice of adjourn-
2 ment shall be conspicuously posted forthwith on or near the
3 door of the place where the meeting was held.

4 38. Powers and Functions. The powers and functions of the
5 respective Pool Committees and the Advisory Committee shall be as
6 follows:

7 (a) Pool Committees. Each Pool Committee shall have the
8 power and responsibility for developing policy recommendations
9 for administration of its particular pool, as created under
10 the Physical Solution. All actions and recommendations of any
11 Pool Committee which require Watermaster implementation shall
12 first be noticed to the other two pools. If no objection is
13 received in writing within thirty (30) days, such action or
14 recommendation shall be transmitted directly to Watermaster
15 for action. If any such objection is received, such action or
16 recommendation shall be reported to the Advisory Committee
17 before being transmitted to Watermaster.

18 (b) Advisory Committee. The Advisory Committee shall
19 have the duty to study, and the power to recommend, review
20 and act upon all discretionary determinations made or to be
21 made hereunder by Watermaster.

22 [1] Committee Initiative. When any recommendation
23 or advice of the Advisory Committee is received by
24 Watermaster, action consistent therewith may be taken by
25 Watermaster; provided, that any recommendation approved
26 by 80 votes or more in the Advisory Committee shall
27 constitute a mandate for action by Watermaster consistent
28 therewith. If Watermaster is unwilling or unable to act

1 pursuant to recommendation or advice from the Advisory
2 Committee (other than such mandatory recommendations),
3 Watermaster shall hold a public hearing, which shall be
4 followed by written findings and decision. Thereafter,
5 Watermaster may act in accordance with said decision,
6 whether consistent with or contrary to said Advisory
7 Committee recommendation. Such action shall be subject
8 to review by the Court, as in the case of all other
9 Watermaster determinations.

10 [2] Committee Review. In the event Watermaster
11 proposes to take any discretionary action, other than
12 approval or disapproval of a Pool Committee action or
13 recommendation properly transmitted, or execute any
14 agreement not theretofore within the scope of an Advisory
15 Committee recommendation, notice of such intended action
16 shall be served on the Advisory Committee and its members
17 at least thirty (30) days before the Watermaster meeting
18 at which such action is finally authorized.

19 (c) Review of Watermaster Actions. Watermaster (as to
20 mandated action), the Advisory Committee or any Pool Committee
21 shall be entitled to employ counsel and expert assistance in
22 the event Watermaster or such Pool or Advisory Committee seeks
23 Court review of any Watermaster action or failure to act. The
24 cost of such counsel and expert assistance shall be Water-
25 master expense to be allocated to the affected pool or pools.

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VI. PHYSICAL SOLUTION

A. GENERAL

39. Purpose and Objective. Pursuant to the mandate of Section 2 of Article X of the California Constitution, the Court hereby adopts and orders the parties to comply with a Physical Solution. The purpose of these provisions is to establish a legal and practical means for making the maximum reasonable beneficial use of the waters of Chino Basin by providing the optimum economic, long-term, conjunctive utilization of surface waters, ground waters and supplemental water, to meet the requirements of water users having rights in or dependent upon Chino Basin.

40. Need for Flexibility. It is essential that this Physical Solution provide maximum flexibility and adaptability in order that Watermaster and the Court may be free to use existing and future technological, social, institutional and economic options, in order to maximize beneficial use of the waters of Chino Basin. To that end, the Court's retained jurisdiction will be utilized, where appropriate, to supplement the discretion herein granted to the Wastermaster.

41. Watermaster Control. Watermaster, with the advice of the Advisory and Pool Committees, is granted discretionary powers in order to develop an optimum basin management program for Chino Basin, including both water quantity and quality considerations. Withdrawals and supplemental water replenishment of Basin Water, and the full utilization of the water resources of Chino Basin, must be subject to procedures established by and administered through Watermaster with the advice and assistance of the Advisory and Pool Committees composed of the affected producers. Both the

1 quantity and quality of said water resources may thereby be pre-
2 served and the beneficial utilization of the Basin maximized.

3 42. General Pattern of Operations. It is contemplated that
4 the rights herein decreed will be divided into three (3) operating
5 pools for purposes of Watermaster administration. A fundamental
6 premise of the Physical Solution is that all water users dependent
7 upon Chino Basin will be allowed to pump sufficient waters from the
8 Basin to meet their requirements. To the extent that pumping
9 exceeds the share of the Safe Yield assigned to the Overlying
10 Pools, or the Operating Safe Yield in the case of the Appropriative
11 Pool, each pool will provide funds to enable Watermaster to replace
12 such overproduction. The method of assessment in each pool shall
13 be as set forth in the applicable pooling plan.

14 B. POOLING

15 43. Multiple Pools Established. There are hereby established
16 three (3) pools for Watermaster administration of, and for the
17 allocation of responsibility for, and payment of, costs of re-
18 plenishment water and other aspects of this Physical Solution.

19 (a) Overlying (Agricultural) Pool. The first pool shall
20 consist of the State of California and all overlying producers
21 who produce water for other than industrial or commercial
22 purposes. The initial members of the pool are listed in
23 Exhibit "C".

24 (b) Overlying (Non-agricultural) Pool. The second pool
25 shall consist of overlying producers who produce water for
26 industrial or commercial purposes. The initial members of
27 this pool are listed in Exhibit "D".

28 (c) Appropriative Pool. A third and separate pool shall

1 consist of owners of appropriative rights. The initial
2 members of the pool are listed in Exhibit "E".

3 Any party who changes the character of his use may, by sub-
4 sequent order of the Court, be reassigned to the proper pool; but
5 the allocation of Safe Yield under Paragraph 44 hereof shall not be
6 changed. Any non-party producer or any person who may hereafter
7 commence production of water from Chino Basin, and who may become a
8 party to this physical solution by intervention, shall be assigned
9 to the proper pool by the order of the Court authorizing such
10 intervention.

11 44. Determination and Allocation of Rights to Safe Yield of
12 Chino Basin. The declared Safe Yield of Chino Basin is hereby
13 allocated as follows:

14 <u>Pool</u>	<u>Allocation</u>
15 Overlying (Agricultural) Pool	414,000 acre feet in any five 16 (5) consecutive years.
17 Overlying (Non-agricultural) Pool.	7,366 acre feet per year.
18 Appropriative Pool	49,834 acre feet per year.

19 The foregoing acre foot allocations to the overlying pools are
20 fixed. Any subsequent change in the Safe Yield shall be debited or
21 credited to the Appropriative Pool. Basin Water available to the
22 Appropriative Pool without replenishment obligation may vary from
23 year to year as the Operating Safe Yield is determined by Water-
24 master pursuant to the criteria set forth in Exhibit "I".

25 45. Annual Replenishment. Watermaster shall levy and collect
26 assessments in each year, pursuant to the respective pooling plans,
27 in amounts sufficient to purchase replenishment water to replace
28 production by any pool during the preceding year which exceeds that

1 pool's allocated share of Safe Yield in the case of the overlying
2 pools, or Operating Safe Yield in the case of the Appropriative
3 Pool. It is anticipated that supplemental water for replenishment
4 of Chino Basin may be available at different rates to the various
5 pools to meet their replenishment obligations. If such is the
6 case, each pool will be assessed only that amount necessary for the
7 cost of replenishment water to that pool, at the rate available to
8 the pool, to meet its replenishment obligation.

9 46. Initial Pooling Plans. The initial pooling plans, which
10 are hereby adopted, are set forth in Exhibits "F", "G" and "H",
11 respectively. Unless and until modified by amendment of the
12 judgment pursuant to the Court's continuing jurisdiction, each
13 such plan shall control operation of the subject pool.

14 C. REPORTS AND ACCOUNTING

15 47. Production Reports. Each party or responsible party
16 shall file periodically with Watermaster, pursuant to Watermaster
17 rules, a report on a form to be prescribed by Watermaster showing
18 the total production of such party during the preceding reportage
19 period, and such additional information as Watermaster may require,
20 including any information specified by the affected Pool Com-
21 mittee.

22 48. Watermaster Reports and Accounting. Watermaster's
23 annual report, which shall be filed on or before November 15 of
24 each year and shall apply to the preceding year's operation, shall
25 contain details as to operation of each of the pools and a certi-
26 fied audit of all assessments and expenditures pursuant to this
27 Physical Solution and a review of Watermaster activities.

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D. REPLENISHMENT

49. Sources of Supplemental Water. Supplemental water may be obtained by Watermaster from any available source. Watermaster shall seek to obtain the best available quality of supplemental water at the most reasonable cost for recharge in the Basin. To the extent that costs of replenishment water may vary between pools, each pool shall be liable only for the costs attributable to its required replenishment. Available sources may include, but are not limited to:

(a) Reclaimed Water. There exist a series of agreements generally denominated the Regional Waste Water Agreements between CBMWD and owners of the major municipal sewer systems within the basin. Under those agreements, which are recognized hereby but shall be unaffected and unimpaired by this judgment, substantial quantities of reclaimed water may be made available for replenishment purposes. There are additional sources of reclaimed water which are, or may become, available to Watermaster for said purposes. Maximum beneficial use of reclaimed water shall be given high priority by Watermaster.

(b) State Water. State water constitutes a major available supply of supplemental water. In the case of State Water, Watermaster purchases shall comply with the water service provisions of the State's water service contracts. More specifically, Watermaster shall purchase State Water from MWD for replenishment of excess production within CBMWD, WMWD and PVMWD, and from SBVMWD to replenish excess production within SBVMWD's boundaries in Chino Basin, except to the

1 extent that MWD and SBVMWD give their consent as required by
2 such State water service contracts.

3 (c) Local Import. There exist facilities and methods
4 for importation of surface and ground water supplies from
5 adjacent basins and watersheds.

6 (d) Colorado River Supplies. MWD has water supplies
7 available from its Colorado River Aqueduct.

8 50. Methods of Replenishment. Watermaster may accomplish
9 replenishment of overproduction from the Basin by any reasonable
10 method, including:

11 (a) Spreading and percolation or Injection of water in
12 existing or new facilities, subject to the provisions of
13 Paragraphs 19, 25 and 26 hereof.

14 (b) In Lieu Procedures. Watermaster may make, or cause
15 to be made, deliveries of water for direct surface use, in
16 lieu of ground water production.

17 E. REVENUES

18 51. Production Assessment. Production assessments, on what-
19 ever basis, may be levied by Watermaster pursuant to the pooling
20 plan adopted for the applicable pool.

21 52. Minimal Producers. Minimal Producers shall be exempted
22 from payment of production assessments, upon filing of production
23 reports as provided in Paragraph 47 of this Judgment, and payment
24 of an annual five dollar (\$5.00) administrative fee as specified by
25 Watermaster rules.

26 53. Assessment Proceeds -- Purposes. Watermaster shall have
27 the power to levy assessments against the parties (other than
28 minimal pumpers) based upon production during the preceding period

1 of assessable production, whether quarterly, semi-annually or
2 annually, as may be determined most practical by Watermaster or the
3 affected Pool Committee.

4 54. Administrative Expenses. The expenses of administration
5 of this Physical Solution shall be categorized as either (a) gen-
6 eral Watermaster administrative expense, or (b) special project
7 expense.

8 (a) General Watermaster Administrative Expense shall
9 include office rental, general personnel expense, supplies and
10 office equipment, and related incidental expense and general
11 overhead.

12 (b) Special Project Expense shall consist of special
13 engineering, economic or other studies, litigation expense,
14 meter testing or other major operating expenses. Each such
15 project shall be assigned a Task Order number and shall be
16 separately budgeted and accounted for.

17 General Watermaster administrative expense shall be allocated
18 and assessed against the respective pools based upon allocations
19 made by the Watermaster, who shall make such allocations based upon
20 generally accepted cost accounting methods. Special Project
21 Expense shall be allocated to a specific pool, or any portion there-
22 of, only upon the basis of prior express assent and finding of
23 benefit by the Pool Committee, or pursuant to written order of the
24 Court.

25 55. Assessments -- Procedure. Assessments herein provided
26 for shall be levied and collected as follows:

27 (a) Notice of Assessment. Watermaster shall give
28 written notice of all applicable assessments to each party on

1 or before ninety (90) days after the end of the production
2 period to which such assessment is applicable.

3 (b) Payment. Each assessment shall be payable on or
4 before thirty (30) days after notice, and shall be the ob-
5 ligation of the party or successor owning the water production
6 facility at the time written notice of assessment is given,
7 unless prior arrangement for payment by others has been made
8 in writing and filed with Watermaster.

9 (c) Delinquency. Any delinquent assessment shall bear
10 interest at 10% per annum (or such greater rate as shall equal
11 the average current cost of borrowed funds to the Watermaster)
12 from the due date thereof. Such delinquent assessment and
13 interest may be collected in a show-cause proceeding herein
14 instituted by the Watermaster, in which case the Court may
15 allow Watermaster its reasonable costs of collection, includ-
16 ing attorney's fees.

17 56. Accumulation of Replenishment Water Assessment Proceeds.

18 In order to minimize fluctuation in assessment and to give Water-
19 master flexibility in purchase and spreading of replenishment
20 water, Watermaster may make reasonable accumulations of replen-
21 ishment water assessment proceeds. Interest earned on such re-
22 tained funds shall be added to the account of the pool from which
23 the funds were collected and shall be applied only to the purchase
24 of replenishment water.

25 57. Effective Date. The effective date for accounting and
26 operation under this Physical Solution shall be July 1, 1977, and
27 the first production assessments hereunder shall be due after July
28 1, 1978. Watermaster shall, however, require installation of

1 meters or measuring devices and establish operating procedures
2 immediately, and the costs of such Watermaster activity (not
3 including the cost of such meters and measuring devices) may be
4 recovered in the first administrative assessment in 1978.

6 VII. MISCELLANEOUS PROVISIONS

7 58. Designation of Address for Notice and Service. Each
8 party shall designate the name and address to be used for purposes
9 of all subsequent notices and service herein, either by its en-
10 dorsement on the Stipulation for Judgment or by a separate desig-
11 nation to be filed within thirty (30) days after Judgment has been
12 served. Said designation may be changed from time to time by
13 filing a written notice of such change with the Watermaster. Any
14 party desiring to be relieved of receiving notices of Watermaster
15 or committee activity may file a waiver of notice on a form to be
16 provided by Watermaster. Thereafter such party shall be removed
17 from the Active Party list. Watermaster shall maintain at all
18 times a current list of active parties and their addresses for
19 purposes of service. Watermaster shall also maintain a full
20 current list of names and addresses of all parties or their suc-
21 cessors, as filed herein. Copies of such lists shall be available,
22 without cost, to any party, the Advisory Committee or any Pool
23 Committee upon written request therefor.

24 59. Service of Documents. Delivery to or service upon any
25 party or active party by the Watermaster, by any other party, or by
26 the Court, of any item required to be served upon or delivered to
27 such party or active party under or pursuant to the Judgment shall
28 be made personally or by deposit in the United States mail, first

1 class, postage prepaid, addressed to the designee and at the
2 address in the latest designation filed by such party or active
3 party.

4 60. Intervention After Judgment. Any non-party assignee of
5 the adjudicated appropriative rights of any appropriator, or any
6 other person newly proposing to produce water from Chino Basin, may
7 become a party to this judgment upon filing a petition in inter-
8 vention. Said intervention must be confirmed by order of this
9 Court. Such intervenor shall thereafter be a party bound by this
10 judgment and entitled to the rights and privileges accorded under
11 the Physical Solution herein, through the pool to which the Court
12 shall assign such intervenor.

13 61. Loss of Rights. Loss, whether by abandonment, forfeiture
14 or otherwise, of any right herein adjudicated shall be accomplished
15 only (1) by a written election by the owner of the right filed with
16 Watermaster, or (2) by order of the Court upon noticed motion and
17 after hearing.

18 62. Scope of Judgment. Nothing in this Judgment shall be
19 deemed to preclude or limit any party in the assertion against a
20 neighboring party of any cause of action now existing or hereafter
21 arising based upon injury, damage or depletion of water supply
22 available to such party, proximately caused by nearby pumping which
23 constitutes an unreasonable interference with such complaining
24 party's ability to extract ground water.

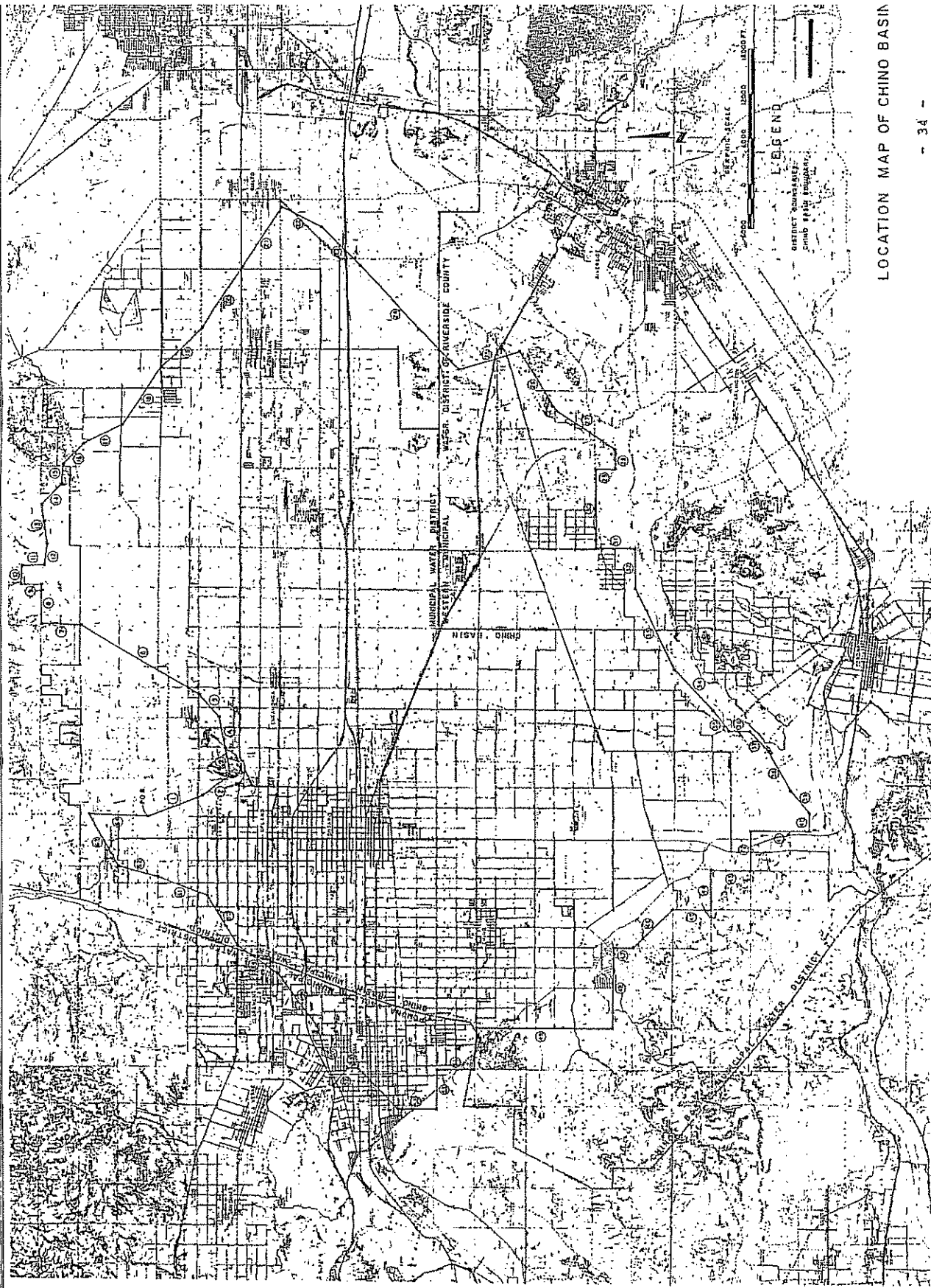
25 63. Judgment Binding on Successors. This Judgment and all
26 provisions thereof are applicable to and binding upon not only the
27 parties to this action, but also upon their respective heirs,
28 executors, administrators, successors, assigns, lessees and

1 licensees and upon the agents, employees and attorneys in fact of
2 all such persons.

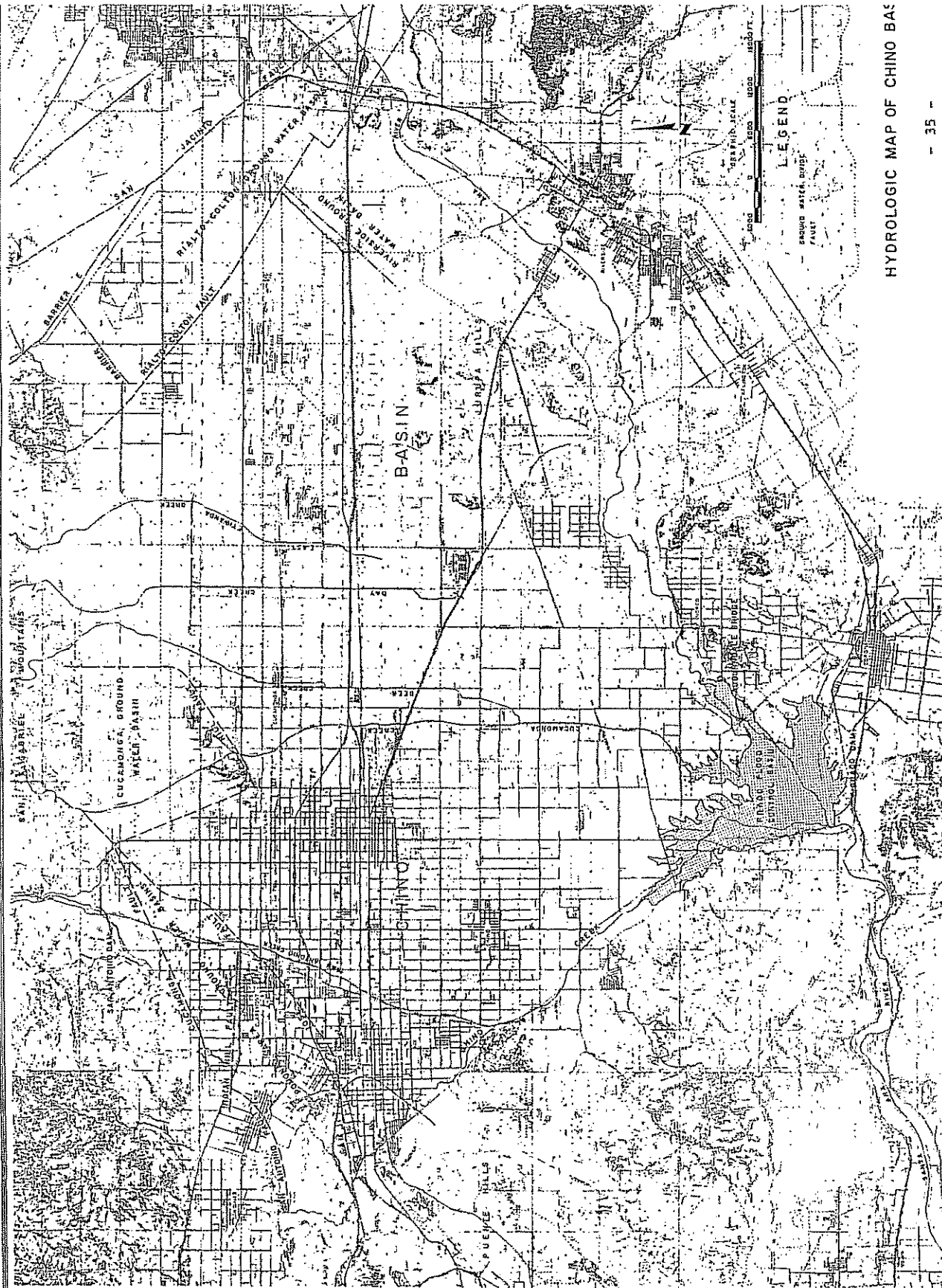
3 64. Costs. No party shall recover any costs in this pro-
4 ceeding from any other party.

5 Dated: JAN 27 1978.

6
7 Arnold B. Weiss
8 Judge
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LOCATION MAP OF CHINO BASIN



HYDROLOGIC MAP OF CHINO BASIN

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	STATE OF CALIFORNIA	Aphessette, Xavier
2	COUNTY OF SAN BERNARDINO	Arena Mutual Water Assn.
3	Abacherli Dairy, Inc.	Armstrong Nurseries, Inc.
4	Abacherli, Frank	Arrette, Frank
5	Abacherli, Shirley	Arrette, Jean Pierre
6	Abbona, Anna	Arvidson, Clarence F.
7	Abbona, James	Arvidson, Florence
8	Abbona, Jim	Ashley, George W.
9	Abbona, Mary	Ashley, Pearl E.
10	Agliani, Amelia H.	Atlas Farms
11	Agman, Inc.	Atlas Ornamental Iron Works, Inc.
12	Aguerre, Louis B.	Aukeman, Carol
13	Ahmanson Trust Co.	Aukeman, Lewis
14	Akiyama, Shizuye	Ayers, Kenneth C., aka
15	Akiyama, Tomoo	Kelley Ayers
16	Akkerman, Dave	Bachoc, Raymond
17	Albers, J. N.	Baldwin, Edgar A.
18	Albers, Nellie	Baldwin, Lester
19	Alewyn, Jake J.	Banbury, Carolyn
20	Alewyn, Normalee	Bangma Dairy
21	Alger, Mary D.	Bangma, Arthur
22	Alger, Raymond	Bangma, Ida
23	Allen, Ben F.	Bangma, Martin
24	Allen, Jane F.	Bangma, Sam
25	Alta-Dena Dairy	Barba, Anthony B.
26	Anderson Farms	Barba, Frank
27	Anguiano, Sarah L. S.	Barcellos, Joseph
28	Anker, Gus	Barnhill, Maurine W.

DONALD D. STARK
A PROFESSIONAL CORPORATION
SUITE 201
2061 BUSINESS CENTER DRIVE
IRVINE, CALIFORNIA 92715
(714) 752-8971

1	Barnhill, Paul	Boersma, Angie
2	Bartel, Dale	Boersma, Berdina
3	Bartel, Ursula	Boersma, Frank
4	Bartel, Willard	Boersma, Harry
5	Barthelemy, Henry	Boersma, Paul
6	Barthelemy, Roland	Boersma, Sam
7	Bassler, Donald V., M.D.	Boersma, William L.
8	Bates, Lowell R.	Bohlender & Holmes, Inc.
9	Bates, Mildred L.	Bokma, Peter
10	Beahm, James W.	Bollema, Jacob
11	Beahm, Joan M.	Boonstoo, Edward
12	Bekendam, Hank	Bootsma, Jim
13	Bekendam, Pete	Borba, Dolene
14	Bello, Eugene	Borba, Dolores
15	Bello, Olga	Borba, Emily
16	Beltman, Evelyn	Borba, George
17	Beltman, Tony	Borba, John
18	Bergquist Properties, Inc.	Borba, John & Sons
19	Bevacqua, Joel A.	Borba, John Jr.
20	Bevacqua, Marie B.	Borba, Joseph A.
21	Bidart, Bernard	Borba, Karen E.
22	Bidart, Michael J.	Borba, Karen M.
23	Binnell, Wesley	Borba, Pete, Estate of
24	Black, Patricia E.	Borba, Ricci
25	Black, Victor	Borba, Steve
26	Bodger, John & Sons Co.	Borba, Tom
27	Boer, Adrian	Bordisso, Alleck
28	Boersma and Wind Dairy	Borges, Angelica M.

1	Borges, Bernadette	Bothof, Roger W.
2	Borges, John O.	Bouma, Cornie
3	Borges, Linda L.	Bouma, Emma
4	Borges, Manual Jr.	Bouma, Henry P.
5	Borges, Tony	Bouma, Martin
6	Bos, Aleid	Bouma, Peter G. & Sons Dairy
7	Bos, Gerrit	Bouma, Ted
8	Bos, John	Bouman, Helen
9	Bos, John	Bouman, Sam
10	Bos, Margaret	Bower, Mabel E.
11	Bos, Mary	Boys Republic
12	Bos, Mary Beth	Breedyk, Arie
13	Bos, Tony	Breedyk, Jessie
14	Bosch, Henrietta	Briano Brothers
15	Bosch, Peter T.	Briano, Albert
16	Boschma, Betty	Briano, Albert Trustee for
17	Boschma, Frank	Briano, Albert Frank
18	Boschma, Greta	Briano, Lena
19	Boschma, Henry	Brink, Russell N.
20	Bosma, Dick	Brinkerhoff, Margaret
21	Bosma, Florence G.	Brinkerhoff, Robert L.
22	Bosma, Gerrit	Britschgi, Florence
23	Bosma, Jacob J.	Britschgi, Magdalena Garetto
24	Bosma, Jeanette Thea	Britschgi, Walter P.
25	Bosman, Frank	Brommer, Marvin
26	Bosman, Nellie	Brookside Enterprizes, dba
27	Bosnyak, Goldie M.	Brookside Vineyard Co.
28	Bosnyak, Martin	Brothers Three Dairy

1	Brown, Eugene	Chino Corona Investment
2	Brun, Martha M.	Chino Water Co.
3	Brun, Peter Robert	Christensen, Leslie
4	Buma, Duke	Christensen, Richard G.
5	Buma, Martha	Christian, Ada R.
6	Bunse, Nancy	Christian, Harold F.
7	Bunse, Ronnie L.	Christy, Ella J.
8	Caballero, Bonnie L.	Christy, Ronald S.
9	Caballero, Richard F.	Cihigoyenette, Jean
10	Cable Airport Inc.	Cihigoyenette, Leona
11	Cadlini, Donald	Cihigoyenette, Martin
12	Cadlini, Jesse R.	Clarke, Arthur B.
13	Cadlini, Marie Edna	Clarke, Nancy L.
14	Cambio, Anna	Clarke, Phyllis J.
15	Cambio, Charles, Estate of	Coelho, Isabel
16	Cambio, William V.	Coelho, Joe A. Jr.
17	Cardoza, Florence	Collins, Howard E.
18	Cardoza, Olivi	Collins, Judith F.
19	Cardoza, Tony	Collinsworth, Ester L.
20	Carnesi, Tom	Collinsworth, John E.
21	Carver, Robt M., Trustee	Collinsworth, Shelby
22	Cauffman, John R.	Cone Estate (05-2-00648/649)
23	Chacon Bros.	Consolidated Freightways Corp.
24	Chacon, Elvera P.	of Delaware
25	Chacon, Joe M.	Corona Farms Co.
26	Chacon, Robert M.	Corra, Rose
27	Chacon, Virginia L.	Costa, Dimas S.
28	Chez, Joseph C.	Costa, Laura

1	Costa, Myrtle	De Boer, L. H.
2	Costamagna, Antonio	De Boer, Sidney
3	Costamagna, Joseph	De Bos, Andrew
4	Cousyn, Claus B.	De Graaf, Anna Mae
5	Cramer, Carole F.	De Graaf, Gerrit
6	Cramer, William R.	De Groot, Dick
7	Crossroads Auto Dismantlers, Inc.	De Groot, Dorothy
8	Crouse, Beatrice I.	De Groot, Ernest
9	Crouse, Roger	De Groot, Henrietta
10	Crowley, Juanita C.	De Groot, Jake
11	Crowley, Ralph	De Groot, Pete Jr.
12	Cucamonga Vintners	De Haan, Bernadena
13	D'Astici, Teresa	De Haan, Henry
14	Da Costa, Cecilia B.	De Hoog, Adriana
15	Da Costa, Joaquim F.	De Hoog, Joe
16	Daloisio, Norman	De Hoog, Martin
17	De Berard Bros.	De Hoog, Martin L.
18	De Berard, Arthur, Trustee	De Hoog, Mitch
19	De Berard, Charles	De Hoog, Tryntje
20	De Berard, Chas., Trustee	De Jager, Cobi
21	De Berard, Helan J.	De Jager, Edward D.
22	De Berard, Robert	De Jong Brothers Dairy
23	De Berard, Robert, Trustee	De Jong, Cornelis
24	De Bie, Adrian	De Jong, Cornelius
25	De Bie, Henry	De Jong, Grace
26	De Bie, Margaret M.	De Jong, Jake
27	De Bie, Marvin	De Jong, Lena
28	De Boer, Fred	De Leeuw, Alice

1	De Leeuw, Sam	Dirkse, Catherine
2	De Soete, Agnes	Dirkse, Charles C.
3	De Soete, Andre	Dixon, Charles E.
4	De Vries, Abraham	Dixon, Geraldine A.
5	De Vries, Case	Doesberg, Hendrica
6	De Vries, Dick	Doesburg, Theodorus P.
7	De Vries, Evelyn	Dolan, Marion
8	De Vries, Henry, Estate of	Dolan, Michael H.
9	De Vries, Hermina	Dominguez, Helen
10	De Vries, Jack H.	Dominguez, Manual
11	De Vries, Jane	Donkers, Henry A.
12	De Vries, Janice	Donkers, Nellie G.
13	De Vries, John	Dotta Bros.
14	De Vries, John J.	Douma Brothers Dairy
15	De Vries, Neil	Douma, Betty A.
16	De Vries, Ruth	Douma, Fred A.
17	De Vries, Theresa	Douma, Hendrika
18	De Wit, Gladys	Douma, Herman G.
19	De Wit, Peter S.	Douma, Narleen J.
20	De Wyn, Evert	Douma, Phillip M.
21	De Zoete, Hattie V.	Dow Chemical Co.
22	De Zoete, Leo A.	Dragt, Rheta
23	Decker, Hallie	Dragt, William
24	Decker, Henry A.	Driftwood Dairy Farm
25	Demmer, Ernest	Droogh, Case
26	Di Carlo, Marie	Duhalde, Marian
27	Di Carlo, Victor	Duhalde, Lauren
28	Di Tommaso, Frank	Duits, Henrietta

1	Duits, John	Excelsior Farms F.D.I.C.
2	Dunlap, Edna Kraemer,	Fagundes, Frank M.
3	Estate of	Fagundes, Mary
4	Durrington, Glen	Fernandes, Joseph Jr.
5	Durrington, William F.	Fernandes, Velma C.
6	Dusi, John, Sr.	Ferraro, Ann
7	Dykstra, Dick	Ferreira, Frank J.
8	Dykstra, John	Ferreira, Joe C. Jr.
9	Dykstra, John & Sons	Ferreira, Marcie
10	Dykstra, Wilma	Filippi, J. Vintage Co.
11	Dyt, Cor	Filippi, Joseph
12	Dyt, Johanna	Filippi, Joseph A.
13	E and S Grape Growers	Filippi, Mary E.
14	Eaton, Thomas, Estate of	Fitzgerald, John R.
15	Echeverria, Juan	Flameling Dairy Inc.
16	Echeverria, Carlos	Flamingo Dairy
17	Echeverria, Pablo	Foss, Douglas E.
18	Eilers, E. Myrle	Foss, Gerald R.
19	Eilers, Henry W.	Foss, Russel
20	El Prado Golf Course	Fred & John Troost No. 1 Inc.
21	Ellsworth, Rex C.	Fred & Maynard Troost No. 2 Inc.
22	Engelsma, Jake	Freitas, Beatriz
23	Engelsma, Susan	Freitas, Tony T.
24	Escojeda, Henry	Gakle, Louis L.
25	Etiwanda Grape Products Co.	Galleano Winery, Inc.
26	Euclid Ave. Investment One	Galleano, Bernard D.
27	Euclid Ave. Investment Four	Galleano, D.
28	Euclid Ave. Three Investment	Galleano, Mary M.

1	Garcia, Pete	Hansen, Raymond F.
2	Gardner, Leland V.	Hanson, Ardeth W.
3	Gardner, Lola M.	Harada, James T.
4	Garrett, Leonard E.	Harada, Violet A.
5	Garrett, Patricia T.	Haringa, Earl and Sons
6	Gastelluberry, Catherine	Haringa, Herman
7	Gastelluberry, Jean	Haringa, Rudy
8	Gilstrap, Glen E.	Haringa, William
9	Gilstrap, Marjorie J.	Harper, Cecilia de Mille
10	Godinho, John	Harrington, Winona
11	Godinho, June	Harrison, Jacqueline A.
12	Gonsalves, Evelyn	Hatanaka, Kenichi
13	Gonsalves, John	Heida, Annie
14	Gorzeman, Geraldine	Heida, Don
15	Gorzeman, Henry A.	Heida, Jim
16	Gorzeman, Joe	Heida, Sam
17	Govea, Julia	Helms, Addison D.
18	Goyenetché, Albert	Helms, Irma A.
19	Grace, Caroline E.	Hermans, Alma I.
20	Grace, David J.	Hermans, Harry
21	Gravatt, Glenn W.	Hettinga, Arthur
22	Gravatt, Sally Mae	Hettinga, Ida
23	Greydanus Dairy, Inc.	Hettinga, Judy
24	Greydanus, Rena	Hettinga, Mary
25	Griffin Development Co.	Hettinga, Wilbur
26	Haagsma, Dave	Heublein, Inc., Grocery Products
27	Haagsma, John	Group
28	Hansen, Mary D.	Hibma, Catherine M.

1	Hibma, Sidney	Hohberg, Harold C.
2	Hicks, Kenneth I.	Hohberg, Harold W.
3	Hicks, Minnie M.	Holder, Arthur B.
4	Higgins Brick Co.	Holder, Dorothy F.
5	Highstreet, Alfred V.	Holmes, A. Lee
6	Highstreet, Evada V.	Holmes, Frances P.
7	Hilarides, Bertha as Trustee	Hoogeboom, Gertrude
8	Hilarides, Frank	Hoogeboom, Pete
9	Hilarides, John as Trustee	Hoogendam, John
10	Hindelang, Tillie	Hoogendam, Tena
11	Hindelang, William	Houssels, J. K. Thoroughbred
12	Hobbs, Bonnie C.	Farm
13	Hobbs, Charles W.	Hunt Industries
14	Hobbs, Hazel I.	Idsinga, Ann
15	Hobbs, Orlo M.	Idsinga, William W.
16	Hoekstra, Edward	Imbach Ranch, Inc.
17	Hoekstra, George	Imbach, Kenneth E.
18	Hoekstra, Grace	Imbach, Leonard K.
19	Hoekstra, Louie	Imbach, Oscar K.
20	Hofer, Paul B.	Imbach, Ruth M.
21	Hofer, Phillip F.	Indaburu, Jean
22	Hofstra, Marie	Indaburu, Marceline
23	Hogeboom, Jo Ann M.	Iseli, Kurt H.
24	Hogeboom, Maurice D.	Ito, Kow
25	Hogg, David V.	J & B Dairy Inc.
26	Hogg, Gene P.	Jaques, Johnny C. Jr.
27	Hogg, Warren G.	Jaques, Mary
28	Hohberg, Edith J.	Jaques, Mary Lou

1	Jay Em Bee Farms	Knevelbaard, John
2	Johnson Bro's Egg Ranches, Inc.	Knudsen, Ejnar
3	Johnston, Ellwood W.	Knudsen, Karen M.
4	Johnston, George F. Co.	Knudsen, Kenneth
5	Johnston, Judith H.	Knudson, Robert
6	Jones, Leonard P.	Knudson, Darlene
7	Jongsma & Sons Dairy	Koel, Helen S.
8	Jongsma, Diana A.	Koetsier, Gerard
9	Jongsma, Dorothy	Koetsier, Gerrit J.
10	Jongsma, George	Koetsier, Jake
11	Jongsma, Harold	Koning, Fred W.
12	Jongsma, Henry	Koning, Gloria
13	Jongsma, John	Koning, J. W. Estate
14	Jongsma, Nadine	Koning, James A.
15	Jongsma, Tillie	Koning, Jane
16	Jordan, Marjorie G.	Koning, Jane C.
17	Jordan, Troy O.	Koning, Jennie
18	Jorritsma, Dorothy	Koning, John
19	Juliano, Albert	Koning, Victor A.
20	Kamper, Cornelis	Kooi Holstein Corporation
21	Kamstra, Wilbert	Koolhaas, Kenneth E.
22	Kaplan, Lawrence J.	Koolhaas, Simon
23	Kasbergen, Martha	Koolhaas, Sophie Grace
24	Kasbergen, Neil	Koopal, Grace
25	Kazian, Angelen Estate of	Koopal, Silas
26	Kingsway Const. Corp.	Koopman, Eka
27	Klapps Market	Koopman, Gene T.
28	Kline, James K.	Koopman, Henry G.

1	Koopman, Ted	Leck, Arthur A.
2	Koopman, Tena	Leck, Evelyn M.
3	Koot, Nick	Lee, Harold E.
4	Koster, Aart	Lee, Helen J.
5	Koster, Frances	Lee, Henrietta C.
6	Koster, Henry B.	Lee, R. T. Construction Co.
7	Koster, Nellie	Lekkerkerk, Adriana
8	Kroes, Jake R.	Lekkerkerk, L. M.
9	Kroeze, Bros	Lekkerkerker, Nellie
10	Kroeze, Calvin E.	Lekkerkerker, Walt
11	Kroeze, John	Lewis Homes of California
12	Kroeze, Wesley	Livingston, Dorothy M.
13	Kruckenberg, Naomi	Livingston, Rex E.
14	Kruckenberg, Perry	Lokey, Rosemary Kraemer
15	L. D. S. Welfare Ranch	Lopes, Candida A.
16	Labrucherie, Mary Jane	Lopes, Antonio S.
17	Labrucherie, Raymond F.	Lopez, Joe D.
18	Lako, Samuel	Lourenco, Carlos, Jr.
19	Landman Corp.	Lourenco, Carmelina P.
20	Lanting, Broer	Lourenco, Jack C.
21	Lanting, Myer	Lourenco, Manual H.
22	Lass, Jack	Lourenco, Mary
23	Lass, Sandra L.	Lourenco, Mary
24	Lawrence, Cecelia, Estate of	Luiten, Jack
25	Lawrence, Joe H., Estate of	Luiz, John M.
26	Leal, Bradley W.	Luna, Christine I.
27	Leal, John C.	Luna, Ruben T.
28	Leal, John Craig	Lusk, John D. and Son a California corporation

1	Lyon, Gregory E.	Mickel, Louise
2	Lyon, Paula E.	Miersma, Dorothy
3	M & W Co. #2	Meirsma, Harry C.
4	Madole, Betty M.	Minaberry, Arnaud
5	Madole, Larry B.	Minaberry, Marie
6	Marquez, Arthur	Mistretta, Frank J.
7	Marquine, Jean	Mocho and Plaa Inc.
8	Martin, Lelon O.	Mocho, Jean
9	Martin, Leon O.	Mocho, Noeline
10	Martin, Maria D.	Modica, Josephine
11	Martin, Tony J.	Montes, Elizabeth
12	Martins, Frank	Montes, Joe
13	Mathias, Antonio	Moons, Beatrice
14	Mc Cune, Robert M.	Moons, Jack
15	Mc Masters, Gertrude	Moramarco, John A. Enterprises
16	Mc Neill, J. A.	Moreno, Louis W.
17	Mc Neill, May F.	Moss, John R.
18	Mees, Leon	Motion Pictures Associates, Inc.
19	Mello and Silva Dairy	Moynier, Joe
20	Mello and Sousa Dairy	Murphy, Frances V.
21	Mello, Emilia	Murphy, Myrl L.
22	Mello, Enos C.	Murphy, Naomi
23	Mello, Mercedes	Nanne, Martin Estate of
24	Mendiondo, Catherine	Nederend, Betty
25	Mendiondo, Dominique	Nederend, Hans
26	Meth. Hosp. - Sacramento	Norfolk, James
27	Metzger, R. S.	Norfolk, Martha
28	Metzger, Winifred	Notrica, Louis

1	Nyberg, Lillian M.	Ormonde, Viva
2	Nyenhuis, Annie	Ortega, Adeline B.
3	Nyenhuis, Jim	Ortega, Bernard Dino
4	Occidental Land Research	Osterkamp, Joseph S.
5	Okumura, Marion	Osterkamp, Margaret A.
6	Okumura, Yuiche	P I E Water Co.
7	Oldengarm, Effie	Palmer, Eva E.
8	Oldengarm, Egbert	Palmer, Walter E.
9	Oldengarm, Henry	Parente, Luis S.
10	Oliviera, Manuel L.	Parente, Mary Borba .
11	Oliviera, Mary M.	Parks, Jack B.
12	Olson, Albert	Parks, Laura M.
13	Oltmans Construction Co.	Patterson, Lawrence E. Estate of
14	Omlin, Anton	Payne, Clyde H.
15	Omlin, Elsie L.	Payne, Margo
16	Ontario Christian School Assn.	Pearson, Athelia K.
17	Oord, John	Pearson, William C.
18	Oostdam, Jacoba	Pearson, William G.
19	Oostdam, Pete	Pene, Robert
20	Oosten, Agnes	Perian, Miller
21	Oosten, Anthonia	Perian, Ona E.
22	Oosten, Caroline	Petrissans, Deanna
23	Oosten, John	Petrissans, George
24	Oosten, Marinus	Petrissans, Jean P.
25	Oosten, Ralph	Petrissans, Marie T.
26	Orange County Water District	Pickering, Dora M.
27	Ormonde, Manuel	(Mrs. A. L. Pickering)
28	Ormonde, Pete, Jr.	Pierce, John

1	Pierce, Sadie	Righetti, A. T.
2	Pietszak, Sally	Riley, George A.
3	Pine, Joe	Riley, Helen C.
4	Pine, Virginia	Robbins, Jack K.
5	Pires, Frank	Rocha, John M.
6	Pires, Marie	Rocha, Jose C.
7	Plaa, Jeanne	Rodrigues, John
8	Plaa, Michel	Rodrigues, Manuel
9	Plantenga, Agnes	Rodrigues, Manuel, Jr.
10	Plantenga, George	Rodrigues, Mary L.
11	Poe, Arlo D.	Rodriguez, Daniel
12	Pomona Cemetery Assn.	Rogers, Jack D.
13	Porte, Cecelia, Estate of	Rohrer, John A.
14	Porte, Garritt, Estate of	Rohrer, Theresa D.
15	Portsmouth, Vera McCarty	Rohrs, Elizabeth H.
16	Ramella, Mary M.	Rossetti, M. S.
17	Ramirez, Concha	Roukema, Angeline
18	Rearick, Hildegard H.	Roukema, Ed.
19	Rearick, Richard R.	Roukema, Nancy
20	Reinalda, Clarence	Roukema, Siebren
21	Reitsma, Greta	Ruderian, Max J.
22	Reitsma, Louis	Russell, Fred J.
23	Rice, Bernice	Rusticus, Ann
24	Rice, Charlie E.	Rusticus, Charles
25	Richards, Karin	Rynsburger, Arie
26	(Mrs. Ronnie Richards)	Rynsburger, Berdena, Trust
27	Richards, Ronald L.	Rynsburger, Joan Adele
28	Ridder, Jennie Wassenaar	Rynsburger, Thomas

1	S. P. Annex, Inc.	Scott, Frances M.
2	Salisbury, Elinor J.	Scott, Linda F.
3	Sanchez, Edmundo	Scott, Stanley A.
4	Sanchez, Margarita O.	Scritsmier, Lester J.
5	Santana, Joe Sr.	Serl, Charles A.
6	Santana, Palmira	Serl, Rosalie P.
7	Satragni, John B. Jr.	Shady Grove Dairy, Inc.
8	Scaramella, George P.	Shamel, Burt A.
9	Schaafsma Bros.	Shelby, Harold E.
10	Schaafsma, Jennie	Shelby, John A.
11	Schaafsma, Peter	Shelby, Velma M.
12	Schaafsma, Tom	Shelton, Alice A.
13	Schaap, Andy	Sherwood, Robert W.
14	Schaap, Ids	Sherwood, Sheila J.
15	Schaap, Maria	Shue, Eva
16	Schacht, Sharon C.	Shue, Gilbert
17	Schakel, Audrey	Sieperda, Anne
18	Schakel, Fred	Sieperda, James
19	Schmid, Olga	Sigrist, Hans
20	Schmidt, Madeleine	Sigrist, Rita
21	Schoneveld, Evert	Silveira, Arline L.
22	Schoneveld, Henrietta	Silveira, Frank
23	Schoneveld, John	Silveira, Jack
24	Schoneveld, John Allen	Silveira, Jack P. Jr.
25	Schug, Donald E.	Simas, Dolores
26	Schug, Shirley A.	Simas, Joe
27	Schuh, Bernatta M.	Singleton, Dean
28	Schuh, Harold H.	Singleton, Elsie R.

1	Sinnott, Jim	Staal, John
2	Sinnott, Mildred B.	Stahl, Zippora P.
3	Slegers, Dorothy	Stampfl, Berta
4	Slegers, Hubert J.	Stampfl, William
5	Slegers, Jake	Stanley, Robert E.
6	Slegers, Jim	Stark, Everett
7	Slegers, Lenwood M.	Stellingwerf, Andrew
8	Slegers, Martha	Stellingwerf, Henry
9	Slegers, Tesse J.	Stellingwerf, Jenette
10	Smith, Edward S.	Stellingwerf, Shana
11	Smith, Helen D.	Stellingwerf, Stan
12	Smith, James E.	Stelzer, Mike C.
13	Smith, Keith J.	Sterk, Henry
14	Smith, Lester W.	Stiefel, Winifred
15	Smith, Lois Maxine	Stiefel, Jack D.
16	Smith, Marjorie W.	Stigall, Richard L.
17	Soares, Eva	Stigall, Vita
18	Sogioka, Mitsuyoshi	Stockman's Inn
19	Sogioka, Yoshimoto	Stouder, Charlotte A.
20	Sousa, Sam	Stouder, William C.
21	Southern Pacific Land Co.	Struikmans, Barbara
22	Southfield, Eddie	Struikmans, Gertie
23	Souza, Frank M.	Struikmans, Henry Jr.
24	Souza, Mary T.	Struikmans, Henry Sr.
25	Spickerman, Alberta	Struikmans, Nellie
26	Spickerman, Florence	Swager, Edward
27	Spickerman, Rudolph	Swager, Gerben
28	Spyksma, John	Swager, Johanna

1	Swager, Marion	Terpstra, Theodore G.
2	Swierstra, Donald	Teune, Tony
3	Swierstra, Fanny	Teunissen, Bernard
4	Sybrandy, Ida	Teunissen, Jane
5	Sybrandy, Simon	Thomas, Ethel M.
6	Sytsma, Albert	Thommen, Alice
7	Sytsma, Edith	Thommen, Fritz
8	Sytsma, Jennie	Tillema, Allie
9	Sytsma, Louie	Tillema, Harold
10	Te Velde, Agnes	Tillema, Klaas D.
11	Te Velde, Bay	Timmons, William R.
12	Te Velde, Bernard A.	Tollerup, Barbara
13	Te Velde, Bonnie	Tollerup, Harold
14	Te Velde, Bonnie G.	Trapani, Louis A.
15	Te Velde, George	Trimlett, Arlene R.
16	Te Velde, George, Jr.	Trimlett, George E.
17	Te Velde, Harm	Tristant, Pierre
18	Te Velde, Harriet	Tuinhout, Ale
19	Te Velde, Henry J.	Tuinhout, Harry
20	Te Velde, Jay	Tuinhout, Hilda
21	Te Velde, Johanna	Tuls, Elizabeth
22	Te Velde, John H.	Tuls, Jack S.
23	Te Velde, Ralph A.	Tuls, Jake
24	Te Velde, Zwaantina, Trustee	Union Oil Company of California
25	Ter Maaten, Case	United Dairyman's Co-op.
26	Ter Maaten, Cleone	Urquhart, James G.
27	Ter Maaten, Steve	Usle, Cathryn
28	Terpstra, Carol	Usle, Faustino

1	V & Y Properties	Van Hofwegen, Clara
2	Vaile, Beryl M.	Van Hofwegen, Jessie
3	Valley Hay Co.	Van Klaveren, A.
4	Van Beek Dairy Inc.	Van Klaveren, Arie
5	Van Canneyt Dairy	Van Klaveren, Wilhelmina
6	Van Canneyt, Maurice	Van Klaveren, William
7	Van Canneyt, Wilmer	Van Leeuwen, Arie C.
8	Van Dam, Bas	Van Leeuwen, Arie C.
9	Van Dam, Isabelle	Van Leeuwen, Arlan
10	Van Dam, Nellie	Van Leeuwen, Clara G.
11	Van Den Berg, Gertrude	Van Leeuwen, Cornelia L.
12	Van Den Berg, Joyce	Van Leeuwen, Harriet
13	Van Den Berg, Marinus	Van Leeuwen, Jack
14	Van Den Berg, Marvin	Van Leeuwen, John
15	Van Der Linden, Ardith	Van Leeuwen, Letie
16	Van Der Linden, John	Van Leeuwen, Margie
17	Van Der Linden, Stanley	Van Leeuwen, Paul
18	Van Der Veen, Kenneth	Van Leeuwen, William A.
19	Van Diest, Anna T.	Van Ravenswaay, Donald
20	Van Diest, Cornelius	Van Ryn Dairy
21	Van Diest, Ernest	Van Ryn, Dick
22	Van Diest, Rena	Van Surksum, Anthonetta
23	Van Dyk, Bart	Van Surksum, John
24	Van Dyk, Jeanette	Van Veen, John
25	Van Foeken, Martha	Van Vliet, Effie
26	Van Foeken, William	Van Vliet, Hendrika
27	Van Hofwegan, Steve	Van Vliet, Hugo
28	Van Hofwegen, Adrian A.	Van Vliet, Klaas

1	Vande Witte, George	Vander Laan, Katie
2	Vanden Berge, Gertie	Vander Laan, Martin Jr.
3	Vanden Berge, Gertie	Vander Laan, Tillie
4	Vanden Berge, Jack	Vander Leest, Anna
5	Vanden Berge, Jake	Vander Leest, Ann
6	Vanden Brink, Stanley	Vander Meer, Alice
7	Vander Dussen, Agnes	Vander Meer, Dick
8	Vander Dussen, Cor	Vander Poel, Hank
9	Vander Dussen, Cornelius	Vander Poel, Pete
10	Vander Dussen, Edward	Vander Pol, Irene
11	Vander Dussen, Geraldine Marie	Vander Pol, Margie
12	Vander Dussen, James	Vander Pol, Marines
13	Vander Dussen, John	Vander Pol, William P.
14	Vander Dussen, Nelvina	Vander Schaaf, Earl
15	Vander Dussen, Rene	Vander Schaaf, Elizabeth
16	Vander Dussen, Sybrand Jr.	Vander Schaaf, Henrietta
17	Vander Dussen, Sybrand Sr.	Vander Schaaf, John
18	Vander Dussen Trustees	Vander Schaaf, Ted
19	Vander Eyk, Case Jr.	Vander Stelt, Catherine
20	Vander Eyk, Case Sr.	Vander Stelt, Clarence
21	Vander Feer, Peter	Vander Tuig, Arlene
22	Vander Feer, Rieka	Vander Tuig, Sylvester
23	Vander Laan, Ann	Vander Veen, Joe A.
24	Vander Laan, Ben	Vandervlag, Robert
25	Vander Laan, Bill	Vander Zwan, Peter
26	Vander Laan, Corrie	Vanderford, Betty W.
27	Vander Laan, Henry	Vanderford, Claud R.
28	Vander Laan, James	Vanderham, Adrian

1	Vanderham, Cornelius	Vestal, J. Howard
2	Vanderham, Cornelius P.	Visser, Gerrit
3	Vanderham, Cory	Visser, Grace
4	Vanderham, E. Jane	Visser, Henry
5	Vanderham, Marian	Visser, Jess
6	Vanderham, Martin	Visser, Louie
7	Vanderham, Pete C.	Visser, Neil
8	Vanderham, Wilma	Visser, Sam
9	Vasquez, Eleanor	Visser, Stanley
10	Veenendaal, Evert	Visser, Tony D.
11	Veenendaal, John H.	Visser, Walter G.
12	Veiga, Dominick Sr.	Von Der Ahe, Fredric T.
13	Verbree, Jack	Von Euw, George
14	Verbree, Tillie	Von Euw, Marjorie
15	Verger, Bert	Von Lusk, a limited partnership
16	Verger, Betty	Voortman, Anna Marie
17	Verhoeven, Leona	Voortman, Edward
18	Verhoeven, Martin	Voortman, Edwin J.
19	Verhoeven, Wesley	Voortman, Gertrude Dena
20	Vermeer, Dick	Wagner, Richard H.
21	Vermeer, Jantina	Walker, Carole R.
22	Vernola Ranch	Walker, Donald E.
23	Vernola, Anthonietta	Walker, Wallace W.
24	Vernola, Anthony	Wardle, Donald M.
25	Vernola, Frank	Warner, Dillon B.
26	Vernola, Mary Ann	Warner, Minnie
27	Vernola, Pat F.	Wassenaar, Peter W.
28	Vestal, Frances Lorraine	Waters, Michael

1	Weeda, Adriana	Wiersma, Jake
2	Weeda, Daniel	Wiersma, Otto
3	Weeks, O. L.	Wiersma, Pete
4	Weeks, Verona E.	Winchell, Verne H., Trustee
5	Weidman, Maurice	Wind, Frank
6	Weidman, Virginia	Wind, Fred
7	Weiland, Adaline I.	Wind, Hilda
8	Weiland, Peter J.	Wind, Johanna
9	Wesselink, Jules	Woo, Frank
10	West, Katharine R.	Woo, Sem Gee
11	West, Russel	Wybenga, Clarence
12	West, Sharon Ann	Wybenga, Gus
13	Western Horse Property	Wybenga, Gus K.
14	Westra, Alice	Wybenga, Sylvia
15	Westra, Henry	Wynja, Andy
16	Westra, Hilda	Wynja, Iona F.
17	Westra, Jake J.	Yellis, Mildred
18	Weststeyn, Freida	Yellis, Thomas E.
19	Weststeyn, Pete	Ykema-Harmsen Dairy
20	Whitehurst, Louis G.	Ykema, Floris
21	Whitehurst, Pearl L.	Ykema, Harriet
22	Whitmore, David L.	Yokley, Betty Jo
23	Whitmore, Mary A.	Yokley, Darrell A.
24	Whitney, Adolph M.	Zak, Zan
25	Wiersema, Harm	Zivelonghi, George
26	Wiersema, Harry	Zivelonghi, Margaret
27	Wiersma, Ellen H.	Zwaagstra, Jake
28	Wiersma, Gladys J.	Zwaagstra, Jessie M.
		Zwart, Case

DONALD D. STARK
A PROFESSIONAL CORPORATION
SUITE 201
2061 BUSINESS CENTER DRIVE
IRVINE, CALIFORNIA 92715
(714) 752-8971

NON-PRODUCER WATER DISTRICTS

- 1
- 2
- 3 Chino Basin Municipal Water District
- 4 Chino Basin Water Conservation District
- 5 Pomona Valley Municipal Water District
- 6 Western Municipal Water District of Riverside County
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EXHIBIT "C"

DEFAULTING OVERLYING AGRICULTURAL PRODUCERS

1		
2	Cheryl L. Bain	Roy W. Lantis
3	Warren Bain	Sharon I. Lantis
4	John M. Barcelona	Frank Lorenz
5	Letty Bassler	Dagney H. MacDonald
6	John Brazil	Frank E. Martin
7	John S. Briano	Ruth C. Martin
8	Lupe Briano	Connie S. Mello
9	Paul A. Briano	Naldiro J. Mello
10	Tillie Briano	Felice Miller
11	Arnie B. Carlson	Ted Miller
12	John Henry Fikse	Masao Nerio
13	Phyllis S. Fikse	Tom K. Nerio
14	Lewellyn Flory	Toyo Nerio
15	Mary I. Flory	Yuriko Nerio
16	L. H. Glazer	Harold L. Rees
17	Dorothy Goodman	Alden G. Rose
18	Sidney D. Goodman	Claude Rouleau, Jr.
19	Frank Grossi	Patricia M. Rouleau
20	Harada Brothers	Schultz Enterprises
21	Ellen Hettinga	Albert Shaw
22	Hein Hettinga	Lila Shaw
23	Dick Hofstra, Jr.	Cathy M. Stewart
24	Benjamin M. Hughey	Marvin C. Stewart
25	Frieda L. Hughey	Betty Ann Stone
26	Guillaume Indart	John B. Stone
27	Ellwood B. Johnston, Trustee	Vantoll Cattle Co., Inc.
28	Perry Kruckenberg, Jr.	Catherine Verburg

A PROFESSIONAL CORPORATION
SUITE 201
2061 BUSINESS CENTER DRIVE
IRVINE, CALIFORNIA 92715
(714) 752-8971

- 1 Martin Verburg
- 2 Donna Vincent
- 3 Larry Vincent
- 4 Cliff Wolfe & Associates
- 5 Ada M. Woll
- 6 Zarubica Co.
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EXHIBIT "D"

OVERLYING NON-AGRICULTURAL RIGHTS

Party	Total Overlying Non-Agricultural Rights (Acre Feet)	Share of Safe Yield (Acre Feet)
Ameron Steel Producers, Inc.	125	97.858
County of San Bernardino	171	133.870
Conrock Company	406	317.844
Kaiser Steel Corporation	3,743	2,930.274
Red Star Fertilizer	20	15.657
Southern California Edison Co.	1,255	982.499
Space Center, Mira Loma	133	104.121
Southern Service Co., dba		
Blue Seal Linen	24	18.789
Sunkist, Orange Products Division	2,393	1,873.402
Carlsberg Mobile Home Properties, Ltd. '73	593	464.240
Union Carbide Corporation	546	427.446
Quaker Chemical Co.	0	0
Totals	9,409	7,366.000

EXHIBIT "E"
APPROPRIATIVE RIGHTS

<u>Party</u>	<u>Appropriative Right (Acre Feet)</u>	<u>Share of Initial Operating Safe Yield (Acre Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>
City of Chino	5,271.7	3,670.067	6.693
City of Norco	289.5	201.545	0.368
City of Ontario	16,337.4	11,373.816	20.742
City of Pomona	16,110.5	11,215.852	20.454
City of Upland	4,097.2	2,852.401	5.202
Cucamonga County Water District	4,431.0	3,084.786	5.626
Jurupa Community Ser- vices District	1,104.1	768.655	1.402
Monte Vista County Water District	5,958.7	4,148.344	7.565
West San Bernardino County Water District	925.5	644.317	1.175
Etiwanda Water Company	768.0	534.668	0.975
Felspar Gardens Mutual Water Company	68.3	47.549	0.087
Fontana Union Water Co.	9,188.3	6,396.736	11.666
Marygold Mutual Water Co.	941.3	655.317	1.195
Mira Loma Water Co.	1,116.0	776.940	1.417
Monta Vista Irr. Co.	972.1	676.759	1.234
Mutual Water Company of Glen Avon Heights	672.2	467.974	0.853
Park Water Company	236.1	164.369	0.300
Pomona Valley Water Co.	3,106.3	2,162.553	3.944
San Antonio Water Co.	2,164.5	1,506.888	2.748
Santa Ana River Water Company	1,869.3	1,301.374	2.373
Southern California Water Company	1,774.5	1,235.376	2.253
West End Consolidated Water Company	<u>1,361.3</u>	<u>947.714</u>	<u>1.728</u>
TOTAL	78,763.8	54,834.000	100.000

EXHIBIT "E"

EXHIBIT "F"
OVERLYING (AGRICULTURAL) POOL
POOLING PLAN

1. Membership in Pool. The State of California and all producers listed in Exhibit "C" shall be the initial members of this pool, which shall include all producers of water for overlying uses other than industrial or commercial purposes.

2. Pool Meetings. The members of the pool shall meet annually, in person or by proxy, at a place and time to be designated by Watermaster for purposes of electing members of the Pool Committee and conducting any other business of the pool. Special meetings of the membership of the pool may be called and held as provided in the rules of the pool.

3. Voting. All voting at meetings of pool members shall be on the basis of one vote for each 100 acre feet or any portion thereof of production from Chino Basin during the preceding year, as shown by the records of Watermaster.

4. Pool Committee. The Pool Committee for this pool shall consist of not less than nine (9) representatives selected at large by members of the pool. The exact number of members of the Pool Committee in any year shall be as determined by majority vote of the voting power of members of the pool in attendance at the annual pool meeting. Each member of the Pool Committee shall have one vote and shall serve for a two-year term. The members first elected shall classify themselves by lot so that approximately one-half serve an initial one-year term. Vacancies during any term shall be filled by a majority of the remaining members of the Pool Committee.

5. Advisory Committee Representatives. The number of

1 representatives of the Pool Committee on the Advisory Committee
2 shall be as provided in the rules of the pool from time to time
3 but not exceeding ten (10). The voting power of the pool on the
4 Advisory Committee shall be apportioned and exercised as deter-
5 mined from time to time by the Pool Committee.

6 6. Replenishment Obligation. The pool shall provide funds
7 for replenishment of any production by persons other than members
8 of the Overlying (Non-agricultural) Pool or Appropriator Pool, in
9 excess of the pool's share of Safe Yield. During the first five
10 (5) years of operations of the Physical Solution, reasonable
11 efforts shall be made by the Pool Committee to equalize annual
12 assessments.

13 7. Assessments. All assessments in this pool (whether for
14 replenishment water cost or for pool administration or the allo-
15 cated share of Watermaster administration) shall be in an amount
16 uniformly applicable to all production in the pool during the
17 preceding year or calendar quarter. Provided, however, that the
18 Agricultural Pool Committee, may recommend to the Court modifica-
19 tion of the method of assessing pool members, inter se, if the
20 same is necessary to attain legitimate basin management objectives,
21 including water conservation and avoidance of undesirable socio-
22 economic consequences. Any such modification shall be initiated
23 and ratified by one of the following methods:

24 (a) Excess Production. In the event total pool
25 production exceeds 100,000 acre feet in any year, the Pool
26 Committee shall call and hold a meeting, after notice to all
27 pool members, to consider remedial modification of the
28 assessment formula.

1 (b) Producer Petition. At any time after the fifth
2 full year of operation under the Physical Solution, a peti-
3 tion by ten percent (10%) of the voting power or membership
4 of the Pool shall compel the holding of a noticed meeting
5 to consider revision of said formula of assessment for re-
6 plenishment water.

7 In either event, a majority action of the voting power in attend-
8 ance at such pool members' meeting shall be binding on the Pool
9 Committee.

10 8. Rules. The Pool Committee shall adopt rules for con-
11 ducting meetings and affairs of the committee and for adminis-
12 tering its program and in amplification of the provisions, but not
13 inconsistent with, this pooling plan.
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EXHIBIT "G"
OVERLYING (NON-AGRICULTURAL) POOL
POOLING PLAN

1. Membership in Pool. The initial members of the pool, together with the decreed share of the Safe Yield of each, are listed in Exhibit "D". Said pool includes producers of water for overlying industrial or commercial (non-agricultural) purposes, or such producers within the Pool who may hereafter take water pursuant to Paragraph 8 hereof.

2. Pool Committee. The Pool Committee for this pool shall consist of one representative designated by each member of the pool. Voting on the committee shall be on the basis of one vote for each member, unless a volume vote is demanded, in which case votes shall be allocated as follows:

The volume voting power on the Pool Committee shall be 1,484 votes. Of these, 742 votes shall be allocated on the basis of one vote for each ten (10) acre feet or fraction thereof of decreed shares in Safe Yield. (See Exhibit "D".) The remaining 742 votes shall be allocated proportionally on the basis of assessments paid to Watermaster during the preceding year.*

3. Advisory Committee Representatives. At least three (3) members of the Pool Committee shall be designated by said committee to serve on the Advisory Committee. The exact number of such representatives at any time shall be as determined by the Pool Committee. The voting power of the pool shall be exercised in the

*Or production assessments paid under Water Code Section 72140 et seq., as to years prior to the second year of operation under the Physical Solution hereunder.

1 Advisory Committee as a unit, based upon the vote of a majority of
2 said representatives.

3 4. Replenishment Obligation. The pool shall provide funds
4 for replenishment of any production in excess of the pool's share
5 of Safe Yield in the preceding year.

6 5. Assessment. Each member of this pool shall pay an assess-
7 ment equal to the cost of replenishment water times the number of
8 acre feet of production by such producer during the preceding year
9 in excess of (a) his decreed share of the Safe Yield, plus (b) any
10 carry-over credit under Paragraph 7 hereof. In addition, the cost
11 of the allocated share of Watermaster administration expense shall
12 be recovered on an equal assessment against each acre foot of
13 production in the pool during such preceding fiscal year or calen-
14 dar quarter; and in the case of Pool members who take substitute
15 ground water as set forth in Paragraph 8 hereof, such producer
16 shall be liable for its share of administration assessment, as if
17 the water so taken were produced, up to the limit of its decreed
18 share of Safe Yield.

19 6. Assignment. Rights herein decreed are appurtenant to the
20 land and are only assignable with the land for overlying use
21 thereon; provided, however, that any appropriator who may, directly
22 or indirectly, undertake to provide water service to such overlying
23 lands may, by an appropriate agency agreement on a form approved by
24 Watermaster, exercise said overlying right to the extent, but only
25 to the extent necessary to provide water service to said overlying
26 lands.

27 7. Carry-over. Any member of the pool who produces less than
28 its assigned water share of Safe Yield may carry such unexercised

1 right forward for exercise in subsequent years. The first water
2 produced during any such subsequent year shall be deemed to be an
3 exercise of such carry-over right. In the event the aggregate
4 carry-over by any pool member exceeds its share of Safe Yield, such
5 member shall, as a condition of preserving such surplus carry-over,
6 execute a storage agreement with Watermaster.

7 8. Substitute Supplies. To the extent that any Pool member,
8 at the request of Watermaster and with the consent of the Advisory
9 Committee, takes substitute surface water in lieu of producing
10 ground water otherwise subject to production as an allocated share
11 of Safe Yield, said party shall nonetheless remain a member of this
12 Pool.

13 9. Rules. The Pool Committee shall adopt rules for adminis-
14 tering its program and in amplification of the provisions, but not
15 inconsistent with, this pooling plan.
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EXHIBIT "H"
APPROPRIATIVE POOL
POOLING PLAN

1. Qualification for Pool. Any city, district or other public entity and public utility -- either regulated under Public Utilities Commission jurisdiction, or exempt therefrom as a non-profit mutual water company (other than those assigned to the Overlying [Agricultural] Pool) -- shall be a member of this pool. All initial members of the pool are listed in Exhibit "E", together with their respective appropriative rights and acre foot allocation and percentage shares of the initial and subsequent Operating Safe Yield.

2. Pool Committee. The Pool Committee shall consist of one (1) representative appointed by each member of the Pool.

3. Voting. The total voting power on the Pool Committee shall be 1,000 votes. Of these, 500 votes shall be allocated in proportion to decreed percentage shares in Operating Safe Yield. The remaining 500 votes shall be allocated proportionally on the basis of assessments paid to Watermaster during the preceding year.* Routine business of the Pool Committee may be conducted on the basis of one vote per member, but upon demand of any member a weighted vote shall be taken. Affirmative action of the Committee shall require a majority of the voting power of members in attendance, provided that it includes concurrence by at least one-third of its total members.

4. Advisory Committee Representatives. Ten (10) members of

*Or production assessments paid under Water Code Section 72140 et seq., as to years prior to the second year of operation under the Physical Solution hereunder.

1 the Pool Committee shall be designated to represent this pool on
2 the Advisory Committee. Each major appropriator, i.e., the owner
3 of an adjudicated appropriative right in excess of 3,000 acre feet,
4 shall be entitled to one representative. The remaining members
5 representing the Appropriative Pool on the Advisory Committee shall
6 be elected at large by the remaining members of the pool. The
7 voting power of the Appropriative Pool on the Advisory Committee
8 shall be apportioned between the major appropriator representatives
9 in proportion to their respective voting power in the Pool Com-
10 mittee. The remaining two representatives shall exercise equally
11 the voting power proportional to the Pool Committee voting power
12 of all remaining appropriators; provided, however, that if any
13 representative fails to attend an Advisory Committee meeting, the
14 voting power of that representative shall be allocated among the
15 representatives of the Appropriator Pool in attendance in the same
16 proportion as their own respective voting powers.

17 5. Replenishment Obligation. The pool shall provide funds
18 for purchase of replenishment water to replace any production by
19 the pool in excess of Operating Safe Yield during the preceding
20 year.

21 6. Administrative Assessment. Costs of administration of
22 this pool and its share of general Watermaster expense shall be
23 recovered by a uniform assessment applicable to all production
24 during the preceding year.

25 7. Replenishment Assessment. The cost of replenishment water
26 required to replace production from Chino Basin in excess of
27 Operating Safe Yield in the preceding year shall be allocated and
28 recovered as follows:

1 (a) For production, other than for increased export,
2 within CBMWD or WMWD:

3 (1) Gross Assessment. 15% of such replenishment
4 water costs shall be recovered by a uniform assessment
5 against all production of each appropriator producing in
6 said area during the preceding year.

7 (2) Net Assessment. The remaining 85% of said
8 costs shall be recovered by a uniform assessment on each
9 acre foot of production from said area by each such
10 appropriator in excess of his allocated share of Oper-
11 ating Safe Yield during said preceding year.

12 (b) For production which is exported for use outside
13 Chino Basin in excess of maximum export in any year through
14 1976, such increased export production shall be assessed
15 against the exporting appropriator in an amount sufficient to
16 purchase replenishment water from CBMWD or WMWD in the amount
17 of such excess.

18 (c) For production within SBVMWD or PVMWD:

19 By an assessment on all production in excess of
20 an appropriator's share of Operating Safe Yield in an
21 amount sufficient to purchase replenishment water through
22 SBVMWD or MWD in the amount of such excess.

23 8. Socio-Economic Impact Review. The parties have conducted
24 certain preliminary socio-economic impact studies. Further and
25 more detailed socio-economic impact studies of the assessment
26 formula and its possible modification shall be undertaken for the
27 Appropriator Pool by Watermaster no later than ten (10) years from
28 the effective date of this Physical Solution, or whenever total

1 production by this pool has increased by 30% or more over the
2 decreed appropriative rights, whichever is first.

3 9. Facilities Equity Assessment. Watermaster may, upon
4 recommendation of the Pool Committee, institute proceedings for
5 levy and collection of a Facilities Equity Assessment for the
6 purposes and in accordance with the procedures which follow:

7 (a) Implementing Circumstances. There exist several
8 sources of supplemental water available to Chino Basin, each
9 of which has a differential cost and quantity available. The
10 optimum management of the entire Chino Basin water resource
11 favors the maximum use of the lowest cost supplemental water
12 to balance the supplies of the Basin, in accordance with the
13 Physical Solution. The varying sources of supplemental water
14 include importations from MWD and SBVMWD, importation of
15 surface and ground water supplies from other basins in the
16 immediate vicinity of Chino Basin, and utilization of re-
17 claimed water. In order to fully utilize any of such alter-
18 nate sources of supply, it will be essential for particular
19 appropriators having access to one or more of such supplies to
20 have invested, or in the future to invest, directly or in-
21 directly, substantial funds in facilities to obtain and
22 deliver such water to an appropriate point of use. To the
23 extent that the use of less expensive alternate sources of
24 supplemental water can be maximized by the inducement of a
25 Facilities Equity Assessment, as herein provided, it is to the
26 long-term benefit of the entire basin that such assessment be
27 authorized and levied by Watermaster.

28 (b) Study and Report. At the request of the Pool

1 Committee, Watermaster shall undertake a survey study of the
2 utilization of alternate supplemental supplies by members of
3 the Appropriative Pool which would not otherwise be utilized
4 and shall prepare a report setting forth the amount of such
5 alternative supplies being currently utilized, the amount of
6 such supplies which could be generated by activity within the
7 pool, and the level of cost required to increase such uses and
8 to optimize the total supplies available to the basin. Said
9 report shall contain an analysis and recommendation for the
10 levy of a necessary Facilities Equity Assessment to accomplish
11 said purpose.

12 (c) Hearing. If the said report by Watermaster contains
13 a recommendation for imposition of a Facilities Equity Assess-
14 ment, and the Pool Committee so requests, Watermaster shall
15 notice and hold a hearing not less than 60 days after dis-
16 tribution of a copy of said report to each member of the pool,
17 together with a notice of the hearing date. At such hearing,
18 evidence shall be taken with regard to the necessity and
19 propriety of the levy of a Facilities Equity Assessment and
20 full findings and decision shall be issued by Watermaster.

21 (d) Operation of Assessment. If Watermaster determines
22 that it is appropriate that a Facilities Equity Assessment be
23 levied in a particular year, the amount of additional supple-
24 mental supplies which should be generated by such assessment
25 shall be estimated. The cost of obtaining such supplies,
26 taking into consideration the investment in necessary
27 facilities shall then be determined and spread equitably among
28 the producers within the pool in a manner so that those

1 producers not providing such additional lower cost supple-
2 mental water, and to whom a financial benefit will result, may
3 bear a proportionate share of said costs, not exceeding said
4 benefit; provided that any producer furnishing such supple-
5 mental water shall not thereby have its average cost of water
6 in such year reduced below such producer's average cost of
7 pumping from the Basin. In so doing, Watermaster shall
8 establish a percentage of the total production by each party
9 which may be produced without imposition of a Facilities
10 Equity Assessment. Any member of the pool producing more
11 water than said percentage shall pay such Facilities Equity
12 Assessment on any such excess production. Watermaster is
13 authorized to transmit and pay the proceeds of such Facilities
14 Equity Assessment to those producers who take less than their
15 share of Basin water by reason of furnishing a higher per-
16 centage of their requirements through use of supplemental
17 water.

18 10. Unallocated Safe Yield Water. To the extent that, in any
19 five years, any portion of the share of Safe Yield allocated to
20 the Overlying (Agricultural) Pool is not produced, such water shall
21 be available for reallocation to members of the Appropriative Pool,
22 as follows:

23 (a) Priorities. Such allocation shall be made in the
24 following sequence:

25 (1) to supplement, in the particular year, water
26 available from Operating Safe Yield to compensate for any
27 reduction in the Safe Yield by reason of recalculation
28 thereof after the tenth year of operation hereunder.

1 (2) pursuant to conversion claims as defined in
2 Subparagraph (b) hereof.

3 (3) as a supplement to Operating Safe Yield,
4 without regard to reductions in Safe Yield.

5 (b) Conversion Claims. The following procedures may be
6 utilized by any appropriator:

7 (1) Record of Land Use Conversion. Any appro-
8 priator who undertakes, directly or indirectly, dur-
9 ing any year, to permanently provide water service to
10 lands which during the immediate preceding five (5)
11 consecutive years was devoted to irrigated agriculture
12 may report such change in land use or water service to
13 Watermaster. Watermaster shall thereupon verify such
14 change in water service and shall maintain a record and
15 account for each appropriator of the total acreage
16 involved and the average annual water use during said
17 five-year period.

18 (2) Establishment of Allocation Percentage. In
19 any year in which unallocated Safe Yield water from
20 the Overlying (Agricultural) Pool is available for such
21 conversion claims, Watermaster shall establish allocable
22 percentages for each appropriator based upon the total
23 of such converted acreage recorded to each such appro-
24 priator's account.

25 (3) Allocation and Notice. Watermaster shall
26 thereafter apply the allocated percentage to the total
27 unallocated Safe Yield water available for special
28 allocation to derive the amount thereof allocable to

each appropriator; provided that in no event shall the allocation to any appropriator as a result of such conversion claim exceed 50% of the average annual amount of water actually applied to the areas converted by such appropriator prior to such conversion. Any excess water by reason of such limitation on any appropriator's right shall be added to Operating Safe Yield. Notice of such special allocation shall be given to each appropriator and shall be treated for purposes of this Physical Solution as an addition to such appropriator's share of the Operating Safe Yield for the particular year only.

(4) Administrative Costs. Any costs of Watermaster attributable to administration of such special allocations and conversion claims shall be assessed against appropriators participating in such reporting.

11. In Lieu Procedures. There are, or may develop, certain areas within Chino Basin where good management practices dictate that recharge of the basin be accomplished, to the extent practical, by taking surface supplies of supplemental water in lieu of ground water otherwise subject to production as an allocated share of Operating Safe Yield.

(a) Method of Operation. Any appropriator producing water within such designated in lieu area who is willing to abstain for any reason from producing any portion of such producer's share of Operating Safe Yield in any year may offer such unpumped water to Watermaster. In such event, Watermaster shall purchase said water in place, in lieu of spreading replenishment water, which is otherwise required to

1 make up for over production. The purchase price for in lieu
2 water shall be the lesser of:

3 (1) Watermaster's current cost of replenishment
4 water, whether or not replenishment water is currently
5 then obtainable, plus the cost of spreading; or

6 (2) The cost of supplemental surface supplies to
7 the appropriator, less

8 a. said appropriator's average cost of
9 ground water production, and

10 b. the applicable production assessment
11 were the water produced.

12 Where supplemental surface supplies consist of MWD or
13 SBVMWD supplies, the cost of treated, filtered State
14 water from such source shall be deemed the cost of
15 supplemental surface supplies to the appropriator for
16 purposes of such calculation.

17 In any given year in which payments may be made pursuant to
18 a Facilities Equity Assessment, as to any given quantity of
19 water the party will be entitled to payment under this
20 section or pursuant to the Facilities Equity Assessment, as
21 the party elects, but not under both.

22 (b) Designation of In Lieu Areas. The first in lieu
23 area is designated as the "In Lieu Area No. 1" and consists
24 of an area wherein nitrate levels in the ground water gen-
25 erally exceed 45 mg/l, and is shown on Exhibit "J" hereto.
26 Other in lieu areas may be designated by subsequent order of
27 Watermaster upon recommendation or approval by Advisory
28 Committee. Said in lieu areas may be enlarged, reduced or

1 eliminated by subsequent orders; provided, however, that
2 designation of In Lieu Areas shall be for a minimum fixed
3 term sufficient to justify necessary capital investment. In
4 Lieu Area No. 1 may be enlarged, reduced or eliminated in
5 the same manner, except that any reduction of its original
6 size or elimination thereof shall require the prior order of
7 Court.

8 12. Carry-over. Any appropriator who produces less than his
9 assigned share of Operating Safe Yield may carry such unexercised
10 right forward for exercise in subsequent years. The first water
11 produced during any such subsequent year shall be deemed to be an
12 exercise of such carry-over right. In the event the aggregate
13 carry-over by any appropriator exceeds its share of Operating Safe
14 Yield, such appropriator shall, as a condition of preserving such
15 surplus carry-over, execute a storage agreement with Watermaster.
16 Such appropriator shall have the option to pay the gross assess-
17 ment applicable to such carry-over in the year in which it accrued.

18 13. Assignment, Transfer and Lease. Appropriative rights,
19 and corresponding shares of Operating Safe Yield, may be assigned
20 or may be leased or licensed to another appropriator for exercise
21 in a given year. Any transfer, lease or license shall be ineffec-
22 tive until written notice thereof is furnished to and approved as
23 to form by Watermaster, in compliance with applicable Watermaster
24 rules. Watermaster shall not approve transfer, lease or license of
25 a right for exercise in an area or under conditions where such
26 production would be contrary to sound basin management or detri-
27 mental to the rights or operations of other producers.

28 14. Rules. The Pool Committee shall adopt rules for

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IRVINE, CALIFORNIA 92715
(714) 752-8971

1 administering its program and in amplification of the provisions,
2 but not inconsistent with, this pooling plan.
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EXHIBIT "I"

ENGINEERING APPENDIX

1. Basin Management Parameters. In the process of implementing the physical solution for Chino Basin, Watermaster shall consider the following parameters:

(a) Pumping Patterns. Chino Basin is a common supply for all persons and agencies utilizing its waters. It is an objective in management of the Basin's waters that no producer be deprived of access to said waters by reason of unreasonable pumping patterns, nor by regional or localized recharge of replenishment water, insofar as such result may be practically avoided.

(b) Water Quality. Maintenance and improvement of water quality is a prime consideration and function of management decisions by Watermaster.

(c) Economic Considerations. Financial feasibility, economic impact and the cost and optimum utilization of the Basin's resources and the physical facilities of the parties are objectives and concerns equal in importance to water quantity and quality parameters.

2. Operating Safe Yield. Operating Safe Yield in any year shall consist of the Appropriative Pool's share of Safe Yield of the Basin, plus any controlled overdraft of the Basin which Watermaster may authorize. In adopting the Operating Safe Yield for any year, Watermaster shall be limited as follows:

(a) Accumulated Overdraft. During the operation of this Judgment and Physical Solution, the overdraft accumulated from and after the effective date of the Physical

1 Solution and resulting from an excess of Operating Safe Yield
2 over Safe Yield shall not exceed 200,000 acre feet.

3 (b) Quantitative Limits. In no event shall Operating
4 Safe Yield in any year be less than the Appropriative Pool's
5 share of Safe Yield, nor shall it exceed such share of Safe
6 Yield by more than 10,000 acre feet. The initial Operating
7 Safe Yield is hereby set at 54,834 acre feet per year.

8 Operating Safe Yield shall not be changed upon less than five
9 (5) years' notice by Watermaster.

10 Nothing contained in this paragraph shall be deemed to authorize,
11 directly or indirectly, any modification of the allocation of
12 shares in Safe Yield to the overlying pools, as set forth in
13 Paragraph 44 of the Judgment.

14 3. Ground Water Storage Agreements. Any agreements author-
15 ized by Watermaster for storage of supplemental water in the
16 available ground water storage capacity of Chino Basin shall
17 include, but not be limited to:

18 (a) The quantities and term of the storage right.

19 (b) A statement of the priority or relation of said
20 right, as against overlying or Safe Yield uses, and other
21 storage rights.

22 (c) The procedure for establishing delivery rates,
23 schedules and procedures which may include

24 [1] spreading or injection, or

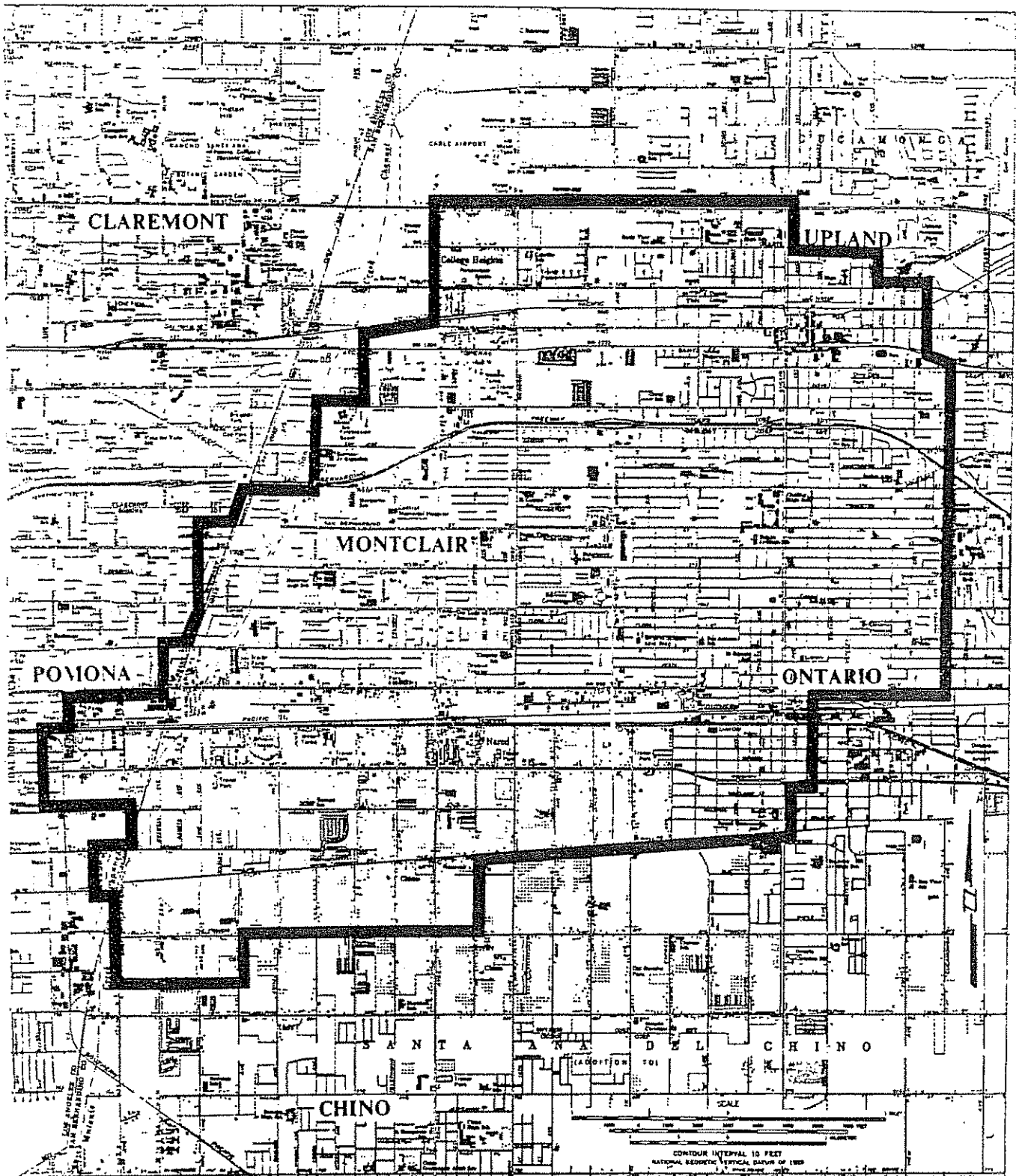
25 [2] in lieu deliveries of supplemental water for
26 direct use.

27 (d) The procedures for calculation of losses and annual
28 accounting for water in storage by Watermaster.

(e) The procedures for establishment and administration of withdrawal schedules, locations and methods.

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CHINO BASIN
IN LIEU AREA NO. 1

LEGAL DESCRIPTION

OF CHINO BASIN

Preamble

All of the townships and ranges referred to in the following legal description are the San Bernardino Base and Meridian. Certain designated sections are implied as the System of Government Surveys may be extended where not established. Said sections are identified as follows:

Section 20, T1N, R8W is extended across Rancho Cucamonga;

Section 36, T1N, R8W is extended across the City of Upland;

Sections 2, 3, and 4, T1S, R7W are extended across Rancho Cucamonga;

Section 10, T1S, R8W is extended across the City of Claremont;

Sections 19, 20, 21, 30, 31 and 32, T1S, R8W are extended across the City of Pomona;

Sections 4, 5, and 28, T2S, R8W are extended across Rancho Santa Ana Del Chino;

Sections 15 and 16, T3S, R7W are extended across Rancho La Sierra; and

Sections 17 and 20, T3S, R7W are extended across Rancho El Rincon.

Description

Chino Basin is included within portions of the Counties of San Bernardino, Riverside and Los Angeles, State of California, bounded by a continuous line described as follows:

BEGINNING at the Southwest corner of Lot 241 as shown on Map of Ontario Colony Lands, recorded in Map Book 11, page 6, Office of the County Recorder of San Bernardino County, said corner being the Point of Beginning;

1. Thence Southeasterly to the Southeast corner

of Lot 419 of said Ontario Colony Lands;

2. Thence Southeasterly to a point 1300 feet North of the South line and 1300 feet East of the West line of Section 4, T1S, R7W;

3. Thence Easterly to a point on the East line of Section 4, 1800 feet North of the Southeast corner of said Section 4;

4. Thence Easterly to the Southeast corner of the Southwest quarter of the Northeast quarter of Section 3, T1S, R7W;

5. Thence Northeasterly to a point on the North line of Section 2, T1S, R7W, 1400 feet East of the West line of said Section 2;

6. Thence Northeasterly to the Southwest corner of Section 18, T1N, R6W;

7. Thence Northerly to the Northwest corner of said Section 18;

8. Thence Easterly to the Northeast corner of said Section 18;

9. Thence Northerly to the Northwest corner of the Southwest quarter of Section 8, T1N, R6W;

10. Thence Easterly to the Northeast corner of said Southwest quarter of said Section 8;

11. Thence Southerly to the Southeast corner of said Southwest quarter of said Section 8;

12. Thence Easterly to the Northeast corner of Section 17, T1N, R6W;

13. Thence Easterly to the Northeast corner of Section 16, T1N, R6W;

14. Thence Southeasterly to the Northwest corner of the Southeast quarter of Section 15, T1N, R6W;

15. Thence Easterly to the Northeast corner of said Southeast quarter of said Section 15;

16. Thence Southeasterly to the Northwest corner of the Northeast quarter of Section 23, T1N, R6W;

17. Thence Southeasterly to the Northwest corner

of Section 25, T1N, R6W;

18. Thence Southeasterly to the Northwest corner of the Northeast quarter of Section 31, T1N, R5W;

19. Thence Southeasterly to the Northeast corner of the Northwest quarter of Section 5, T1S, R5W;

20. Thence Southeasterly to the Southeast corner of Section 4, T1S, R5W;

21. Thence Southeasterly to the Southeast corner of the Southwest quarter of Section 11, T1S, R5W;

22. Thence Southwesterly to the Southwest corner of Section 14, T1S, R5W;

23. Thence Southwest to the Southwest corner of Section 22, T1S, R5W;

24. Thence Southwesterly to the Southwest corner of the Northeast quarter of Section 6, T2S, R5W;

25. Thence Southeasterly to the Northeast corner of Section 18 T2S, R5W;

26. Thence Southwesterly to the Southwest corner of the Southeast quarter of Section 13, T2S, R6W;

27. Thence Southwesterly to the Southwest corner of the Northeast quarter of Section 26, T2S, R6W;

28. Thence Westerly to the Southwest corner of the Northwest quarter of said Section 26;

29. Thence Northerly to the Northwest corner of said Section 26;

30. Thence Westerly to the Southwest corner of Section 21, T2S, R6W;

31. Thence Southerly to the Southeast corner of Section 29, T2S, R6W;

32. Thence Westerly to the Southeast corner of Section 30, T2S, R6W;

33. Thence Southwesterly to the Southwest corner of Section 36, T 2 S, R 7 W;

34. Thence Southwesterly to the Southeast corner

of Section 3, T3S, R7W;

35. Thence Southwesterly to the Southwest corner of the Northeast quarter of Section 10, T3S, R7W;

36. Thence Southerly to the Northeast corner of the Northwest quarter of Section 15, T3S, R7W;

37. Thence Southwesterly to the Southeast corner of the Northeast quarter of Section 16, T3S, R7W;

38. Thence Southwesterly to the Southwest corner of said Section 16;

39. Thence Southwesterly to the Southwest corner of the Northeast quarter of Section 20, T3S, R7W;

40. Thence Westerly to the Southwest corner of the Northwest quarter of said Section 20;

41. Thence Northerly to the Northwest corner of Section 17, T3S, R7W;

42. Thence Westerly to the Southwest corner of Section 7, T3S, R7W;

43. Thence Northerly to the Southwest corner of Section 6, T3S, R7W;

44. Thence Westerly to the Southwest corner of Section 1, T3S, R8W;

45. Thence Northerly to the Southeast corner of Section 35, T2S, R8W;

46. Thence Northwesterly to the Northwest corner of said Section 35;

47. Thence Northerly to the Southeast corner of Lot 33, as shown on Map of Tract 3193, recorded in Map Book 43, pages 46 and 47, Office of the County Recorder of San Bernardino County;

48. Thence Westerly to the Northwest corner of the Southwest quarter of Section 28, T2S, R8W;

49. Thence Northerly to the Southwest corner of Section 4, T2S, R8W;

50. Thence Westerly to the Southwest corner of Section 5, T2S, R8W;

51. Thence Northerly to the Southwest corner of Section 32, T1S, R8W;

52. Thence Westerly to the Southwest corner of Section 31, T1S, R8W;

53. Thence Northerly to the Southwest corner of Section 30, T1S, R8W;

54. Thence Northeasterly to the Southwest corner of Section 20, T1S, R8W;

55. Thence Northerly to the Northwest corner of the Southwest quarter of the Southwest quarter of said Section 20;

56. Thence Northwesterly to the Northeast corner of the Southeast quarter of the Southeast quarter of the Northwest quarter of Section 19, T1S, R8W;

57. Thence Easterly to the Northwest corner of Section 21, T1S, R8W;

58. Thence Northeasterly to the Southeast corner of the Southwest quarter of the Southwest quarter of Section 10, T1S, R8W;

59. Thence Northeasterly to the Southwest corner of Section 2, T1S, R8W;

60. Thence Northeasterly to the Southeast corner of the Northwest quarter of the Northwest quarter of Section 1, T1S, R8W;

61. Thence Northerly to the Northeast corner of the Northwest quarter of the Northeast quarter of Section 36, T1N, R8W;

62. Thence Northerly to the Southeast corner of Section 24, T1N, R8W;

63. Thence Northeasterly to the Southeast corner of the Northwest quarter of the Northwest quarter of Section 20, T1N, R7W; and

64. Thence Southerly to the Point of Beginning.

Sections Included

Said perimeter description includes all or portions of the following Townships, Ranges and Sections of San Bernardino Base and Meridian:

T1N, R5W - Sections: 30, 31 and 32

T1N, R6W - Sections: 8, 14, 15, 16, 17, 18, 19, 20, 21,
22, 23, 25, 26, 27, 28, 29, 30, 31,
32, 33, 34, 35 and 36

T1N, R7W - Sections: 19, 20, 24, 25, 26, 29, 30, 31, 32,
35 and 36

T1N, R8W - Sections: 25 and 36

T1S, R5W - Sections: 4, 5, 6, 7, 8, 9, 10, 11, 14, 15,
16, 17, 18, 19, 20, 21, 22, 28, 29,
30, 31 and 32.

T1S, R6W - Sections: 1 through 36, inclusive

T1S, R7W - Sections: 1 through 36, inclusive

T1S, R8W - Sections: 1, 2, 10, 11, 12, 13, 14, 15, 16, 19,
20, 21, 22, 23, 24, 25, 26, 27, 28,
29, 30, 31, 32, 33, 34, 35 and 36

T2S, R5W - Sections: 6, 7 and 18

T2S, R6W - Sections: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12,
13, 14, 15, 16, 17, 18, 19, 20, 21, 22,
23, 24, 26, 29, 30 and 31

T2S, R7W - Sections: 1 through 36, inclusive

T2S, R8W - Sections: 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14,
15, 16, 21, 22, 23, 24, 25, 26, 27,
28, 35 and 36

T3S, R7W - Sections: 2, 3, 4, 5, 6, 7, 8, 9, 10, 15, 16,
17 and 20

T3S, R8W - Section: 1.



THE DOCUMENT TO WHICH THIS CERTIFICATION IS
ATTACHED IS A FULL, TRUE AND CORRECT COPY OF
THE ORIGINAL ON FILE AND OF RECORD IN MY OFFICE.

OCT 29 2002

ATTEST

Clerk of the Superior Court of the State of
California, in and for the County of
San Bernardino

Deputy

Terry Wittenborn

92 pages

EXHIBIT 2

1 ARTHUR L. LITTLEWORTH (Bar No. 022041)
2 GENE TANAKA (Bar No. 101423)
3 MICHELLE OUELLETTE (Bar No. 145191)
4 BEST, BEST & KRIEGER
5 400 Mission Square
6 3750 University Avenue
7 Post Office Box 1028
8 Riverside, California 92502-1028
9 Telephone: (909) 686-1450

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Attorneys for Kaiser Ventures Inc.
(Formerly known as Kaiser Resources,
Inc.)

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER
DISTRICT,

Plaintiff,

vs.

CITY OF CHINO, et al.

Defendant.

Case No. RCV 51010

NOTICE OF ORDER

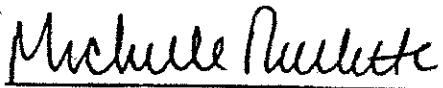
LAW OFFICES OF
BEST, BEST & KRIEGER
400 MISSION SQUARE
3750 UNIVERSITY AVENUE
POST OFFICE BOX 1028
RIVERSIDE, CALIFORNIA 92502

1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

2
3 PLEASE TAKE NOTICE THAT on December 20, 1995 at 8:30 a.m. in
4 Department 7 of the above-entitled Court, Judge King approved a
5 Stipulation and Order. A true and correct copy of the
6 Stipulation and Order is attached.

7
8 Dated: December 22, 1995. BEST, BEST & KRIEGER

9
10 By:



11 Arthur L. Littleworth
12 Gene Tanaka
13 Michelle Ouellette
14 Attorneys for Kaiser Ventures
15 Inc.
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1 ARTHUR L. LITTLEWORTH (Bar No. 022041)
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10
11 Attorneys for Kaiser Ventures Inc.
12 (Formerly known as Kaiser Resources,
13 Inc.)

14
15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16
17 COUNTY OF SAN BERNARDINO

18 CHINO BASIN MUNICIPAL WATER)
19 DISTRICT,)

20 Plaintiff,)

21 vs.)

22 CITY OF CHINO, et al.)

23 Defendant.)

Case No. RCV 51010

STIPULATION AND ORDER FOR
APPROVAL OF WATER RIGHTS
AGREEMENT AND STAY OF
PROCEEDINGS

Date: December 20, 1995

Time: 8:30 a.m.

Dept: 2

LAW OFFICES OF
BEST, BEST & KRIEGER
400 MISSION SQUARE
3750 UNIVERSITY AVENUE
POST OFFICE BOX 1028
RIVERSIDE, CALIFORNIA 92502

PROOF OF SERVICE BY MAIL
(C.C.P. § 1013a(3))

I, Eugenia D. Garcia, am employed in Riverside County, the county where the mailing occurred. My business address is Best, Best & Krieger, 400 Mission Square, 3750 University Avenue, Riverside, California. I am over the age of eighteen years and not a party to the above-captioned action.

I am readily familiar with Best, Best & Krieger's practice for collecting and processing correspondence for mailing with the United States Postal Service. Under that practice, all correspondence is deposited with the United States Postal Service the same day it is collected and processed in the ordinary course of business.


I served the following document(s): NOTICE OF ORDER hereby attached as Exhibit 1] by placing a copy of the document(s) in a separate envelope for each addressee named below and addressed to each such addressee as follows:

SEE ATTACHED SERVICE LIST

On December 27, 1995, at the office of Best, Best & Krieger, 400 Mission Square, 3750 University Avenue, Riverside, California, I sealed and placed each envelope for collection and deposit by Best, Best & Krieger in the United States Postal Service following ordinary business practices.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on December 27, 1995, at Riverside, California.


EUGENIA D. GARCIA

STIPULATION

Kaiser Ventures Inc. (formerly known as Kaiser Resources, Inc.) ("Kaiser"), California Steel Industries, Inc. ("CSI") and Chino Basin Watermaster, (collectively "parties") through their counsel, hereby stipulate to the approval of a document entitled "Water Rights Agreement," incorporated by reference in full and attached as Exhibit "A."

The parties further stipulate to CSI's exclusive right to the beneficial use of the CSI water rights as defined and provided in the document entitled "Water Rights Acknowledgement," made a part of the Water Rights Agreement.

The parties further stipulate to Kaiser's abandonment of water to the Chino Basin Watermaster as defined and provided in the document entitled "Election to Abandon Water to Watermaster," dated October 18, 1995, incorporated by reference in full and attached as Exhibit "B."

The parties further stipulate to Kaiser's and CSI's mutual rights to the beneficial use of the Joint Water Rights as defined and provided in the Water Rights Acknowledgement.

The parties further stipulate to the approval of Kaiser's abandonment of 18,000 acre-feet of its stored water to the Chino Basin Watermaster for the purpose of partially satisfying the

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RIVERSIDE, CALIFORNIA 92502

1 replenishment obligation of the Santa Ana Water Project Authority
2 desalter project, as described in paragraph 9(b) of the Water
3 Rights Agreement.

4
5 The parties further stipulate to a stay of all proceedings
6 with respect to the motions entitled "Joint Motion to Interpret,
7 Enforce, Carry-out, Modify, Amend or Amplify the Judgment Herein"
8 dated August 25, 1992 and "California Steel Industries, Inc.'s
9 Notice of Motion to Interpret, Enforce, Carry-out, Modify, Amend,
10 or Amplify Paragraph 7, Page 66 of Exhibit G of the 1978
11 Judgment" dated March 25, 1993, and upon satisfaction of all
12 conditions of the Settlement Agreement between Kaiser and CSI, to
13 the withdrawal and dismissal of such motions.

14
15 The parties hereby request this Court to enter an order
16 approving the above-referenced matters.

17
18 The parties may execute duplicate originals of this
19 Stipulation.

20 Dated: November 14, 1995

BEST, BEST & KRIEGER

21
22 By: Arthur L. Littleworth
23 Arthur L. Littleworth
24 Gene Tanaka
25 Michelle Ouellette
26 Attorneys for Kaiser Ventures
27 Inc.

28 Dated: November __, 1995

By: Ira Frazer
Attorney for Intervenor
California Steel Industries,
Inc.

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PORT OFFICE BOX 1028
RIVERSIDE, CALIFORNIA 92502

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16 approving the above-referenced matters.

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18 The parties may execute duplicate originals of this
19 Stipulation.

20 Dated: November __, 1995 BEST, BEST & KRIEGER

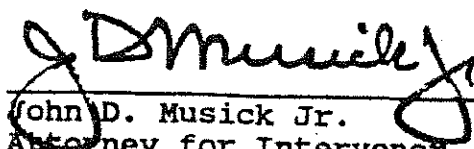
21
22 By: _____
23 Arthur L. Littleworth
24 Gene Tanaka
25 Michelle Ouellette
26 Attorneys for Kaiser Ventures
27 Inc.

28 Dated: November 14, 1995 By: Ira Frazier
Ira Frazier
Attorney for Intervenor
California Steel Industries,
Inc.

LAW OFFICES OF JOHN D. MUSICK, JR.
AND ASSOCIATES

Dated: November 13, 1995

By:


John D. Musick Jr.
Attorney for Intervenor
California Steel Industries,
Inc.

Dated: November __, 1995

NOSSAMAN, GUTHNER, KNOX & ELLIOTT

By:

Frederic Fudacz
Attorneys for Chino Basin
Watermaster

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RIVERSIDE, CALIFORNIA 92502

LAW OFFICES OF JOHN D. MUSICK, JR.
AND ASSOCIATES

Dated: November __, 1995

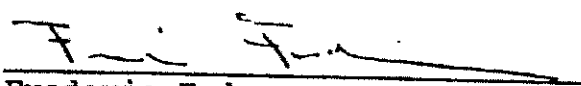
By:

John D. Musick Jr.
Attorney for Intervenor
California Steel Industries,
Inc.

Dated: November 14, 1995

NOSSAMAN, GUTHNER, KNOX & ELLIOTT

By:


Frederic Fudacz
Attorneys for Chino Basin
Watermaster

ORDER

The Court, having reviewed the Stipulation, Water Rights Agreement, Water Rights Acknowledgment and Election to Abandon Water to Watermaster executed by the parties, and good cause appearing:

IT IS HEREBY ORDERED that the Water Rights Agreement attached as Exhibit "A" to the Stipulation is hereby approved.

IT IS FURTHER ORDERED that CSI has an exclusive right to the beneficial use of the CSI water rights as defined in the Water Rights Acknowledgement attached to the Water Rights Agreement.

IT IS FURTHER ORDERED that Kaiser shall abandon water to the Chino Basin Watermaster as provided in the Election to Abandon Water to Watermaster attached as Exhibit "B."

IT IS FURTHER ORDERED that Kaiser and CSI have mutual rights to the beneficial use of the Joint Water Rights as defined and provided in the Water Rights Acknowledgement.

IT IS FURTHER ORDERED that Kaiser's abandonment of 18,000 acre-feet of its stored water to the Chino Basin Watermaster for the purpose of partially satisfying the replenishment obligation of the Santa Ana Water Project Authority desalter project, as described in paragraph 9(b) of the Water Rights Agreement, is hereby approved.

1 IT IS FURTHER ORDERED that all proceedings with respect to
2 the motions entitled "Joint Motion to Interpret, Enforce, Carry-
3 out, Modify, Amend or Amplify the Judgment Herein" dated August
4 25, 1992 and "California Steel Industries, Inc.'s Notice of
5 Motion to Interpret, Enforce, Carry-out, Modify, Amend, or
6 Amplify Paragraph 7, Page 66 of Exhibit G of the 1978 Judgment"
7 dated March 25, 1993, shall be stayed and upon satisfaction of
8 all conditions of the Settlement Agreement between Kaiser and
9 CSI, shall be withdrawn and dismissed.

10
11 Dated this 20th day of December, 1995.

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13 S/ Jeffrey King
14 Judge of the Superior Court
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28

WILLIAM DE KRIEGER
400 MILLER SQUARE
3750 UNIVERSITY AVENUE
PORT OFFICE BOX 1038
RIVERSIDE, CALIFORNIA 92502

WATER RIGHTS AGREEMENT

This WATER RIGHTS AGREEMENT is entered into as of June 1, 1995, by and between Kaiser Ventures Inc. ("KAISER") and California Steel Industries, Inc. ("CSI") with reference to the following facts:

RECITALS

A. From 1942 until 1983, Kaiser Steel Corporation operated a large steel production and processing facility on approximately 2,000 acres of land near Fontana, California, owned by Kaiser Steel Corporation (the "FONTANA PROPERTY"). Pursuant to an Agreement of Purchase and Sale entered into effective as of August 17, 1984, CSI purchased approximately 378 acres of the FONTANA PROPERTY. In 1988 and 1989, CSI acquired from third parties approximately 43 and 29 acres, respectively, of property previously owned by Kaiser Steel Corporation and comprising a portion of the FONTANA PROPERTY. The 378, 43 and 29 acres of the FONTANA PROPERTY formerly owned by Kaiser Steel Corporation and now owned by CSI are hereinafter collectively referred to as the "CSI PROPERTY."

B. Pursuant to the judgment (the "1978 JUDGMENT") in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (the "WATER

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CASE"), non-agricultural overlying rights to the beneficial use of 2,930.274 acre-feet of water annually from the safe yield of the Chino groundwater basin was decreed as set forth at page 60, line 9 of Exhibit "D" to the 1978 JUDGMENT (the "WATER RIGHTS"). The WATER RIGHTS are more specifically described in Section II.B.8 and Exhibits "D" and "G" of the 1978 JUDGMENT.

C. From 1984 through the date of this WATER RIGHTS AGREEMENT, CSI has operated a steel processing plant on the CSI PROPERTY. From 1984 through the date of this WATER RIGHTS AGREEMENT, KAISER delivered water to CSI pursuant to certain utility services agreements.

D. On or about August 25, 1992, CSI and the Chino Basin Watermaster (the "WATERMASTER") filed a "Joint Motion to Interpret, Enforce, Carry-out, Modify, Amend or Amplify the Judgment Herein" in the WATER CASE (the "JOINT MOTION"). KAISER disputed CSI's and WATERMASTER's claims in the JOINT MOTION. The Court referred the JOINT MOTION to a Special Referee for the preparation of a report and recommendation. Although the Special Referee's report has been filed with the Court, no final order on the JOINT MOTION has been entered by the Court.

E. On or about March 25, 1993, CSI filed "California Steel Industries, Inc.'s Notice of Motion to Interpret, Enforce, Carry-out, Modify, Amend, or Amplify Paragraph 7, Page 66 of Exhibit G of the 1978 Judgment" (the "EXHIBIT G MOTION"). KAISER disputed CSI's claims in the EXHIBIT G MOTION. The Court

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has not ruled on the EXHIBIT G MOTION pending its ruling on the JOINT MOTION.

F. On October 21, 1993, the California Regional Water Quality Control Board, Santa Ana Region (the "RWQCB") adopted Resolution No. 93-72, which allowed KAISER to fulfill certain groundwater remediation obligations described therein by participating in a desalter project being undertaken by the Santa Ana Watershed Project Authority pursuant to the terms of a Salt Offset Agreement (the "SALT OFFSET AGREEMENT"). CSI objected to the Resolution and, on or about March 10, 1994, brought an action to contest the Resolution and the SALT OFFSET AGREEMENT, such action being entitled California Steel Industries, Inc. v. California Regional Water Quality Control Board, Santa Ana Region, San Bernardino County Superior Court Case No. SCV 10862 (the "SALT OFFSET ACTION"). The SALT OFFSET ACTION has been dismissed.

G. KAISER has entered into Chino Basin Local Storage Agreements 9.0 and 9.1, which permit the storage of a total of 30,000 acre feet of overlying water rights carried over from preceding years. As of June 30, 1994, 21,046.61 acre feet of water were in storage under those contracts and 2,930.274 acre-feet of water was held as carryover water. Those contracts have expired and, as of the date of this WATER RIGHTS AGREEMENT, KAISER is attempting to renew or to replace those contracts. As used herein, the term "LOCAL STORAGE AGREEMENTS" refers to Local

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Storage Agreements 9.0 and 9.1, as well as to any renewals or replacements of those agreements that KAISER may obtain.

H. Concurrently with their execution of this WATER RIGHTS AGREEMENT, the parties are entering into a "Settlement Agreement" for the purpose of resolving a number of disputes as between them (the "SETTLEMENT AGREEMENT").

I. The parties would like to compromise and settle their disputes concerning CSI's and KAISER's entitlement to certain of the WATER RIGHTS and the proposed amendments to the Watermaster Rules and Regulations currently being litigated in the WATER CASE as a result of the JOINT MOTION and the EXHIBIT G MOTION.

In compromise of the disputes between the parties regarding the ownership and use of the WATER RIGHTS, including all carryover and storage rights associated therewith, and in consideration of the mutual promises set forth in the SETTLEMENT AGREEMENT and in this WATER RIGHTS AGREEMENT, the parties agree as follows:

1. Incorporation of defined terms.

Except as explicitly set forth herein, each of the terms defined in the SETTLEMENT AGREEMENT and the exhibits to the SETTLEMENT AGREEMENT used in this WATER RIGHTS AGREEMENT shall have the meaning ascribed to them in the SETTLEMENT AGREEMENT and the exhibits to the SETTLEMENT AGREEMENT.

2. Appointment of Escrow.

Concurrently with their execution of this WATER RIGHTS AGREEMENT, the parties hereto shall execute escrow instructions, in the form attached to the SETTLEMENT AGREEMENT as Exhibit "2," appointing State Street Bank and Trust of California, N.A. ("ESCROW HOLDER") to act as the escrow holder under the terms of this WATER RIGHTS AGREEMENT.

3. Allocation of WATER RIGHTS.

In compromise of the disputes between the parties, including their claimed entitlement to beneficially use the WATER RIGHTS and carryover and storage rights associated therewith, and in consideration of the mutual covenants set forth in the SETTLEMENT AGREEMENT, concurrently with their execution of this WATER RIGHTS AGREEMENT, KAISER and CSI shall execute and deliver to ESCROW HOLDER a "Water Rights Acknowledgment" in the form attached hereto as Exhibit "A" (the "WATER RIGHTS ACKNOWLEDGMENT"). Within seven (7) days of this WATER RIGHTS AGREEMENT becoming effective, ESCROW HOLDER shall deliver the WATER RIGHTS ACKNOWLEDGMENT to CSI, which may then record the WATER RIGHTS ACKNOWLEDGMENT in the Official Records of the County Recorder of San Bernardino County, California and otherwise proceed in accordance with the 1978 JUDGMENT by filing the WATER RIGHTS ACKNOWLEDGMENT with WATERMASTER.

4. ASSIGNMENT of WATER RIGHTS.

Immediately after executing this WATER RIGHTS AGREEMENT, the parties will jointly undertake to enter into an appropriate agency agreement, pursuant to Paragraph 6 of Exhibit "G" of the 1978 JUDGMENT, and the rules and regulations of WATERMASTER, and consistent with the provisions of this WATER RIGHTS AGREEMENT and the WATER RIGHTS ACKNOWLEDGEMENT respecting the use and priorities of the "Joint Water Rights" described in the WATER RIGHTS ACKNOWLEDGMENT (the "JOINT WATER RIGHTS"), with the San Gabriel Valley Water Company (the "WATER COMPANY"), pursuant to which:

a. the PARTIES shall assign the JOINT WATER RIGHTS to the WATER COMPANY for a period ending upon June 30, 2005, and

b. the WATER COMPANY shall:

(1) provide water service to the overlying lands of CSI and KAISER, subject to the provisions of paragraph 4(b)(1) of the WATER RIGHTS ACKNOWLEDGMENT, and

(2) pay to KAISER an amount equal to at least 90% of the then-current replenishment charge for the CHINO BASIN for such portion of the JOINT WATER RIGHTS as may be used by CSI or KAISER.

In the event such an agency agreement is not consummated with the WATER COMPANY, CSI shall pay KAISER an amount equal to 90% of the then-current replenishment charge for

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the CHINO BASIN for all or any portion of the JOINT WATER RIGHTS used by CSI on its lands.

5. Agreement to be delivered to WATERMASTER.

A copy of this WATER RIGHTS AGREEMENT and of the WATER RIGHT ACKNOWLEDGMENT shall be delivered to WATERMASTER by CSI and KAISER, with directions to modify WATERMASTER's records in accordance therewith. CSI and KAISER shall jointly request that WATERMASTER correct its records to reflect the allocation of water set forth in the WATER RIGHTS ACKNOWLEDGMENT.

6. Acknowledgment of source of water delivered to CSI by KAISER.

CSI and KAISER agree that, from 1984 through 1994, all of the water delivered to CSI by KAISER was derived from either KAISER's rights as a shareholder of Fontana Union Mutual Water Company or from the "CSI Water Rights" as described in the WATER RIGHTS ACKNOWLEDGMENT (the "CSI WATER RIGHTS"), or both. To the extent that the water produced and delivered by KAISER to CSI was derived from the CSI WATER RIGHTS, or CSI's stored water resulting from the CSI WATER RIGHTS, such water was delivered by KAISER to CSI at CSI's request and on CSI's behalf.

7. Effect of WATER RIGHTS AGREEMENT upon prior water charges.

Notwithstanding the provisions of this WATER RIGHTS AGREEMENT and the WATER RIGHTS ACKNOWLEDGMENT, neither KAISER nor CSI shall be entitled to any adjustments to previously

billed rates and charges for past deliveries of water to CSI by KAISER.

8. (1) WATER RIGHTS defined by 1978 JUDGMENT.

The WATER RIGHTS are subject to the provisions of the 1978 JUDGMENT, which defines and limits their use. Nothing in this WATER RIGHTS AGREEMENT or the WATER RIGHTS ACKNOWLEDGMENT is intended to change or modify the nature or use of the WATER RIGHTS in a manner inconsistent with the 1978 JUDGMENT.

9. Performance of SALT OFFSET AGREEMENT.

a. KAISER acknowledges its obligations, pursuant to the terms of the SALT OFFSET AGREEMENT, to abandon to the WATERMASTER 1,000 acre-feet of water a year for 25 years to satisfy the replenishment obligation of the SAWPA desalter project. KAISER and CSI agree that KAISER'S obligation to abandon water to WATERMASTER hereunder shall be an obligation expressly made for the benefit of WATERMASTER and enforceable by WATERMASTER pursuant to the continuing jurisdiction of the Court under the 1978 JUDGMENT. The parties agree that the obligations of KAISER to WATERMASTER under this agreement shall be binding upon KAISER's successors and assigns.

b. In partial satisfaction of its obligations under the SALT OFFSET AGREEMENT, on or before December 1, 1995, KAISER shall irrevocably abandon to the WATERMASTER at least 18,000 acre feet of its stored water for the purpose of

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satisfying the replenishment obligation of the SAWPA desalter project.

c. To the extent that CSI does not make use of the JOINT WATER RIGHTS, as defined in the WATER RIGHTS ACKNOWLEDGMENT, during the INTERIM PERIOD, as defined therein, KAISER shall either:

(1) irrevocably abandon said water to the WATERMASTER for the purpose of satisfying the replenishment obligation of the SAWPA desalter project or

(2) store said water under the LOCAL STORAGE AGREEMENTS and account for the storage of such water separately from the remainder of the water stored under the LOCAL STORAGE AGREEMENTS.

d. To the extent that KAISER has not already fulfilled all of its obligations to provide water to the SAWPA desalter project, during the FINAL PERIOD, as that term is defined in the WATER RIGHTS ACKNOWLEDGMENT, KAISER shall either:

(1) irrevocably abandon to the WATERMASTER for the purpose of satisfying the replenishment obligation of the SAWPA desalter project the water to which it is entitled by reason of the JOINT WATER RIGHTS or

(2) store said water under the LOCAL STORAGE AGREEMENTS and account for the storage of such water separately from the remainder of the water stored under the LOCAL STORAGE AGREEMENTS.

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e. To the extent that KAISER elects to store water as provided at paragraphs 9(c)(2) and 9(d)(2) of this WATER RIGHTS AGREEMENT, KAISER shall abandon a sufficient quantity of said water to the WATERMASTER for the purpose of satisfying the replenishment obligation of the SAWPA desalter project, at or before the time that it is obligated to provide such water under the SALT OFFSET AGREEMENT, so as to satisfy its obligations under the SALT OFFSET AGREEMENT at or before the time that said obligations are due.

10. Court approval of WATER RIGHTS AGREEMENT.

Within thirty days following their execution of this WATER RIGHTS AGREEMENT, the PARTIES shall jointly petition the court having jurisdiction over the WATER CASE for an order:

- a. approving this WATER RIGHTS AGREEMENT,
- b. decreeing CSI's exclusive right to the beneficial use of the CSI WATER RIGHTS and the parties' mutual rights to the beneficial use of the JOINT WATER RIGHTS as provided in the WATER RIGHTS ACKNOWLEDGMENT, and
- c. approving KAISER's abandonment of 18,000 acre feet of its stored water to the WATERMASTER for the SAWPA desalter project as described at paragraph 9(b) if this WATER RIGHTS AGREEMENT.

Pending the entry of such an order, the parties shall request that the court having jurisdiction over the WATER CASE stay all proceedings with respect to the JOINT MOTION and the EXHIBIT G

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MOTION. Upon the entry of a final order as set forth above, and all of the conditions to the effectiveness of the SETTLEMENT AGREEMENT having been satisfied, CSI shall execute a "Notice of Withdrawal of Motion" with respect to the JOINT MOTION and the EXHIBIT G MOTION in the form attached hereto as Exhibit "B."

11. Condition to effectiveness of WATER RIGHTS AGREEMENT.

This WATER RIGHTS AGREEMENT shall become effective upon the entry of an order of the Court in the WATER CASE approving this WATER RIGHTS AGREEMENT as provided herein.

12. Advice of counsel.

The PARTIES represent and warrant that they have sought and obtained the advice and counsel of their attorneys with respect to this WATER RIGHTS AGREEMENT.

13. Amendment.

This WATER RIGHTS AGREEMENT cannot be modified except by written document signed by all of the PARTIES.

14. Choice of laws.

This WATER RIGHTS AGREEMENT shall in all respects be interpreted, enforced, and governed by and under the internal laws of the State of California.

15. Interpretation of WATER RIGHTS AGREEMENT.

This WATER RIGHTS AGREEMENT has been mutually drafted. The language of this WATER RIGHTS AGREEMENT shall be

construed as a whole according to a fair meaning, and not strictly for or against any of the parties.

16. Costs.

The parties shall each bear their own respective attorneys' fees and costs in connection with the JOINT MOTION, the EXHIBIT G MOTION and the preparation of this WATER RIGHTS AGREEMENT.

17. Attorney's fees.

In the event that either of the parties breaches this WATER RIGHTS AGREEMENT, the breaching party or parties shall pay each prevailing party all costs of any action or proceeding for damages and/or enforcement, including reasonable attorney's fees and costs.

18. Integration.

This WATER RIGHTS AGREEMENT is part of the SETTLEMENT AGREEMENT and is subject to its terms and conditions. Except as explicitly set forth in the SETTLEMENT AGREEMENT, this WATER RIGHTS AGREEMENT constitutes the final and complete agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior or contemporaneous negotiations, promises, covenants, agreements or representations concerning any matters directly, indirectly or collaterally related to the subject matter of this WATER RIGHTS AGREEMENT. The parties hereto have expressly and intentionally included in this WATER RIGHTS AGREEMENT and the SETTLEMENT AGREEMENT all

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collateral or additional agreements which may, in any manner, touch or relate to any of the subject matter of this WATER RIGHTS AGREEMENT and, therefore, all promises, covenants and agreements, collateral or otherwise, are included herein and therein. It is the intention of the parties to this WATER RIGHTS AGREEMENT that it and the SETTLEMENT AGREEMENT shall constitute an integration of all their agreements, and each understands that in the event of any subsequent litigation, controversy or dispute concerning any of its terms, conditions or provisions, no party hereto shall be permitted to offer or introduce any oral or extrinsic evidence concerning any other collateral or oral agreement between the parties not included herein or in the SETTLEMENT AGREEMENT.

19. Counterparts.

This WATER RIGHTS AGREEMENT may be executed in counterparts by the PARTIES and shall become effective and binding at such time as all of the PARTIES have signed a counterpart of this WATER RIGHTS AGREEMENT.

WHEREFORE, the parties hereto have executed this WATER RIGHTS AGREEMENT as of the date and year set forth above.

Dated: October 5, 1995 KAISER VENTURES INC.

By: 

Dated: _____, 1995 CALIFORNIA STEEL INDUSTRIES, INC.

By: 

(Signatures continued to next page)

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September 25, 1995

APPROVED AS TO FORM:

Dated: Oct 17, 1995 BEST, BEST & KRIEGER

By: Arthur L. Littleworth
Arthur L. Littleworth
Anne T. Thomas
Gene Tanaka
Attorneys for KAISER
Ventures, Inc.

Dated: Oct 24, 1995 LAW OFFICES OF JOHN D. MUSICK, JR.
AND ASSOCIATES

By: John D. Musick, Jr.
John D. Musick, Jr.
Attorneys for California Steel
Industries, Inc.

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WATER RIGHTS ACKNOWLEDGMENT

This Water Rights Acknowledgment (the "WATER RIGHTS ACKNOWLEDGMENT") is entered into as of June 1, 1995, by and between Kaiser Ventures Inc. ("KAISER") and California Steel Industries, Inc. ("CSI").

RECITALS

A. From 1942 until 1983, Kaiser Steel Corporation operated a large steel production and processing facility on approximately 2,000 acres of land near Fontana, California, owned by Kaiser Steel Corporation (the "FONTANA PROPERTY"). Pursuant to an Agreement of Purchase and Sale entered into effective as of August 17, 1984, CSI purchased approximately 378 acres of the FONTANA PROPERTY. In 1988 and 1989, CSI acquired from third parties approximately 43 and 29 acres, respectively, of property previously owned by Kaiser Steel Corporation and comprising a portion of the FONTANA PROPERTY. The 378, 43 and 29 acres of the FONTANA PROPERTY formerly owned by Kaiser Steel Corporation and now owned by CSI are hereinafter collectively referred to as the "CSI PROPERTY."

B. Pursuant to the judgment (the "1978 JUDGMENT") in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court, Case No. RCV 51010 (the "WATER

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CASE"), non-agricultural overlying rights to the beneficial use of 2,930.274 acre feet of water annually from the safe yield of the Chino groundwater basin was decreed as set forth at page 60, line 9 of Exhibit "D" to the 1978 JUDGMENT (the "WATER RIGHTS"). The WATER RIGHTS are more specifically described in Section II.B.8 and Exhibits "D" and "G" of the 1978 JUDGMENT.

C. KAISER has entered into Chino Basin Local Storage Agreements 9.0 and 9.1, which permit the storage of a total of 30,000 acre feet of overlying water rights carried over from preceding years. As of June 30, 1994, 21,046.61 acre feet of water were in storage under those contracts and 2,930.274 acre-feet of water was held as carryover water. Those contracts have expired and, as of the date of this WATER RIGHTS ACKNOWLEDGMENT, KAISER is attempting to renew or to replace those contracts. As used herein, the term "LOCAL STORAGE AGREEMENTS" refers to Local Storage Agreements 9.0 and 9.1, as well as to any renewals or replacements of those agreements that KAISER may obtain.

D. From 1984 through the date of this WATER RIGHTS ACKNOWLEDGMENT, CSI has operated a steel processing plant on the CSI PROPERTY. From 1984 through the date of this WATER RIGHTS ACKNOWLEDGMENT, KAISER delivered water to CSI pursuant to certain utility services agreements.

E. On or about August 25, 1992, CSI and the Chino Basin Watermaster (the "WATERMASTER") filed a "Joint Motion to Interpret, Enforce, Carry-out, Modify, Amend or Amplify the

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Judgment Herein" in the WATER CASE (the "JOINT MOTION"). KAISER disputed CSI's claims in the JOINT MOTION.

F. On or about March 25, 1993, CSI filed "California Steel Industries, Inc.'s Notice of Motion to Interpret, Enforce, Carry-out, Modify, Amend, or Amplify Paragraph 7, Page 66 of Exhibit G of the 1978 Judgment" (the "EXHIBIT G MOTION"). KAISER disputed CSI's claims in the EXHIBIT G MOTION. The Court has not ruled on the EXHIBIT G MOTION.

G. On October 21, 1993, the California Regional Water Quality Control Board, Santa Ana Region (the "RWQCB") adopted Resolution No. 93-72, which was intended to allow KAISER to fulfill certain groundwater remediation obligations described therein by participating in a desalter project being undertaken by the Santa Ana Watershed Project Authority pursuant to the terms of a "Salt Offset Agreement" (the "SALT OFFSET AGREEMENT"). CSI objected to the SALT OFFSET AGREEMENT and filed a petition for a writ of mandate, which has now been dismissed.

H. Concurrently with their execution of this WATER RIGHTS ACKNOWLEDGMENT, the parties are entering into a "Settlement Agreement" (the "SETTLEMENT AGREEMENT") and a Ground Water Indemnity Agreement (the "GROUNDWATER INDEMNITY AGREEMENT"), for the purposes of resolving certain disputes and allocating certain liabilities and potential liabilities as between them, and a "Water Rights Agreement," for the purpose of resolving their disputes relating to the WATER RIGHTS and

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carryover and storage rights associated therewith (the "WATER RIGHTS AGREEMENT"). The PARTIES are entering into this WATER RIGHTS ACKNOWLEDGMENT for the purpose of effectuating the foregoing Agreements.

IT IS THEREFORE agreed that:

1. Incorporation of defined terms.

Except as explicitly set forth herein, each of the terms defined in the SETTLEMENT AGREEMENT and the exhibits to the SETTLEMENT AGREEMENT used in this WATER RIGHTS ACKNOWLEDGMENT shall have the meaning ascribed to them in the SETTLEMENT AGREEMENT and the exhibits to the SETTLEMENT AGREEMENT.

2. Acknowledgment of CSI WATER RIGHTS.

KAISER heraby recognizes CSI's sole ownership and exclusive right to use the following portions of the WATER RIGHTS and formally relinquishes any right title, claims or interest in said portions of the WATER RIGHTS to CSI:

a. 1000 acre feet annually of the decreed WATER RIGHTS as of August 17, 1984, including all right, title and interest to carried-over and stored water resulting from an under exercise of those rights occurring on and after August 17, 1984;

b. 300 acre feet annually of the decreed WATER RIGHTS as of July 1, 1995, including all right, title and interest to carried-over and stored water resulting from an under exercise of those rights occurring on and after July 1, 1995;

c. The unused balance of the 1000 acre feet of the decreed WATER RIGHTS referred to at paragraph 2(a), above, consisting of 510.14 acre feet of existing storage, as of June 30, 1994, held under the LOCAL STORAGE AGREEMENTS; and

d. 3024.09 acre feet of KAISER's capacity storage right under the LOCAL STORAGE AGREEMENTS, which provide, or it is anticipated will provide, for a total storage capacity of 30,000.00 acre feet.

3. Acknowledgment of KAISER WATER RIGHTS.

CSI hereby recognizes KAISER's sole ownership and exclusive right to use the following portions of the WATER RIGHTS and formally relinquishes any right title, claims or interest in said portions of the WATER RIGHTS to KAISER:

a. 2930.274 acre feet annually of the decreed WATER RIGHTS, including all right, title and interest to carried-over and stored water resulting from an under exercise of those rights from the date of the entry of the 1978 JUDGMENT through August 17, 1984;

b. 1000 acre feet annually of the decreed WATER RIGHTS, including all right, title and interest to carried-over and stored water resulting from an under exercise of those rights, effective August 17, 1984, and at all times thereafter;

c. 21,535.44 acre feet of stored water, as of June 30, 1994, held under the LOCAL STORAGE AGREEMENTS with WATERMASTER;

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d. 1,930.274 acre-feet of carried over water:

and

e. 26,975.91 acre feet of the capacity storage right in the LOCAL STORAGE AGREEMENTS.

4. Acknowledgment of Joint WATER RIGHTS.

KAISER and CSI acknowledge that they have jointly held ownership of the following WATER RIGHTS:

a. 930.274 acre feet annually of the decreed WATER RIGHTS, including all right title and interest to carried-over and stored water resulting from an under exercise of those rights, effective August 17, 1984 and continuing through and including June 30, 1995; provided that KAISER had the exclusive right to the use of the foregoing water, together with the rights to carried-over and storage water resulting from the under exercise of those rights.

b. 630.274 acre feet annually of the decreed WATER RIGHTS, including all right, title and interest to carried-over and stored water resulting from an under exercise of those rights, effective July 1, 1995 (the "JOINT WATER RIGHTS"); provided that:

(1) Interim Period.

CSI shall have the first priority for use of the JOINT WATER RIGHTS on its lands from July 1, 1995 through June 30, 2005 (the "INTERIM PERIOD"), provided it first puts to use the 1,300 acre-feet referred to at paragraphs 2(a)

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and 2(b) of this WATER RIGHTS ACKNOWLEDGMENT plus any water in CSI's carry-over and/or storage account. KAISER shall have the right to use any portion of the JOINT WATER RIGHTS not used by CSI during the INTERIM PERIOD. KAISER shall have the exclusive right to carry over and store for its benefit, including satisfaction of its obligations under the SALT OFFSET AGREEMENT, any unexercised portion of the JOINT WATER RIGHTS during the INTERIM PERIOD.

(2) July 1, 2005 and thereafter.

KAISER shall have the first priority for the use of the JOINT WATER RIGHTS on the KAISER PROPERTY, or in fulfillment of its obligations under the SALT OFFSET AGREEMENT, from July 1, 2005 and thereafter (the "FINAL PERIOD"), provided: (1) with respect to its use to fulfill its obligations under the SALT OFFSET AGREEMENT, KAISER shall first exhaust any water it may have in its storage account and then shall have put to beneficial use on the KAISER PROPERTY, or used in fulfillment of its salt offset obligations, its right to the 1000 acre feet of water referred to in paragraph 3(b) above before making any use of the JOINT WATER RIGHTS and (2) with respect to its use on the KAISER PROPERTY, KAISER shall first exhaust its right to the 1000 acre feet referred to at paragraph 3(b) above and then any water that it may have in its storage account before making any use of the JOINT WATER RIGHTS. CSI shall have the right to use any portion of the JOINT WATER RIGHTS not used by KAISER during the

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September 26, 1995

FINAL PERIOD. KAISER shall have the right to carry over and store for its sole benefit any unexercised portion of the JOINT WATER RIGHTS during the FINAL PERIOD.

(3) KAISER's use of the JOINT WATER RIGHTS, and any water carried over and stored for KAISER's benefit as a result of the JOINT WATER RIGHTS, is subject to KAISER's obligations under the WATER RIGHTS AGREEMENT.

Dated: October 5, 1995 KAISER VENTURES INC.

By: *David M. Lawton, Pres. - CEO*

Dated: _____, 1995 CALIFORNIA STEEL INDUSTRIES, INC.

By: *[Signature]*

APPROVED AS TO FORM:

Dated: Oct. 17, 1995 BEST, BEST & KRIEGER

By: *Arthur L. Littleworth*
Arthur L. Littleworth
Anne T. Thomas
Gene Tanaka
Attorneys for KAISER
Ventures, Inc.

Dated: Oct 24, 1995 LAW OFFICES OF JOHN D. MUSICK, JR.
AND ASSOCIATES

By: *John D. Musick, Jr.*
John D. Musick, Jr.
Attorneys for California Steel
Industries, Inc.

LA02/92143.8

September 26, 1995

STATE OF CALIFORNIA

San Bernardino
COUNTY OF LOS ANGELES

On October 5, 1995 before me, Patricia M. Williams, personally appeared Daniel N. Zabus, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose names are subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Patricia M. Williams
Signature of Notary Public

LA02/92143.B

September 26 1995

EXHIBIT 3

HATCH AND PARENT
21 East Carrillo Street
Santa Barbara, CA 93101

1 Scott S. Slater (SBN 117317)
Michael T. Fife (SBN 203025)
2 HATCH AND PARENT
21 East Carrillo Street
3 Santa Barbara, CA 93101
Phone: 805-963-7000
4 Fax: 805-965-4333

5 Attorneys for CHINO BASIN WATERMASTER
6
7
8

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF SAN BERNARDINO - RANCHO CUCAMONGA DIVISION
11

12 CHINO BASIN MUNICIPAL WATER DISTRICT,

13 Plaintiff,

14 v.

15 THE CITY OF CHINO,

16 Defendants.
17
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19
20
21

CASE NO. RCV 51010

Judge: Honorable J. MICHAEL GUNN

WATERMASTER JOINDER TO
PETITION IN INTERVENTION BY
CCG ONTARIO, LLC

Hearing Date: July 19, 2001
Time: 2:00 p.m.
Dept: R15

22 CHINO BASIN WATERMASTER hereby joins in the Petition in Intervention filed by
23 CCG Ontario, LLC.

24 The Petition in Intervention was submitted to and approved by the Non-Agricultural Pool
25 and the Appropriative Pool on June 14, 2001. The Agricultural Pool likewise approved the
26 Petition on June 19, 2001. Upon the recommendations of the Pools, the Advisory Committee and
27 Board approved the Petition on June 28, 2001.
28

FEE EXEMPT

FILED - West District
San Bernardino County Clerk

JUN 29 2001

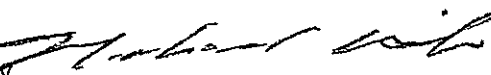
By Susan King
Deputy

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THEREFORE, Watermaster requests the Court to approve the intervention of CCG Ontario, LLC as specified in CCG Ontario's Petition in Intervention.

DATED: June 28, 2001

HATCH AND PARENT

By 

SCOTT S. SLATER
MICHAEL T. FIFE
Attorneys for Chino Basin Watermaster

1 ALLEN MATKINS LECK GAMBLE & MALLORY LLP
JAN S. DRISCOLL (CA State Bar No. 065967)
2 501 West Broadway, Ninth Floor
San Diego, California 92101-3577
3 Telephone: (619) 233-1155
Facsimile: (619) 233-1158

4 Attorneys for Petitioner
5 CCG ONTARIO, LLC

6
7
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO

10
11 CHINO BASIN MUNICIPAL WATER
DISTRICT,

12 Plaintiff,

13 vs.

14 CITY OF CHINO, et al.,

15 Defendant.
16

Case No. RCV 51010

(Formerly Case No. SCV 164327))

PETITION IN INTERVENTION

17
18 Petitioner, CCG Ontario, LLC, alleges and prays as follows:

19 1. CCG Ontario, LLC is a wholly owned subsidiary of Catellus Commercial
20 Group, LLC.

21 2. By grant deed duly recorded in the Official Records of the County of San
22 Bernardino, Document No. 20000294484 on August 16, 2000, Kaiser Steel and Development, Inc.
23 and Kaiser Ventures, Inc. (successor by merger to Kaiser Steel Corporation) ("Kaiser"), granted
24 certain real property located in the County of San Bernardino, State of California, together with all
25 right, title and interest of Kaiser to water rights appurtenant to such real property. The water rights
26 comprise those overlying (non-agricultural) pool water rights pursuant and subject to the
27 Judgment in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino
28 Superior Court Case No. RCV 51010 (1978), as amended, described as follows: (i) 525 annual

1 acre-feet; (ii) 475 annual acre-feet as tenants in common with The California Speedway
2 Corporation ("TCS") with TCS having the right of first use; (iii) 630.274 acre-feet as tenants in
3 common with California Steel Industries Inc. ("CSI"), with CSI having the right of use, with
4 payment to Kaiser Ventures, Inc., through June 30, 2004, and Kaiser Ventures, Inc. having the
5 right of first use thereafter; and (iv) all amounts that are in storage for Kaiser pursuant to local
6 storage agreements with the Chino Basin Watermaster.

7 3. Paragraph 60 of the Judgment herein provides that any non-party assignee
8 of the adjudicated appropriative of rights of any appropriator, or any other person duly proposing
9 to produce water from the Chino Basin may become a party to the Judgment upon filing a petition
10 in intervention.

11 4. Paragraph 63 of the Judgment herein provides that the Judgment is
12 applicable to and binding upon successors and assigns of parties to the action.

13 5. Kaiser Steel Corporation is listed as a party on Exhibit D, "Overlying Non-
14 Agricultural Rights," of the Judgment herein. As the grantee of the water rights, CCG is the
15 assignee of the adjudicated rights of Kaiser Steel Corporation. Neither Kaiser Steel Corporation
16 nor Kaiser Ventures, Inc. has any remaining interest in the Overlying Non-Agricultural rights
17 shown on Exhibit D.

18 6. CCG wishes to become a party to the Judgment and to thereafter be a party
19 bound by the Judgment and entitled to the rights and privileges accorded under the Physical
20 Solution in the Judgment through the Overlying Non-Agricultural pool in place of Kaiser Steel
21 Corporation and Kaiser Ventures, Inc.

22 WHEREFORE, CCG Ontario Ventures, LLC prays that:

23 1. CCG Ontario Ventures, LLC be granted leave to intervene as a party to the
24 Judgment herein;

25 2. CCG Ontario Ventures, LLC be bound by the Judgment and entitled to the
26 rights and privileges accorded under the Physical Solution in the Judgment through the Overlying
27 Non-Agricultural Pool in place of Kaiser Steel Corporation and Kaiser Ventures, Inc.; and
28

1 3. CCG Ontario Ventures, LLC requests the Court to recognize its Overlying
2 Non-Agricultural Rights as follows:

3 (a) 525 annual acre feet;

4 (b) 475 annual acre feet as tenants in common with the California
5 Speedway Corporation ("TCS") with TCS having the right of first use;

6 (c) 630.274 acre feet as tenants in common with California Steel
7 Industries, Inc. ("CSI"), with CSI having the right of use, with payment to CCG Ontario, LLC,
8 through June 30, 2004, and CCG Ontario, LLC having the right of first use thereafter;

9 (d) the amount that is in storage for Kaiser pursuant to local storage
10 agreements with the Chino Basin Watermaster, which was 4,547.044 as of June 30, 2000; and

11 4. Such other relief as the Court deems appropriate.

12
13 Date: 6/15/2001

Respectfully Submitted

14 ALLEN MATKINS LECK GAMBLE &
15 MALLORY, LLP

16 By: Jan S. Driscoll
17 Jan S. Driscoll
18 Attorney for CCG Ontario, LLC
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26
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1 ALLEN MATKINS LECK GAMBLE & MALLORY LLP
JAN S. DRISCOLL (CA State Bar No. 065967)
2 501 West Broadway, Ninth Floor
San Diego, California 92101-3577
3 Telephone: (619) 233-1155
Facsimile: (619) 233-1158

4 Attorneys for Petitioner
5 CCG ONTARIO, LLC

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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO

10
11 CHINO BASIN MUNICIPAL WATER
DISTRICT,

12 Plaintiff,

13 vs.

14 CITY OF CHINO, et al.,

15 Defendant.
16

Case No. RCV 51010

(Formerly Case No. SCV 164327))

DECLARATION OF CHARLES A.
McPHEE IN SUPPORT OF PETITION IN
INTERVENTION

17
18 I, Charles A. McPhee, declare:

19 1. I am Senior Vice President of CCG Ontario, LLC ("CCG"), a wholly
20 owned subsidiary of Catellus Commercial Group, LLC.

21 2. By grant deed duly recorded in the Official Records of the County of
22 San Bernardino, Document No. 20000294484 on August 16, 2000, Kaiser Steel and
23 Development, Inc. and Kaiser Ventures, Inc. (successor by merger to Kaiser Steel
24 Corporation) ("Kaiser"), granted to CCG certain real property located in the County of San
25 Bernardino, State of California, together with all right, title and interest of Kaiser to water
26 rights appurtenant to such real property. The appurtenant rights comprise those overlying
27 (non-agricultural) pool water rights pursuant and subject to the Judgment in Chino Basin
28 Municipal Water District v. City of Chino, et al., San Bernardino Superior Court Case

1 No. RCV 51010 (1978), as amended, described as follows: (i) 525 annual acre-feet;
2 (ii) 475 annual acre-feet as tenants in common with The California Speedway Corporation
3 ("TCS") with TCS having the right of first use; (iii) 630.274 acre-feet as tenants in
4 common with California Steel Industries Inc. ("CSI"), with CSI having the right of use,
5 with payment to Kaiser Ventures, Inc., through June 30, 2004, and Kaiser Ventures, Inc.
6 having the right of first use thereafter; and (iv) the amount that is in storage for Kaiser
7 pursuant to local storage agreements with the Chino Basin Watermaster, which is
8 4,547.044 acre feet as of June 30, 2000.

9 3. Paragraph 60 of the Judgment herein provides that any non-party
10 assignee of the adjudicated appropriative rights of any appropriator, or any other person
11 duly proposing to produce water from the Chino Basin, may become a party to the
12 Judgment upon filing a petition in intervention.

13 4. Paragraph 63 of the Judgment herein provides that the Judgment is
14 applicable to and binding upon successors and assigns of parties to the action.

15 5. Kaiser Steel Corporation is listed as a party on Exhibit D, "Overlying
16 Non-Agricultural Rights," of the Judgment herein. As the grantee of the water rights,
17 CCG is the assignee of the rights of Kaiser Steel Corporation. Neither Kaiser Steel
18 Corporation nor Kaiser Ventures, Inc. has any remaining interest in the Overlying Non-
19 Agricultural rights shown on Exhibit D.

20 6. CCG wishes to become a party to the Judgment and to thereafter be a
21 party bound by the Judgment and entitled to the rights and privileges accorded under the
22 Physical Solution in the Judgment through the Overlying Non-Agricultural pool in place of
23 Kaiser Steel Corporation and Kaiser Ventures, Inc.

24 7. CCG requests the Court to recognize its Overlying Non-Agricultural
25 Rights as follows:

- 26 (a) 525 annual acre feet;
27 (b) 475 annual acre feet as tenants in common with the California
28 Speedway Corporation ("TCS") with TCS having the right of first use;

1 (c) 630.274 acre feet as tenants in common with California Steel
2 Industries, Inc. ("CSI"), with CSI having the right of use, with payment to CCG Ontario,
3 LLC, through June 30, 2004, and CCG Ontario, LLC having the right of first use
4 thereafter; and

5 (d) all amounts that are in storage for Kaiser pursuant to local
6 storage agreements with the Chino Basin Watermaster, which amount was 4,547.044 acre
7 feet as of June 30, 2000.

8 I declare under penalty of perjury under the laws of the State of California that the
9 foregoing is true and correct.

10

11 Date:

6/2/01

Charles A. McPhee

Charles A. McPhee

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EXHIBIT 4

FILED - West District
San Bernardino County Clerk

JUL 19 2001

By Susan King Deputy

SUPERIOR COURT FOR THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

CHINO BASIN MUNICIPAL WATER
DISTRICT,

Plaintiff,

vs.

CITY OF CHINO, et al.,

Defendants

CASE NO. RCV 51010

ORDER GRANTING FINAL
APPROVAL OF WATERMASTER
RULES AND REGULATIONS;
APPROVING INTERVENTION OF
CCG ONTARIO, LLC; CONTINUANCE
OF HEARING RE STATUS REPORT;
FILING OF MOTIONS TO AMEND
JUDGMENT

Date: July 19, 2001

Dept: 8

Time: 2:00 p.m.

On July 19, 2001, a hearing was held in San Bernardino County Superior Court ("Court") on Watermaster's "Transmittal of Revised Rules and Regulations; Explanation of Revisions" and "Joinder to Petition in Intervention by CCG Ontario, LLC." Satisfactory proof having been made and good cause appearing, IT IS HEREBY ORDERED AND DECREED:

///

///

I.

CHINO BASIN WATERMASTER RULES AND REGULATIONS

A hearing was held on Watermaster's "Motion to Approve Chino Basin Watermaster Rules and Regulations" ("Rules"), on April 19, 2001. The Court granted tentative approval of the Rules, provided that certain changes and clarifications were subsequently adopted. The Court set the July 19, 2001, hearing date to consider final approval of the Rules.

The Court has received and considered Watermaster's Transmittal of Revised Rules and Regulations; Explanations of Revisions. The Court also has received and considered Special Referee's Report and Comments Concerning Watermaster's Transmittal of Revised Rules and Regulations. The Court accepts Watermaster's explanations and Special Referee's comments, which are incorporated herein by this reference. The Court adopts the Special Referee's recommendation to give final approval to the Rules, *subject to*: 1) Watermaster's commitment to revise the definition of "Minimal Producer" to be consistent with the Judgment; and 2) providing Appendix 1 forms consistent with the Special Referee's earlier "Report on Workshop and Comments Regarding Watermaster's Revised Rules and Regulations." IT IS SO ORDERED.

II.

APPROVAL OF INTERVENTION

Under the Court's July 14, 1978, "Order Re Intervention Procedures," Watermaster is authorized to accept petitions in intervention and accumulate them for filing from time to time. On June 29, 2001, Watermaster filed its "Joinder to Petition in Intervention by CCG Ontario, LLC." Watermaster requests that the Court approve the intervention of CCG Ontario, LLC as specified in its Petition in Intervention. No opposition has been filed. Good Cause appearing, IT IS HEREBY ORDERED that the Petition be and hereby is granted as follows:

1. CCG Ontario, LLC is granted leave to intervene and become a Party to the Judgment herein;

2. CCG Ontario, LLC shall hereafter be a Party bound by the Judgment herein entitled to all the rights and privileges accorded under the Physical Solution in the Judgment through the Overlying Non-Agricultural Rights Pool shown on Exhibit D to the Judgment in place of Kaiser Steel Corporation;

3. CCG Ontario, LLC's Overlying Non-Agricultural Rights are:

(a) 525 annual acre-feet;

(b) 475 annual acre-feet as tenants in common with the California Speedway Corporation ("TCS") with TCS having the right of first use;

(c) 630.274 acre-feet as tenants in common with California Steel Industries, Inc. ("CSI"), with CSI having the right of use, with payment to CCG Ontario, LLC, through June 30, 2004, and CCG Ontario, LLC having the right of first use thereafter; and

4. CCG Ontario, LLC shall become the successor in interest to the local storage agreements with Chino Basin Watermaster now held by Kaiser Steel Corporation and Kaiser Ventures, Inc., and all amounts in storage thereunder, which amount was 4,547.044 acre feet as of June 30, 2000.

111.

OBMP IMPLEMENTATION

In the Court's order of April 19, 2001, the Court set September 20, 2001, as the date for filing a status report from Watermaster on (1) the adoption and execution of formal Term Sheet and Desalter Agreements, (2) the initiation of the plans for design and construction of Desalter 2, and (3) a report on the status of funding for the desalter component of the OBMP. The Court set a hearing on October 4, 2001, to receive the status report from Watermaster.

11/11/11

However, in order to allow sufficient time for the Court to consider the status report, the Court hereby continues the October 4 hearing to November 15, 2001, at 2:00 p.m. to receive the status report. The Court emphasizes that the filing date for the status report remains September 20, 2001.

IV.

UPDATED JUDGMENT

In Watermaster's transmittal of Appendix 1 (Forms) to Rules and Regulations, Watermaster indicates that it is currently in the process of updating the judgment and that the updated judgment will be presented to the court for adoption.

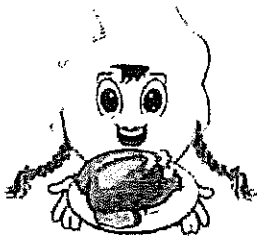
The Court orders that the motion to approve the updated judgment, and any motion to amend the judgment, including an amendment with respect to the definition of minimal producer, be filed not later than October 15, 2001.

The Court will hear these motions also at the hearing scheduled for November 15, 2001.

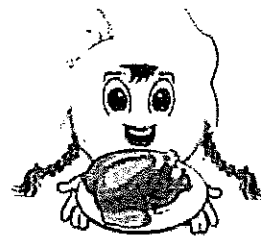
Dated: July 19, 2001

J. Michael Gunn
J. Michael Gunn, Judge

EXHIBIT 5



Thanksgiving



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Tuesday, November 18, 2008

9:00 a.m. – Agricultural Pool Meeting

AT THE INLAND EMPIRE UTILITIES AGENCY OFFICES

6075 Kimball Ave. Bldg. A Board Room

Chino, CA 91710

(909) 993-1600

Tuesday, November 18, 2008

1:30 p.m. – Joint Appropriative and Non-Agricultural Pool Meeting

Thursday, November 20, 2008

9:00 a.m. – Advisory Committee Meeting

11:00 a.m. – Watermaster Board Meeting

(A Thanksgiving lunch will be served after the Board meeting)

AT THE CHINO BASIN WATERMASTER OFFICES

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

(909) 484-3888



CHINO BASIN WATERMASTER

Tuesday, November 18, 2008

9:00 a.m. – Agricultural Pool Meeting

Tuesday, November 18, 2008

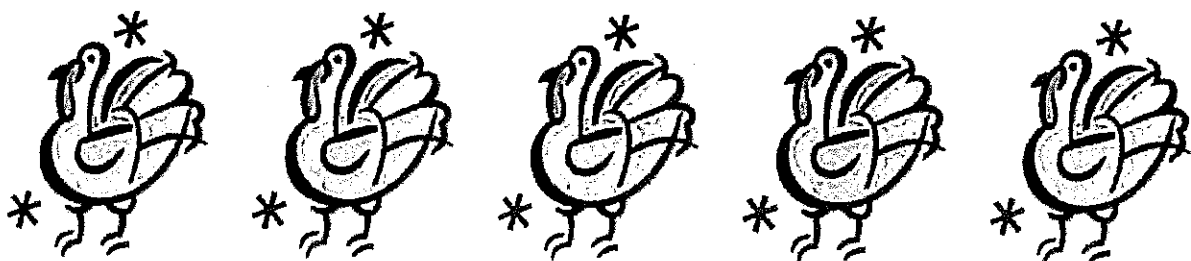
1:30 p.m. – Joint Appropriative & Non-Ag Pool Meeting

Thursday, November 20, 2008

9:00 a.m. – Advisory Committee Meeting

11:00 a.m. – Watermaster Board Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING**

WITH

Mr. Bob Feenstra, Chair

Mr. Jeff Pierson, Vice-Chair

9:00 a.m. – November 18, 2008

At The Offices Of

Inland Empire Utilities Agency

6075 Kimball Ave., Bldg. A, Board Room

Chino, CA 91710

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

Note: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held October 22, 2008 *(Page 1)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2008 *(Page 27)*
2. Watermaster Visa Check Detail *(Page 31)*
3. Combining Schedule for the Period July 1, 2008 through September 30, 2008 *(Page 33)*
4. Treasurer's Report of Financial Affairs for the Period September 1, 2008 through September, 2008 *(Page 35)*
5. Budget vs. Actual July 2008 through September 2008 *(Page 37)*

C. INTERVENTIONS

1. Consider Approval for the Red Hill Country Club Intervention into the Overlying Non-Agricultural Pool *(Page 39)*
2. Consider Approval for the Aqua Capital Management Intervention into the Overlying Non-Agricultural Pool *(Page 43)*

D. WATER TRANSACTION

1. Consider Approval for Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet. Date of Application: October 6, 2008 *(Page 49)*
2. Consider Approval for Notice of Sale or Transfer – Aqua Capital Management LP (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Date of Application: November 7, 2008 *(Page 63)*

II. BUSINESS ITEMS

A. 2008/2009 ASSESSMENT PACKAGE

Approval of the 2008/2009 Chino Basin Watermaster Assessment Package *(Page 77)*

B. CONTRACT WITH BLACK & VEATCH

Consider Approval for the Agreement for Engineering Services with Black & Veatch (Page 103)

C. BUDGET TRANSFERS

1. Budget Transfer from OBMP & Water Quality Committee Expense to Recharge Master Plan and Watermaster Legal Counsel for \$413,750.00 (Page 125)
2. Funding of the Farming Portion of the Middle Santa Ana Watershed TMDL Study – Budget Transfer Request for \$21,000 (Page 131)

D. DELINQUENT ASSESSMENT POLICY

Consider Approval of Draft Delinquent Assessment Policy (Page 139)

E. CONDITION SUBSEQUENT NO. 7

Consider Approval of Staff Recommendation for Condition Subsequent No. 7 (Page 143)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. November 13, 2008 Hearing
2. February 2 & 3, 2009 Hearing

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, September – October 2008

C. CEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Replenishment Obligation
4. MOU on Accounting Procedures
5. MWD Groundwater Study

IV. INFORMATION

1. Newspaper Articles (Page 231)

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

November 13, 2008	8:30 a.m.	Chino Basin Watermaster Hearing, San Bernardino
November 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
November 18, 2008	1:30 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 20, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
November 20, 2008	9:00 a.m.	Advisory Committee Meeting
November 20, 2008	11:00 a.m.	Watermaster Board Meeting
November 20, 2008	1:30 p.m.	Roundtable Discussion
December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 18, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
December 18, 2008	9:00 a.m.	Advisory Committee Meeting
December 18, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
WITH**

*Mr. Ken Jeske, Chair, Appropriative Pool
Mr. Robert Tock, Vice-Chair, Appropriative Pool
Mr. Bob Bowcock, Chair, Non-Agricultural Pool
Mr. Kevin Sage, Vice-Chair Non-Agricultural Pool*

1:30 p.m. – November 18, 2008

At The Offices Of

**Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730**

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

Note: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

A. MINUTES

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held October 9, 2008
(Page 7)

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2008 (Page 27)
2. Watermaster Visa Check Detail (Page 31)
3. Combining Schedule for the Period July 1, 2008 through September 30, 2008 (Page 33)
4. Treasurer's Report of Financial Affairs for the Period September 1, 2008 through September, 2008 (Page 35)
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2. Consider Approval for Notice of Sale or Transfer – Aqua Capital Management LP (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630,274 acre-feet. Date of Application: November 7, 2008 (Page 63)

II. BUSINESS ITEMS

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B. CONTRACT WITH BLACK & VEATCH

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3. Sale of Overlying Non-Agricultural Pool Stored Water

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1. Oral Progress Report on Engineering Activities, September – October 2008

C. CEO/STAFF REPORT

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2. Recharge Update
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November 20, 2008	1:30 p.m.	Roundtable Discussion
December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 18, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
December 18, 2008	9:00 a.m.	Advisory Committee Meeting
December 18, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

**CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING**

WITH

Mr. Robert DeLoach, Chair

Mr. Bob Feenstra, Vice-Chair

9:00 a.m. – November 20, 2008

At The Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

Note: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

A. MINUTES

1. Minutes of the Advisory Committee Meeting held October 23, 2008 *(Page 13)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2008 *(Page 27)*
2. Watermaster Visa Check Detail *(Page 31)*
3. Combining Schedule for the Period July 1, 2008 through September 30, 2008 *(Page 33)*
4. Treasurer's Report of Financial Affairs for the Period September 1, 2008 through September, 2008 *(Page 35)*
5. Budget vs. Actual July 2008 through September 2008 *(Page 37)*

C. INTERVENTIONS

1. Consider Approval for the Red Hill Country Club Intervention into the Overlying Non-Agricultural Pool *(Page 39)*
2. Consider Approval for the Aqua Capital Management Intervention into the Overlying Non-Agricultural Pool *(Page 43)*

II. BUSINESS ITEMS

A. 2008/2009 ASSESSMENT PACKAGE

Approval of the 2008/2009 Chino Basin Watermaster Assessment Package *(Page 77)*

B. CONTRACT WITH BLACK & VEATCH

Consider Approval for the Agreement for Engineering Services with Black & Veatch *(Page 103)*

C. BUDGET TRANSFERS

1. Budget Transfer from OBMP & Water Quality Committee Expense to Recharge Master Plan and Watermaster Legal Counsel for \$413,750.00 (*Page 125*)
2. Funding of the Farming Portion of the Middle Santa Ana Watershed TMDL Study – Budget Transfer Request for \$21,000 (*Page 131*)

D. DELINQUENT ASSESSMENT POLICY

Consider Approval of Draft Delinquent Assessment Policy (*Page 139*)

E. CONDITION SUBSEQUENT NO. 7

Consider Approval of Staff Recommendation for Condition Subsequent No. 7 (*Page 143*)

F. ITEM REFERRED BACK FROM WATERMASTER BOARD FOR WAIVER OF INTEREST CHARGES

Consider Request to Waive Interest Charges for Payment of Assessments (*Page 161*)

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. November 13, 2008 Hearing
2. February 2 & 3, 2009 Hearing

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities, September – October 2008

C. GEO/STAFF REPORT

1. Legislative Update
2. Recharge Update
3. Replenishment Obligation
4. MOU on Accounting Procedures
5. MWD Groundwater Study

D. INLAND EMPIRE UTILITIES AGENCY

1. MWD Water Supply Allocation Plan Update – Martha Davis (*Page 169*)
2. Dry Year Yield/Dry Year Expansion Status Report – Martha Davis (*Page 171*)
3. Phase II Recharge Capital Improvements Status Report – Tom Love (*Page 175*)
4. Quarterly Planning & Water Resources Report (*Page 179*)
5. Recycled Water Newsletter (*Page 187*)
6. Monthly Water Conservation Programs Report (*Page 193*)
7. Monthly Imported Water Deliveries Report (*Page 202*)
8. State and Federal Legislative Report (*Page 207*)
9. Community Outreach/Public Relations Report (*Page 229*)

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

IV. INFORMATION

1. Newspaper Articles (*Page 231*)

V. COMMITTEE MEMBER COMMENTS

VI. OTHER BUSINESS

VII. FUTURE MEETINGS

November 18, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
November 18, 2008	1:30 p.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 20, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
November 20, 2008	9:00 a.m.	Advisory Committee Meeting
November 20, 2008	11:00 a.m.	Watermaster Board Meeting
November 20, 2008	1:30 p.m.	Roundtable Discussion
December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 18, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
December 18, 2008	9:00 a.m.	Advisory Committee Meeting
December 18, 2008	11:00 a.m.	Watermaster Board Meeting

Meeting Adjourn

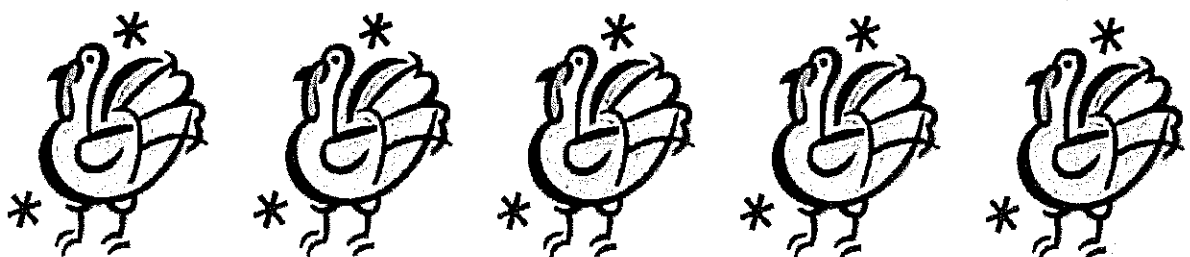


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

C. INTERVENTIONS

1. Red Hill Country Club Intervention into the Overlying Non-Agricultural Pool
2. Aqua Capital Management Intervention into the Overlying Non-Agricultural Pool





CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: November 18, 2008
November 20, 2008

TO: Committee Members
Watermaster Board Members

SUBJECT: Aqua Capital Management LP (Aqua) request for Intervention as an Overlying (Non-Agricultural) Party

SUMMARY

Issue – On November 7, 2008, Watermaster received a request for Intervention into the Overlying (Non-Agricultural) Pool from Aqua Capital Management LP (Aqua). This Staff Report provides a summary and analysis of the proposed Intervention.

Recommendation - Staff recommends approval of the request for Intervention with one condition. Staff recommends that Aqua be allowed to produce from Chino Basin only upon receipt of written acknowledgment by Aqua that it will comply with the Peace (I) Agreement and Peace II Agreement.

Fiscal Impact – No fiscal impact on the Watermaster Budget.

BACKGROUND

CCG Ontario, LLC (CCG) intervened into the Judgment in 2000, at which time it acquired 630.274 acre-feet of Overlying (Non-Agricultural) Pool water rights from Kaiser Venture, Inc. Recently, CCG executed a definitive agreement to sell real property overlying the Chino Basin, totaling approximately 9.58 acres to Aqua Capital Management (Aqua). As part of the property sale, CCG wishes to transfer all of its water rights and its water in storage to Aqua. As a result, on November 7, 2008, Aqua submitted a request for Intervention into the (Non-Agricultural) Pool.

DISCUSSION

According to the Judgment, a producer is assigned to the Overlying (Non-Agricultural) Pool if it is an overlying producer who produces water for industrial or commercial purposes. (Judgment para. 43(b).)

"Any party who changes the character of his use may, by subsequent order of the Court, be reassigned to the proper pool . . . Any non-party producer or any person who may hereafter commence production of water from Chino Basin, and who may become a party to [the] physical solution by intervention, shall be assigned to the proper pool by the order of the Court authorizing such intervention." (Judgment para. 43.)

Interventions are governed by paragraph 60 of the Judgment: "Any non-party assignee of the adjudicated appropriative rights of any appropriator, or any other person newly proposing to produce water from the Chino Basin, may become a party to this Judgment upon filing a petition in intervention. Said intervention must be confirmed by order of [the] Court. Such intervenor shall thereafter be a party bound by [the] Judgment and entitled to the rights and privileges accorded under the Physical Solution . . . through the pool to which the Court shall assign such intervenor."

Watermaster's practice has been to accept interventions informally by way of a letter request and then process the request through the Pools, Advisory Committee and Board. After this internal approval process, the request for Intervention is filed with the Court for approval.

The application does not state how Aqua plans to use the water, only that the transfer from CCG to Aqua does not involve any additional groundwater extractions not provided for under the Judgment. The Application indicates that the Applicant is not aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the transfer. It also indicates that no water levels in the area are likely to be affected. Watermaster agrees that under the Intervention and Transfer as proposed in the Applications, there will be no change that will result in Material Physical Injury.

Aqua has requested Intervention into the Non-Agricultural Pool for the purpose of accepting the Transfer of CCG's water rights. There is precedent for this kind of intervention—it is the same the manner in which CCG entered in to the Judgment originally, as well as the more recent Sunkist/Koll and Sunkist/Ontario (Non-Ag) Interventions and transfers.

RECOMMENDATION

Watermaster staff finds that the proposed Intervention is consistent with the Judgment. On this basis, Watermaster staff recommends the approval of the request for Intervention with one condition. Staff recommends that Aqua be allowed to produce from Chino Basin only upon receipt of written acknowledgment by Aqua that it will comply with the Peace (I) Agreement and Peace II Agreement.



AQUA
CAPITAL MANAGEMENT LP

AQUA CAPITAL MANAGEMENT LP
444 Regency Parkway Drive, Suite 300
Omaha, NE 68114

November 7, 2008

Mr. Kenneth R. Manning, CEO
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Re: Request to intervene in *Chino Basin Municipal Water
District v. City of Chino et al*, San Bernardino Superior Court
Case No.RCV 5101 (Formerly Case No. 164327)

Dear Mr. Manning:

Aqua Capital Management LP (Aqua) hereby submits this request to intervene in the above-referenced action (the "Judgment") as a member of the overlying non-agricultural pool. Aqua's request is based on the following facts:

A. The Judgment allocates water rights based on each party's land ownership. As an owner of real property overlying the Chino Groundwater Basin ("Basin") CCG Ontario, LLC (CCG) is party to the Judgment and currently owns 630.274 AFY of adjudicated safe yield.

B. CCG has executed a definitive agreement to sell real property overlying the Basin to Aqua, totaling approximately 9.58 acres and commonly referred to by San Bernardino County Assessor's Parcel Number 229-291-47.

C. As part of the sale transaction referenced in Section B above, CCG wishes to transfer all of its remaining adjudicated water rights (approximately 630.274 AFY), and all CCG water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08) to Aqua. Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage) are attached.

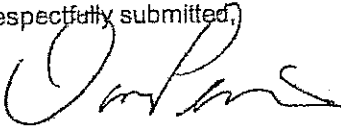
D. Aqua Capital Management LP is requesting to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool.

E. The transfer from CCG to Aqua does not involve any additional groundwater extractions not provided for under the Judgment. As a result, the transfer will not result in any "material physical injury" to any party.

Based on the foregoing, Aqua respectfully requests that the Watermaster approve its request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool and CCG's request to transfer its remaining adjudicated rights (630.274 AFY) of overlying groundwater rights, and all of CCG's water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08) to Aqua. Aqua Capital Management LP shall comply with all provisions of the Judgment.

Please agendaize this request for the November Pool meetings. If you have any questions regarding the foregoing, please contact me.

Respectfully submitted,



David Penrice

Chief Executive Officer

Baker Manock
& Jensen PC
ATTORNEYS AT LAW

November 7, 2008

Kenneth R. Manning, CEO
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Michael Fife, Esq.
BROWNSTEIN HYATT FARBER, SCHREK
21 East Carrillo Street
Santa Barbara, CA 93101

Christopher L. Campbell
Attorney at Law
ccampbell@bakermanock.com

Fig Garden Financial Center
5260 North Palm Avenue
Fourth Floor
Fresno, California 93704
Tel: 559.432.5400
Fax: 559.432.5620
www.bakermanock.com

Re: CCG Ontario Chino Basin Water Rights

Dear Michael and Ken:

As you recall, I represent CCG Ontario, LLC ("CCG"). As an owner of real property overlying the Chino Groundwater Basin ("Chino Basin") is party to the Chino Basin Judgment and currently owns 630.274 AFY of adjudicated safe yield.

CCG has executed a definitive agreement to sell real property overlying the Basin, totaling approximately 9.58 acres and commonly referred to by San Bernardino County Assessor's Parcel Number 229-291-47, to Aqua Capital Management ("ACM").

In the same definitive sale agreement, CCG has agreed to transfer to ACM all of its remaining water rights (approximately 630.274 AFY), and all CCG water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08). That transfer is, of course, subject to Watermaster approval and Court approval of ACM's application to intervene in the Judgment and become a member of the overlying Non-Agricultural Pool. I understand that Aqua Capital Management LP, has, or will soon, submit a request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool.

My client has executed Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage). The completed forms will be submitted by ACM along with their application to intervene.

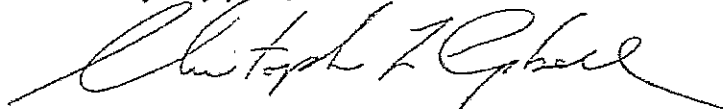
The transfer from CCG to ACM does not involve any additional groundwater extractions not provided for under the Judgment. As a result, the transfer will not result in any "material physical injury" to any party.

November 7, 2008
Kenneth R. Manning, CEO
Michael Fife, Esq.
Page 2

Due to a variety of reasons, it is extremely important to my client that this transfer be approved by the Watermaster prior to the end of this calendar year. I would appreciate any assistance you can give to accomplish that goal.

Thank you for your assistance. Please feel free to contact me if you have any questions or need any information from me or my clients.

Very truly yours,

A handwritten signature in black ink, appearing to read "Christopher L. Campbell". The signature is fluid and cursive, with a long horizontal stroke at the end.

Christopher L. Campbell
BAKER MANOCK & JENSEN, PC

CLC:tlw

CC: Mr. Michael Del Santo
Timothy Peters, Esq.
Allan Hubsch, Esq.

691704_1

CHINO BASIN WATERMASTER

NOTICE

OF

APPLICATION(S)

RECEIVED FOR

WATER TRANSACTIONS – ACTIVITIES

Date of Notice:

November 7, 2008

This notice is to advise interested persons that the attached application(s) will come before the Watermaster Board on or after 30 days from the date of this notice.

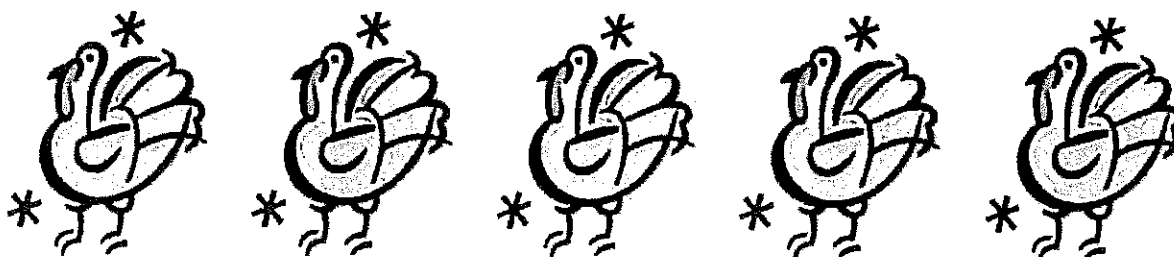


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company (“Company”) has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet
2. **Consider Approval for Notice of Sale or Transfer** – Aqua Capital Management LP (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG’s waer in storge as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet





CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: (909) 484.3888 Fax: (909) 484-3890 www.cbwm.org

KENNETH R. MANNING
CHIEF EXECUTIVE OFFICER

DATE: November 13, 2008
TO: Watermaster Interested Parties
SUBJECT: Summary and Analysis of Application for Water Transaction

SUMMARY

There does not appear to be a potential material physical injury to a party or to the Basin from the proposed transaction as presented.

Issue -

Notice of Sale or Transfer – On November 7, 2008, Watermaster received Forms 3 and 5 water transfer Applications, with CCG Ontario LLC (CCG) as Transferor and Aqua Capital Management LP (Aqua) as Transferee in the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Simultaneous with these applications, Watermaster received a request for Intervention into the Overlying (Non-Agricultural) Pool from Aqua. This Staff Report provides a summary and analysis of the proposed transfer.

Recommendation –

1. Continue monitoring as planned in the Optimum Basin Management Program.
2. Use all new or revised information when analyzing the hydrologic balance and report to Watermaster if a potential for material physical injury is discovered, and
3. Approve the transaction as presented.

Fiscal Impact –

- ☒ None
- ☐ Reduces assessments under the 85/15 rule
- ☐ Reduce desalter replenishment costs

BACKGROUND

The Court approved the Peace Agreement, the Implementation Plan and the goals and objectives identified in the OBMP Phase I Report on July 13, 2000, and ordered Watermaster to proceed in a manner consistent with the Peace Agreement. Under the Peace Agreement, Watermaster approval is required for applications to store, recapture, recharge or transfer water, as well as for applications for credits or reimbursements and storage and recovery programs.

Where there is no material physical injury, Watermaster must approve the transaction. Where the request for Watermaster approval is submitted by a party to the Judgment, there is a rebuttable presumption that most of the transactions do not result in Material Physical Injury to a party to the Judgment or the Basin (Storage and Recovery Programs do not have this presumption).

The following application for water transaction is attached with the notice of application.

- Notice of Sale or Transfer – On November 7, 2008, Watermaster received Forms 3 and 5 water transfer Applications, with CCG Ontario LLC (CCG) as Transferor and Aqua Capital Management LP (Aqua) as Transferee in the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Simultaneous with these applications, Watermaster received a request for Intervention into the Overlying (Non-Agricultural) Pool from Aqua. This Staff Report provides a summary and analysis of the proposed transfer.

Notice of the water transaction identified above was mailed on November 13, 2008 along with the materials submitted by the requestors.

DISCUSSION

Under Exhibit G, paragraph 6, of the Judgment: "Rights herein decreed are appurtenant to that land and are only assignable with the land for overlying use thereon; provided however, . . . (b) the members of the Pool shall have the right to Transfer or lease their quantified production rights within the Pool or to Watermaster in conformance with the procedures described in the Peace Agreement between the Parties therein, dated June 29, 2000 for the term of the Peace Agreement." The Peace Agreement and Peace II Agreement thus modified the strict appurtenancy requirement to allow Transfers of the water rights under certain conditions.

CCG intervened into the Judgment in 2000, at which time it acquired 630.274 acre-feet of Overlying (Non-Agricultural) Pool water rights from Kaiser Venture, Inc. Recently, CCG executed a definitive agreement to sell real property overlying the Chino Basin, totaling approximately 9.58 acres to Aqua Capital Management (Aqua). As part of the property sale, CCG wishes to transfer all of its water rights and its water in storage to Aqua. As a result, on November 7, 2008, Aqua submitted a request for Intervention into the (Non-Agricultural) Pool for the purpose of accepting the Transfer of CCG's water rights.

Aqua and CCG have submitted Form 3 (Application for Sale or Transfer of Right to Produce Water from Storage) and Form 5 (Application to Transfer Annual Production Right or Safe Yield). Form 4 (Application or Amendment to Application to Recapture Water in Storage) was not submitted because Aqua does not plan to produce the stored water at this time. Aqua must submit a Form 4 before any water may be produced from its storage account. The Applications indicate that the amount of water rights to be permanently transferred is 630.274 acre-feet. In addition, CCG is transferring to Aqua all of its water in storage as of June 30, 2008.

Water transactions occur each year and are included as production by the respective entity (if produced) in any relevant analyses conducted by Wildermuth Environmental pursuant to the Peace Agreement and the Rules & Regulations. There is no indication additional analysis regarding this transaction is necessary at this time. As part of the OBMP Implementation Plan, continued measurement of water levels and the installation of extensometers are planned. Based on no real change in the available data, we cannot conclude that the proposed water transaction will cause material physical injury to a party or to the Basin.

Baker Manock
& Jensen PC
ATTORNEYS AT LAW

November 7, 2008

Kenneth R. Manning, CEO
CHINO BASIN WATERMASTER
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Michael Fife, Esq.
BROWNSTEIN HYATT FARBER SCHREK
21 East Carrillo Street
Santa Barbara, CA 93101

Christopher L. Campbell
Attorney at Law
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Fig Garden Financial Center
5260 North Palm Avenue
Fourth Floor
Fresno, California 93704
Tel: 559-432-5400
Fax: 559-432-5620
www.bakermanock.com

Re: CCG Ontario Chino Basin Water Rights

Dear Michael and Ken:

As you recall, I represent CCG Ontario, LLC ("CCG"). As an owner of real property overlying the Chino Groundwater Basin ("Chino Basin") is party to the Chino Basin Judgment and currently owns 630.274 AFY of adjudicated safe yield.

CCG has executed a definitive agreement to sell real property overlying the Basin, totaling approximately 9.58 acres and commonly referred to by San Bernardino County Assessor's Parcel Number 229-291-47, to Aqua Capital Management ("ACM").

In the same definitive sale agreement, CCG has agreed to transfer to ACM all of its remaining water rights (approximately 630.274 AFY), and all CCG water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08). That transfer is, of course, subject to Watermaster approval and Court approval of ACM's application to intervene in the Judgment and become a member of the overlying Non-Agricultural Pool. I understand that Aqua Capital Management LP, has, or will soon, submit a request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool.

My client has executed Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage). The completed forms will be submitted by ACM along with their application to intervene.


The transfer from CCG to ACM does not involve any additional groundwater extractions not provided for under the Judgment. As a result, the transfer will not result in any "material physical injury" to any party.

November 7, 2008
Kenneth R. Manning, CEO
Michael Fife, Esq.
Page 2

Due to a variety of reasons, it is extremely important to my client that this transfer be approved by the Watermaster prior to the end of this calendar year. I would appreciate any assistance you can give to accomplish that goal.

Thank you for your assistance. Please feel free to contact me if you have any questions or need any information from me or my clients.

Very truly yours,

A handwritten signature in black ink, appearing to read "Christopher L. Campbell". The signature is fluid and cursive, with a long horizontal stroke at the end.

Christopher L. Campbell
BAKER MANOCK & JENSEN, PC

CLC:tlw

CC: Mr. Michael Del Santo
Timothy Peters, Esq.
Allan Hubsch, Esq.

691704_1



AQUA CAPITAL MANAGEMENT LP
444 Regency Parkway Drive, Suite 300
Omaha, NE 68114

November 7, 2008

Mr. Kenneth R. Manning, CEO
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, California 91730

Re: Request to intervene in Chino *Basin Municipal Water*
District v. City of Chino et al, San Bernardino Superior Court
Case No.RCV 5101 (Formerly Case No. 164327)

Dear Mr. Manning:

Aqua Capital Management LP (Aqua) hereby submits this request to intervene in the above-referenced action (the "Judgment") as a member of the overlying non-agricultural pool. Aqua's request is based on the following facts:

A. The Judgment allocates water rights based on each party's land ownership. As an owner of real property overlying the Chino Groundwater Basin ("Basin") CCG Ontario, LLC (CCG) is party to the Judgment and currently owns 630.274 AFY of adjudicated safe yield.

B. CCG has executed a definitive agreement to sell real property overlying the Basin to Aqua, totaling approximately 9.58 acres and commonly referred to by San Bernardino County Assessor's Parcel Number 229-291-47.

C. As part of the sale transaction referenced in Section B above, CCG wishes to transfer all of its remaining adjudicated water rights (approximately 630.274 AFY), and all CCG water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08) to Aqua. Form 5 (Application to Transfer Annual Production Right or Safe Yield) and Form 3 (Application for Sale or Transfer of right to Produce Water from Storage) are attached.

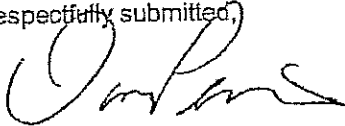
D. Aqua Capital Management LP is requesting to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool.

E. The transfer from CCG to Aqua does not involve any additional groundwater extractions not provided for under the Judgment. As a result, the transfer will not result in any "material physical injury" to any party.

Based on the foregoing, Aqua respectfully requests that the Watermaster approve its request to intervene in the Judgment to become a member of the overlying Non-Agricultural Pool and CCG's request to transfer its remaining adjudicated rights (830.274 AFY) of overlying groundwater rights, and all of CCG's water in storage (9,057.725 AF as of June 30, 2007, plus any additional CCG stored water for FY 2007-08) to Aqua. Aqua Capital Management LP shall comply with all provisions of the Judgment.

Please agendaize this request for the November Pool meetings. If you have any questions regarding the foregoing, please contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David Penrice", written over the typed name.

David Penrice

Chief Executive Officer

**APPLICATION FOR
SALE OR TRANSFER OF RIGHT TO PRODUCE WATER FROM STORAGE**

TRANSFER FROM LOCAL STORAGE AGREEMENT # _____

CCG Ontario LLC, a Delaware limited liability company

Name of Party

11/07/2008

Date Requested

Date Approved

2817 East Cedar Street, Suite 200

Street Address

9,057,725 (*) Acre-feet

Amount Requested

_____ Acre-feet

Amount Approved

(*) As of 6/30/2007, plus stored

water from FY 2007-08

OntarioCA91761

City

State

Zip Code

Telephone: (909) 673-6710Facsimile: (909) 673-6702

Applicant

Name: Edward S. NekritzIts: General Counsel
and Secretary

TRANSFER TO:

Attach Recapture Form 4

Aqua Capital Management, LP, a Delaware limited pshp

Name of Party

444 Regency Parkway Drive, Suite 300

Street Address

OmahaNE86114

City

State

Zip Code

Telephone: (402) 934-0066Facsimile: (402) 934-0066Have any other transfers been approved by Watermaster
between these parties covering the same fiscal year?

Yes [] No [X]


WATER QUALITY AND WATER LEVELS

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

None**MATERIAL PHYSICAL INJURY**Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that
may be caused by the action covered by the application? Yes [] No [X]If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the
action does not result in Material Physical Injury to a party to the Judgment or the Basin?

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]


Applicant

Name: *David Penrice*

Its: *CEO*

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

APPLICATION
TO
TRANSFER ANNUAL PRODUCTION RIGHT OR SAFE YIELD

COG Ontario LLC, a Delaware limited liability company ("Transferor"), hereby requests to permanently transfer to Aqua Capital Management LP, a Delaware limited partnership ("Transferee"), the quantity of 530.274 acre-feet per year of corresponding Safe Yield (Non-Agricultural Pool) adjudicated to Transferor or its predecessor in interest in the Judgment rendered in the Case of "CHINO BASIN MUNICIPAL WATER DISTRICT vs. CITY OF CHINO, et al.," RCV 51010 (formerly Case No. SCV 164327).

Said Transfer shall be conditioned upon:

- (1) Transferee shall exercise said right on behalf of Transferor under the terms of the Judgment and the Peace Agreement and for the period described above. The first water produced in any year shall be that produced pursuant to carry-over rights defined in the Judgment. After production of its carry-over rights, if any, the next (or first if no carry-over rights) water produced by Transferee from the Chino Basin shall be that produced hereunder.
- (2) Transferee shall put all waters utilized pursuant to said Transfer to reasonable beneficial use.
- (3) Transferee shall pay all Watermaster assessments on account of the water production hereby Transferred.
- (4) Any Transferee not already a party must intervene and become a party to the Judgment.

TO BE EXECUTED by both Transferor and Transferee, and to be accompanied by a general description of the area where the Transferred water was to be Produced and used prior to the Transfer, and where it will be Produced and used after the Transfer. This general description can be in the form of a map.

WATER QUALITY AND WATER LEVELS

What is the existing water quality and what are the existing water levels in the areas that are likely to be affected?

None

MATERIAL PHYSICAL INJURY

Is the Applicant aware of any potential Material Physical Injury to a party to the Judgment or the Basin that may be caused by the action covered by the application? Yes [] No [X]

If yes, what are the proposed mitigation measures, if any, that might reasonably be imposed to ensure that the action does not result in Material Physical Injury to a party to the Judgment or the Basin?

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

CCG Ontario LLC

Aqua Capital Management LP

Edward S. Nekritz
 Transferor
 Name: Edward S. Nekritz
 Its: General Counsel
 and Secretary

 Transferee
 Name:
 Its:

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

ADDITIONAL INFORMATION ATTACHED

Yes [] No [X]

CCG Ontario LLC

Aqua Capital Management LP

Transferor


Name:

Its:

Transferee

Name:

Its:



David Pearce
CEO

TO BE COMPLETED BY WATERMASTER:

DATE OF APPROVAL FROM NON-AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM AGRICULTURAL POOL: _____

DATE OF APPROVAL FROM APPROPRIATIVE POOL: _____

HEARING DATE, IF ANY: _____

DATE OF ADVISORY COMMITTEE APPROVAL: _____

DATE OF BOARD APPROVAL: _____ Agreement # _____

EXHIBIT 6

1 **SCOTT S. SLATER (State Bar No. 117317)**
2 **MICHAEL T. FIFE (State Bar No. 203025)**
3 **AMY M. STEINFELD (State Bar No. 240175)**
4 **BROWNSTEIN HYATT FARBER SCHRECK, LLP**
5 **21 East Carrillo Street**
6 **Santa Barbara, CA 93101**
7 **Telephone No: (805) 963-7000**
8 **Facsimile No: (805) 965-4333**

9 **Attorneys for**
10 **CHINO BASIN WATERMASTER**

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14 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
15 **FOR THE COUNTY OF SAN BERNARDINO**

16 **CHINO BASIN MUNICIPAL WATER**
17 **DISTRICT**

18 **Plaintiff,**

19 **vs.**

20 **CITY OF CHINO, ET AL.**

21 **Defendant.**

22 **CASE NO. RS 51010**

23 **Assigned for All Purposes to:**
24 **Honorable John P. Wade**
25 **Department S32**

26 **NOTICE OF MOTION AND MOTION**
27 **REQUESTING APPROVAL OF**
28 **INTERVENTION OF AQUA CAPITAL**
MANAGEMENT INTO THE CHINO
BASIN JUDGMENT; POINTS AND
AUTHORITIES IN SUPPORT THEREOF

Date: February 2, 2009
Department: S32
Time: 9:30 a.m.

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NOTICE OF MOTION AND MOTION REQUESTING APPROVAL OF INTERVENTION OF AQUA CAPITAL
MANAGEMENT INTO THE CHINO BASIN JUDGMENT

EXHIBIT 7

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO

DEPARTMENT NO. S-32

HON. JOHN P. WADE, JUDGE

CHINO BASIN MUNICIPAL WATER)
DISTRICT, et al.,)
)
Plaintiff,)
vs.)
)
CITY OF CHINO, et al.,)
)
Defendants.)

NO. RCVRS 51010

REPORTER'S TRANSCRIPT OF ORAL PROCEEDINGS

February 2, 2009

APPEARANCES:

(See next page)

REPORTED BY:

BETTY J. KELLEY, C.S.R.
Official Reporter, C-3981

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1 SAN BERNARDINO, CALIFORNIA, MONDAY FEBRUARY 2, 2009

2 9:30 a.m.

3 DEPARTMENT NO. S-8

HON. JOHN P. WADE, JUDGE

4 (Betty J. Kelley, C.S.R., Official Reporter, C-3981.)

5
6 THE COURT: Chino Basin Municipal Water District
7 versus City of Chino. Appearances, please.

8 MR. SLATER: Yes, your Honor. Scott Slater,
9 S-l-a-t-e-r, on behalf of Watermaster.

10 MR. FIFE: Michael Fife, F-i-f-e, on behalf of
11 Watermaster.

12 MR. KIDMAN: Arthur Kidman on behalf of Monte
13 Vista Water District.

14 MR. KENNEDY: Steve Kennedy on behalf of Three
15 Valleys Municipal Water District.

16 MR. COTTI: John Cotti on behalf of Chino Hills.

17 MR. BECKETT: Steven Beckett for Chino Basin
18 Water Conservation District.

19 MR. LEE: Steven Lee on behalf of the
20 Agricultural Pool.

21 MR. FUDACZ: Fred Fudacz, F-u-d-a-c-z, on behalf
22 of Ontario.

23 MR. ERICKSON: Jim Erickson on behalf of the City
24 of Chino.

25 MR. CIHIGOYENETCHE: Jean Cihigoyenette on
26 behalf of Inland Empire Utilities Agency.

1 MS. TRAN: Tram Tran on behalf of Monte Vista
2 Water District.

3 MS. WILLIS: Jill Willis on behalf of Cucamonga
4 Valley Water District.

5 MR. ORR: Steven Orr on behalf of the City of
6 Upland.

7 MR. SCHATZ: John Schatz on behalf of Western
8 Municipal Water District.

9 MR. BUNN: Thomas Bunn on behalf of the City of
10 Pomona.

11 THE COURT: All right, counsel. Just one word of
12 future advisement. When you address the Court, make sure
13 you give me your last name so that the court reporter will
14 be able to accurately reflect who is talking to the Court.

15 This hearing is an information-gathering hearing for
16 the purpose of all of us. So whether you participate or ask
17 questions or whatever, we'll need for you to identify
18 yourself as the hearing goes on, except for Mr. Slater and
19 Mr. Fife, who we know who they are.

20 Did you gentlemen wish to identify yourself?

21 MR. PARK: Patrick Park, Chino Basin Watermaster.

22 MR. CHIANG: Wen-Hsing Chiang.

23 MR. SLATER: Your Honor, for the convenience of
24 the Court and counsel, we have a request if they might
25 inhabit the jury box during the hearing.

26 THE COURT: That's certainly a good idea. If we

1 can accommodate them, that's a good idea.

2 If any counsel wants to sit in the jury box, that's
3 fine, you can do that. It might make it easier, sir.

4 All right. The first order of business is we have a
5 motion for approval of the intervention of Agua Capital
6 Management to the overlying or non-agricultural pool.
7 Apparently, there's no opposition. Does anyone have
8 opposition to that?

9 All right. That's approved.

10 All right. It's Mr. Fife, isn't it, sir?

11 MR. FIFE: Yes, your Honor.

12 THE COURT: Mr. Fife, are you prepared to go
13 forward?

14 MR. FIFE: Your Honor, Mr. Slater will open for
15 us. Thank you.

16 THE COURT: Mr. Slater, do you want to call a
17 witness?

18 MR. SLATER: Your Honor, if I may take a couple
19 of moments, we did transmit to your Honor a proposed outline
20 as we promised to do at the November 13 hearing. That
21 outline provides a summary of the witnesses and the areas of
22 testimony that we expect to go forward with today.

23 If it would please the Court, Watermaster counsel
24 would like to take up to 15 minutes, and no more, to provide
25 a contextual outline of what the witnesses are going to say
26 and how it relates to the responsibilities under the

EXHIBIT 8

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6
7
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO

10 CHINO BASIN MUNICIPAL WATER
11 DISTRICT

12 Plaintiff,

13 vs.

14 CITY OF CHINO, ET AL.

15 Defendant.
16
17

Case No. RCV 51010

[Assigned for All Purposes to the
Honorable JOHN P. WADE]

NOTICE OF RULINGS

Hearing Date: February 2, 2009
Time: 9:30 am
Dept: S32

18 PLEASE TAKE NOTICE that on February 2, 2009 at 9:30 a.m. in Department S-32, the
19 Honorable John P. Wade conducted a hearing in order to consider various issues relating to
20 Watermaster and the OBMP. Through an agreement between Watermaster and the court reporter, a
21 copy of the transcript is available to all parties on the Watermaster ftp site.

22 The Court APPROVED the intervention of Aqua Capital Management into the Overlying
23 (Non-Agricultural) Pool.

24 The Court APPROVED Watermaster's submission in compliance with the December 21,
25 2009 Order Condition Subsequent Number Seven.

26 The Court set a date for a subsequent hearing. On February 18, 2009, Watermaster appeared
27 ex parte and requested a rescheduling of this date. The subsequent hearing is now scheduled for
28 April 9, 2009 at 9:30 am.

1 The Court indicated that the purpose of this subsequent hearing would be to look more
2 deeply into the first three program elements of the OBMP: comprehensive monitoring;
3 comprehensive recharge; and water supply for impaired areas. At this hearing, the Court expects to
4 be presented with evidence pertaining to:

- 5 • Current project conditions;
- 6 • Future plans for each particular program element;
- 7 • Projected time limits for the formulation and implementation of each element;
- 8 • Future anticipated problems in implementation.

9 The Court ordered that all prior orders by Judge Gunn concerning reporting still stand. The
10 Court ordered Watermaster counsel to disseminate a declaration, before the next hearing, as to the
11 status of all reports that are then due or soon to be due and produced.

12 The Court indicated that the goal of future hearings would be to lessen the need for the
13 reports to be as detailed as they have been in the past.

14
15
16 Dated: February 23, 2009

BROWNSTEIN HYATT FARBER SCHRECK, LLP

17
18
19 By: 

20 Scott S. Slater
21 Michael T. Fife
22 Attorneys For Chino Basin Watermaster
23
24
25
26
27
28

CHINO BASIN WATERMASTER

Case No. RCV 51010

Chino Basin Municipal Water District v. The City of Chino

PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

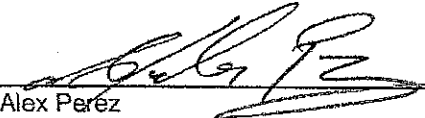
On February 23, 2009 I served the following:

1) NOTICE OF RULING

- ☒ BY MAIL: In said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:
See attached service list: Mailing List 1
- ☐ BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.
- ☐ BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.
- ☒ BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on February 23, 2009 in Rancho Cucamonga, California.


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CALIFORNIA STEEL INDUSTRIES, INC.

April 19, 2011

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Danielle Maurizio
Interim Chief Executive Officer
Chino Basin Watermaster
9641 San Bernardino Road
Rancho Cucamonga, CA 91730

Re: Request for Correction of Watermaster Records to Recognize Jointly Held Water Rights and Request for Correction of Errors in California Steel Industries' Water Activity Reports

Dear Ms. Maurizio:

California Steel Industries, Inc. ("CSI") respectfully requests that the Chino Basin Watermaster correct its records to reflect CSI's jointly held rights to a certain quantity of groundwater established by contract between CSI and Kaiser Ventures Inc. CSI also requests that the Watermaster take notice of CSI's current use of those jointly held rights. Finally, CSI requests correction of prior water activity reports to reflect its exercise of those jointly held water rights from July 1, 2007 to June 30, 2010. The basis for these requests is set forth below.

Pursuant to agreements it entered into with Kaiser Ventures Inc. ("Kaiser") in 1995, CSI may exercise 630,274 acre-feet annually of jointly held non-agricultural overlying rights to the Chino groundwater basin ("Joint Water Rights"). The exercise of the Joint Water Rights is governed by a Water Rights Agreement ("Agreement") and Water Rights Acknowledgment ("Acknowledgment"), both dated June 1, 1995. The Agreement and Acknowledgment were approved in Watermaster Resolution 95-3 (a copy of the Agreement, Acknowledgment and Resolution 95-3 are attached to this letter as Exhibit 1). The Agreement and Acknowledgment were further approved by an order of the San Bernardino County Superior Court on December 20, 1995, a copy of which is attached as Exhibit 2 to this letter. Section 4 of the Acknowledgment provides that after July 1, 2005, Kaiser has the first option to use the Joint Water Rights on the Kaiser Property ("Kaiser Option") and that CSI has the right to use any portion of the Joint Water Rights which are not used by Kaiser on the Kaiser property.¹

¹ The Acknowledgment incorporates by reference the definitions contained in the Settlement Agreement between CSI and Kaiser, which defines KAISER PROPERTY as those portions of the FONTANA PROPERTY retained by Kaiser following the sale of the CSI Property to CSI. Section 4 of the Acknowledgment also provides that Kaiser could use Joint Water Rights to fulfill its obligations under the Salt Offset Agreement. Those obligations have since been fulfilled, so the only permissible use of the Joint Water Rights by Kaiser or its successors is for use on the Kaiser Property.

After executing the Agreement and Acknowledgment, Kaiser sold water rights, including its interest in the Joint Water Rights, to CCG Ontario ("CCG"). The Court's Order approving the CCG intervention acknowledged the jointly held nature of those water rights, stating that CCG held rights to: "630.274 acre-feet as tenants in common with California Steel Industries, Inc." (see San Bernardino County Superior Court, Case No. RCV 51010, Order 7/19/01, at p. 3 (emphasis added), a copy of which is attached as Exhibit 3.)

Aqua Capital Management ("ACM") later bought from CCG all of CCG's interest in the Joint Water Rights, however, when ACM and CCG submitted applications to the Watermaster to permanently transfer 630.274 acre-feet (a copy of which is attached as Exhibit 4), the Watermaster's records failed to reflect that those rights are jointly held with CSI and that only CCG's interest in the Joint Water Rights was transferred to ACM. On February 2, 2009, the Court approved the intervention of ACM into the Overlying (Non-Agricultural) Pool.

As indicated above, pursuant to section 4 of the Acknowledgment, CSI may use any portion of the Joint Water Rights not used by Kaiser or its successors on the Kaiser Property. (Acknowledgment, § 4(b)(2).) Since ACM, Kaiser's successor, does not own the Kaiser Property, it does not have ability to exercise the Kaiser Option with respect to the use of the Joint Water Rights. Accordingly, CSI has exercised its right to make use of the Joint Water Rights at CSI's facility in Fontana, California, which is located within the original Kaiser Property.

In consideration of the aforementioned rights and agreements, CSI hereby requests that the Watermaster properly reflect in its records that CSI is and has at all times been a joint holder of the 630.274 acre-feet which was transferred from CCG to ACM. CSI further requests that Watermaster recognize that CSI is currently exercising its right to use the Joint Water Rights by putting such water to use at its Fontana facility and will continue to do so until CSI is notified that ACM, or its successor, has the ability to exercise the Kaiser Option with respect to the Joint Water Rights.

Section 3.3 of the Watermaster Rules and Regulations, as added by the Peace II Agreement, indicates that "[a]ll reports or other information submitted to Watermaster by the parties shall be subject to a four-year limitations period regarding the correction of errors contained in such submittals." Further, such corrections shall apply retroactively during that limitations period. CSI's prior water activity reports did not identify which rights that CSI produced when pumping water at its Fontana facility (Copies attached as Exhibit 5), which resulted in the erroneous assumption that CSI was producing from its sole water rights. Pursuant to Section 3.3 of the Watermaster Regulations, and section 4(b)(2) of the Acknowledgment, CSI requests that those reports be corrected to reflect that CSI has produced water pursuant to its Joint Water Rights for the water years which are described in Exhibit 5.

Please do not hesitate to contact me if you have any questions regarding this request.

Very truly yours,

A handwritten signature in black ink, appearing to read "Brett Guge", with a stylized, flowing script.

Brett Guge
Executive Vice President
Finance and Administration
California Steel Industries, Inc.

Enclosures

cc: Michael T. Fife, Brownstein Hyatt Farber Schrek, LLP
David Penrice, Aqua Capital Management LP

RECEIVED

OCT 11 2011

SUM-100

SUMMONS
(CITACION JUDICIAL)

BEST BEST & KRIEGER

FOR COURT USE ONLY
(SLO CAUSE OF LA CORTE)

FILED

SUPERIOR COURT
COUNTY OF SAN BERNARDINO
RANCHO CUCAMONGA DISTRICT

OCT 07 2011

NOTICE TO DEFENDANT:
(AVISO AL DEMANDADO):

California Steel Industries, Inc. and DOES 1 through 50, inclusive

YOU ARE BEING SUED BY PLAINTIFF:
(LO ESTÁ DEMANDANDO EL DEMANDANTE):
 Aqua Capital Management LP

Cesar R Lep

FAXED

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. NOTE: The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. ¡AVISO! Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 o más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:

(El nombre y dirección de la corte es): San Bernardino Superior Court

8303 Haven Ave
Rancho, Cucamonga, CA 91730

CASE NUMBER:
(Número del Caso):

CV951103311

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

John P. Flynn, McLeod, Moscarino, Witham & Flynn-505 Montgomery St., 11th Fl., San Francisco, CA 94111

DATE:

(Fecha)

OCT - 7 2011

Clerk, by

(Secretario)

(405) 874-3410

Deputy

(Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

(SEAL)

NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of (specify):

3. ☒ on behalf of (specify):

- | | |
|---|---|
| under: <input checked="" type="checkbox"/> CCP 416.10 (corporation) | <input type="checkbox"/> CCP 416.60 (minor) |
| <input type="checkbox"/> CCP 416.20 (defunct corporation) | <input type="checkbox"/> CCP 416.70 (conservatee) |
| <input type="checkbox"/> CCP 416.40 (association or partnership) | <input type="checkbox"/> CCP 416.90 (authorized person) |

4. ☐ other (specify):

4. ☐ by personal delivery on (date):

SUMMONS

Page 1 of 1

FAXED

1 John P. Flynn (State Bar No. 141094)
 jflynn@mmwf.com
 2 McLEOD, MOSCARINO, WITHAM & FLYNN LLP
 505 Montgomery Street, 11th Floor
 3 San Francisco, CA 94111
 Telephone: (415) 874-3410
 4 Fax: (415) 874-3407

5 David S. McLeod (SBN 66808)
 dmcLeod@mmwf.com
 6 McLEOD, MOSCARINO, WITHAM & FLYNN LLP
 707 Wilshire Boulevard, Suite 5000
 7 Los Angeles, CA 90017
 Telephone: (213) 627-3600
 8 Fax: (213) 627-6290

9 Attorneys for Plaintiff
 Aqua Capital Management LP

FILED
 SUPERIOR COURT
 COUNTY OF SAN BERNARDINO
 RANCHO CUCAMONGA DISTRICT
 OCT 07 2011

Cesar R. Lepe

12 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
 13 COUNTY OF SAN BERNARDINO

CIV831108911

15 Aqua Capital Management LP

16 Plaintiff

17 vs.

18 California Steel Industries, Inc. and DOES 1
 19 through 50, inclusive,

20 Defendants

Case No.

VERIFIED COMPLAINT TO QUIET TITLE

21 Pursuant to California Code of Civil Procedure section 760.010 et seq., Plaintiff Aqua
 22 Capital Management LP ("Plaintiff") brings this verified complaint to quiet title against defendants
 23 California Steel Industries Inc. ("CSI") and DOES 1 through 50, inclusive, and alleges as follows:

24 **FIRST CAUSE OF ACTION**

25 (Quiet Title; Cal. C.C.P. section 760.010 et seq.)

26 (Against All Defendants)

27 I. Plaintiff is a Delaware limited partnership with its principal place of business in
 28 Omaha, Nebraska. Plaintiff is qualified to transact business in California.

Case No.

VERIFIED COMPLAINT TO QUIET TITLE

RECEIVED

OCT 11 2011

BEST BEST & KRIEGER

1 2. Plaintiff is informed and believes that Defendant CSI is a Delaware corporation
2 with its principal place of business in Fontana, California.

3 3. Pursuant to California Code of Civil Procedure section 762.060, the defendants
4 sued herein as DOES 1-50, inclusive, consist of all persons unknown, claiming any legal or equitable
5 right, title, estate, lien, or interest in the property described herein adverse to Plaintiff's title, or any cloud
6 on Plaintiff's title thereto. Plaintiff will amend this Verified Complaint to allege their true names and
7 capacities if and when Plaintiff becomes aware of such claims and the identities of such persons becomes
8 known.

9 4. Plaintiff is the owner of 630.274 acre feet of adjudicated overlying water rights in
10 the Chino Basin. The legal description of the water rights, (the "water rights") is as follows: "The right
11 to extract 630.27 acre-feet of Grantor's Assigned Share of Operating Safe Yield together with all
12 Carryover and Storage Account rights ("Water Rights") allocated to Grantor (or Grantor's predecessor(s)
13 in interest) under and pursuant to the Judgment dated January 27, 1978 and entered in San Bernardino
14 Superior Court Case No. 51010 entitled "Chino Basin Municipal Water District v. City of Chino, et al."
15 (the "Judgment"). The water rights are separately assessed as Assessor Parcel Number 229-291-47 by
16 the San Bernardino County Assessor.

17 5. CCG Ontario LLC (the "seller") conveyed the water rights to plaintiff at a closing
18 on December 24, 2008. The parties recorded a Water Rights Grant Deed in the official real property
19 records of San Bernardino County, California on February 18, 2009 following the court's approval of
20 Plaintiff's intervention in the Judgment. A true and correct copy of the recorded deed is attached as
21 Exhibit A and incorporated here by reference.

22 6. Plaintiff is informed and believes that defendant CSI claims to be a joint owner of
23 the water rights pursuant to a Water Rights Agreement and a Water Rights Acknowledgement, each
24 dated as of June 1, 1995. Pursuant to Section 3 of the Water Rights Agreement, CSI had the right and
25 ability to record the Water Rights Acknowledgment in the official real property records of San
26 Bernardino County, California. Plaintiff is informed and believes that CSI failed to record the Water
27 Rights Acknowledgment, or any instrument relating thereto, in the official real property records.

28 7. Plaintiff acquired title to the water rights in good faith and for valuable

1 consideration, and recorded its interest without knowledge or notice of any prior interest claimed by
2 defendant CSI or any other person or entity. Accordingly, Plaintiff is a bona fide purchaser for value of
3 the water rights, and solely owns the water rights free and clear of any unrecorded interest in the water
4 rights asserted by CSI.

5 8. Prior to purchasing the water rights, Plaintiff conducted its own search of the
6 official real property records to determine whether any adverse claims to the seller's title to the water
7 rights were recorded in the real property records.

8 9. Prior to purchasing the water rights, Plaintiff engaged a reputable title insurance
9 company to conduct a search of the official real property records to determine whether any adverse
10 claims to the seller's title to the water rights were recorded in the real property records. The title
11 company completed its search and presented its results to Plaintiff in the form of a report.

12 10. Prior to purchasing the water rights, Plaintiff obtained customary representations
13 and warranties from an authorized officer of the seller, and such representation and warranties confirmed
14 the seller's sole ownership of the water rights.

15 11. Prior to purchasing the water rights, Plaintiff requested that the seller provide to
16 Plaintiff documents and information then in the seller's possession, custody or control relating to the
17 seller's ownership of the water rights, and the documents and information confirmed the seller's sole
18 ownership of the water rights.

19 12. Prior to purchasing the water rights, Plaintiff discussed with representatives of the
20 seller on more than one occasion, over several months, the ownership history of the water rights, and
21 such discussions confirmed the seller's sole ownership of the water rights.

22 13. Prior to purchasing the water rights, Plaintiff examined the most recent annual
23 report of the Chino Basin Watermaster, which confirmed the seller's sole ownership of the water rights.

24 14. Prior to purchasing the water rights, Plaintiff discussed the purchase by Plaintiff of
25 the water rights with Watermaster staff. CGC Ontario discussed with Watermaster staff any known or
26 suspected claims that might be made by other persons. No claims by CSI or any other party were
27 disclosed by Watermaster staff.

28 15. Prior to purchasing the water rights, Plaintiff submitted a formal written

1 application to the Non-Agricultural Pool Committee of the Chino Basin Watermaster regarding transfer
2 of the water rights. Defendant CSI is and was a member of the Non-Agricultural Pool Committee. The
3 application was considered at a public meeting of the Non-Agricultural Pool Committee. Neither
4 Defendant CSI nor any other person claimed or otherwise disclosed any interest in the water rights at or
5 in connection with such public hearing.

6 16. Prior to purchasing the water rights, Plaintiff submitted a formal written
7 application to the Advisory Committee of the Chino Basin Watermaster regarding transfer of the water
8 rights. The application was considered at a public meeting of the Advisory Committee. Neither
9 Defendant CSI nor any other person claimed or otherwise disclosed any interest in the water rights at or
10 in connection with such public hearing.

11 17. Prior to purchasing the water rights, Plaintiff submitted a formal written
12 application to transfer the water rights to the Board of the Chino Basin Watermaster. The application
13 was considered at a public meeting of the Board. Defendant CSI did not make or otherwise disclose any
14 claims on the water rights at or in connection with such public hearing.

15 18. Prior to purchasing the water rights, Plaintiff examined the records of the San
16 Bernardino County Tax Assessor, which confirmed that the seller was the sole owner and assessee of
17 such water rights.

18 19. Plaintiff is a bona fide purchaser of the water rights, having acquired title for
19 valuable consideration, in good faith and without knowledge or notice of any claimed prior interest by
20 Defendant CSI and having first recorded the instrument creating its interest in the water rights. CSI's
21 alleged prior unrecorded and unknown interest is not enforceable against Plaintiff as a bona fide
22 purchaser for value.

23 20. Plaintiff therefore seeks a declaration that title to the water rights is vested in
24 Plaintiff alone as of the date Plaintiff recorded its title, February 18, 2009, and that Defendants CSI, and
25 DOES 1 through 50, inclusive, be declared to have no estate, right, title or interest in the water rights, and
26 that Defendants CSI and DOES 1-50, inclusive, be forever enjoined from asserting any estate, right, title
27 or interest in the water rights adverse to Plaintiff.

1 WHEREFORE, Plaintiff prays for judgment against Defendants and each of them as
2 follows:

3 For an order compelling Defendants, and each of them, to transfer legal title and
4 possession of the water rights to Plaintiff;

5 For a declaration and determination that Plaintiff is the rightful holder of title to the water
6 rights and that Defendants herein, and each of them be declared to have no estate, right, title or interest in
7 the water rights;

8 For a judgment forever enjoining Defendants, and each of them, from claiming any estate,
9 right, title or interest in the water rights;

10 For costs of suit herein; and

11 For any and all further legal and equitable relief the court deems just and proper.

12
13 Date: October __, 2011

McLEOD, MOSCARINO, WITHAM & FLYNN LLP

14
15
16 By: 

John P. Flynn (State Bar No. 141094)

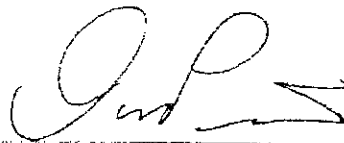
17
18 Attorneys for Plaintiff
Aqua Capital Management LP
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VERIFICATION

My name is David Penrice and I am the Chief Executive Officer of Aqua Capital Management LP, Plaintiff in this action. I have read the foregoing Verified Complaint to Quiet Title and verify under penalty of perjury under the laws of the State of California that the facts alleged therein are true and correct, except as to those matters alleged on information and belief which I believe to be true and correct.

Executed on October 6 2011 at Omaha, Nebraska.



David Penrice

Chief Executive Officer
Aqua Capital Management LP

EXHIBIT A

PLEASE COMPLETE THIS INFORMATION

RECORDING REQUESTED BY:

ROBERT BOYTOR

MAIL TAX STATEMENTS

AND WHEN RECORDED MAIL TO:

Aqua Capital Management LP

444 Regency Parkway Drive, STE 300

Omaha, NE 68114

Recorded in Official Records, County of San Bernardino

2/18/2008

8:00 AM

LJ



LARRY WALKER

Auditor/Controller - Recorder

867 SPL Title Services

Doc#: 2009--0068320

Titles: 1

Pages: 4



Fees 10.00

Taxes 0.00

Other 0.00

PAID \$10.00

SPACE ABOVE FOR RECORDER'S USE ONLY

Water Rights Grant Deed

Title of Document

MAIL TAX STATEMENTS AS DIRECTED ABOVE

Aqua Capital Management LP
444 Regency Parkway Dr, Suite 300
Omaha, Nebraska 68114
Attn: Chief Financial Officer

APN: 229-291-47

Space above this line for Recorder

WATER RIGHTS GRANT DEED

The undersigned grantor(s) declare(s)

DOCUMENTARY TRANSFER TAX \$ 0.00 (Zero)

- () computed on full value of property conveyed, or
() computed on full value less liens and encumbrances remaining at time of sale.
() Unincorporated Area

As of Feb 9, 2009, CCG ONTARIO LLC, as Grantor herein, for valuable consideration, the receipt of which is hereby acknowledged, does hereby grant to:

AQUA CAPITAL MANAGEMENT LP, its successors or assigns, as Grantee herein, all that certain real property in the County of San Bernardino, State of California, described as:


The right to extract 630.27 acre-feet of Grantor's Assigned Share of Operating Safe Yield together with all Carryover and Storage Account rights ("Water Rights") allocated to Grantor (or Grantor's predecessors(s) in interest) under and pursuant to the Judgment dated January 27, 1978 and entered in San Bernardino Superior Court Case No. 51010 entitled "Chino Basin Municipal Water District v. City of Chino, et al."

See Schedule A

The Water Rights originally developed from the historical extraction of groundwater from numerous parcels of real property formerly owned by Kaiser Steel Corporation, and its successors and affiliates including that certain real property described with particularity in the attached Schedule "A," which real property is presently referred to as Assessor Parcel Number 229-291-47 by the San Bernardino County Assessor. Grantor is a successor to Kaiser Venture, Inc., who in turn, is a successor in interest to Kaiser Resources, who in turn, is a successor in interest to Kaiser Steel Corporation who was an original party to the adjudication that culminated in the Judgment.

Grantor:

CCG ONTARIO LLC, a Delaware limited liability company

By: 
Name: Tim D. Peters
Its: Vice President

STATE OF COLORADO

§

COUNTY OF DENVER

§

§

The foregoing instrument was acknowledged before me this 22 day of December, 2008, by Tim Peters, VP of CCG ONTARIO, LLC, a Delaware limited liability company, on behalf of the company.



Notary Public in and for the
State of Colorado

Name: [Signature]

My Commission Expires:

8-19-09

SCHEDULE A

LEGAL DESCRIPTION OF THE CCG PARCEL

Parcel 5 of Parcel Map 14723, in the County of San Bernardino, State of California, as per map recorded in Book 179, Pages 9 through 13, inclusive of Parcel Maps, in the Office of the County Recorder of San Bernardino County, California.

Together with that portion of Parcel 2 of Parcel Map 14757, as recorded in Book 183, Pages 24 and 25 of Parcel Maps, Records of San Bernardino County, California, described as follows:

Beginning at the Northeasterly corner of said Parcel 2, said corner also being on the Westerly line of said Parcel 5; thence South $00^{\circ} 22' 49''$ East 33.38 feet along the Easterly line of said Parcel 2 and said Westerly line of said Parcel 2 and said Westerly line of said Parcel 5 to the Northeast corner of Parcel 3 of said Parcel Map 14757, said point also being the beginning of a non-tangent curve concave to the Northwest and having a radius of 324.86 feet, a radial line to said point bears North $24^{\circ} 24' 15''$ West; thence Westerly, 132.44 feet along said curve and the Northerly line of said Parcel 3, through a central angle of $23^{\circ} 21' 32''$; thence South $88^{\circ} 57' 17''$ West, 821.59 feet continuing along said Northerly line; thence South $81^{\circ} 48' 02''$ West, 211.26 feet continuing along said Northerly line; thence South $88^{\circ} 57' 17''$ West, 543.98 feet parallel with the Northerly line of said Parcel 2 to a point on the Westerly line of said Parcel 2; thence North $01^{\circ} 02' 43''$ West, 86.31 feet along said Westerly line to the Northwest corner of said Parcel 2; thence North $88^{\circ} 57' 17''$ East, 1704.38 feet to the point of beginning.

Said land is described pursuant to Certificate of Compliance No. W004-99 recorded November 5, 1999, Instrument No. 99-461699, Official Records.

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN BERNARDINO

RANCHO CUCAMONGA DISTRICT
8303 NORTH HAVEN AVENUE
RANCHO CUCAMONGA, CA 91730

<http://www.sbcounty.gov/courts>

CASE NO: CIVRS1108911

FILED
SUPERIOR COURT
COUNTY OF SAN BERNARDINO
RANCHO CUCAMONGA DISTRICT

IN RE: AQUA CAPITAL -V- CALIFORNIA STEEL

OCT 07 2011

NOTICE OF CASE ASSIGNMENT FOR ALL PURPOSES
NOTICE OF CASE MANAGEMENT CONFERENCE AND ORDER TO SHOW CAUSE
REGARDING SERVICE OF SUMMONS AND COMPLAINT

PLEASE TAKE NOTICE, that the above-entitled case has been set for a Case Management Conference and an Order to Show Cause why the case should not be dismissed for failure to serve the summons and complaint. File your Case Management Statement with the court fifteen (15) calendar days prior to the hearing. Failure to appear may result in monetary sanctions and/or dismissal of your case. THIS CASE HAS BEEN ASSIGNED TO DAVID A WILLIAMS IN DEPARTMENT R8 FOR ALL PURPOSES.

The Order to Show Cause regarding service of summons is set: 01/06/12 at 8:30 in Department R8. If proof of service of summons and complaint has been filed before that date, no appearance is required at the time of the Order to Show Cause hearing. The Case Management Conference is set: 03/02/12 at 8:30 in Department R8.

TO THE PARTY SERVED: The setting of these dates DOES NOT increase the time you have to respond to the complaint. The time for response is clearly stated on the Summons.

A COPY OF THIS NOTICE MUST BE SERVED ON ALL DEFENDANTS

Stephen H. Nash, Clerk of the Court

Date: 10/07/11

By: CESAR LEPE

CERTIFICATE OF SERVICE

I am a Deputy Clerk of the Superior Court for the County of San Bernardino at the above listed address. I am not a party to this action and on the date and place shown below, I served a copy of the above listed notice by:

() Enclosed in an envelope mailed to the interested party addressed above, for collection and mailing this date, following ordinary business practice.

() Enclosed in a sealed envelope, first class postage prepaid in the U.S. mail at the location shown above, mailed to the interested party and addressed as shown above, or as shown on the attached listing.

() A copy of this notice was given to the filing party at the counter.

() A copy of this notice was placed in the bin located at this office and identified as the location for the above law firm's collection of file stamped documents.

DATE OF MAILING: 10/07/11

I declare under penalty of perjury that the foregoing is true and correct. Executed on 10/07/11 at Rnch Cucamonga, CA By: CESAR LEPE

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): John P. Flynn (State Bar No. 141094) McLeod, Moscarino, Witham & Flynn LLP 505 Montgomery Street, 11th Floor San Francisco, CA 94111 TELEPHONE NO.: (415) 874-3410 FAX NO.: (415) 874-3407 ATTORNEY FOR (Name): Plaintiff, Aqua Capital Management LP		FOR COURT USE ONLY FILED SUPERIOR COURT COUNTY OF SAN BERNARDINO RANCHO CUCAMONGA DISTRICT OCT 07 2011 <i>Cesar R. Lepé</i>
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Bernardino STREET ADDRESS: 8303 Haven Ave MAILING ADDRESS: CITY AND ZIP CODE: Rancho Cucamonga 91730 BRANCH NAME: Rancho		
CASE NAME: Aqua Capital Management LP v. California Steel Industries, Inc., et al.		
CIVIL CASE COVER SHEET <input checked="" type="checkbox"/> Unlimited (Amount demanded exceeds \$25,000) <input type="checkbox"/> Limited (Amount demanded is \$25,000 or less)	Complex Case Designation <input type="checkbox"/> Counter <input type="checkbox"/> Joinder Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)	
		CASE NUMBER: CIVRS1108911 JUDGE: DEPT:

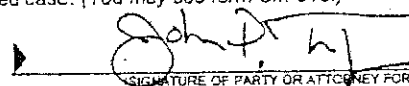
Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:
- | | | |
|--|---|---|
| Auto Tort
<input type="checkbox"/> Auto (22)
<input type="checkbox"/> Uninsured motorist (46)
Other PVPD/WD (Personal Injury/Property Damage/Wrongful Death) Tort
<input type="checkbox"/> Asbestos (04)
<input type="checkbox"/> Product liability (24)
<input type="checkbox"/> Medical malpractice (45)
<input type="checkbox"/> Other PVPD/WD (23)
Non-PVPD/WD (Other) Tort
<input type="checkbox"/> Business tort/unfair business practice (07)
<input type="checkbox"/> Civil rights (08)
<input type="checkbox"/> Defamation (13)
<input type="checkbox"/> Fraud (16)
<input type="checkbox"/> Intellectual property (19)
<input type="checkbox"/> Professional negligence (25)
<input type="checkbox"/> Other non-PVPD/WD tort (35)
Employment
<input type="checkbox"/> Wrongful termination (36)
<input type="checkbox"/> Other employment (15) | Contract
<input type="checkbox"/> Breach of contract/warranty (06)
<input type="checkbox"/> Rule 3.740 collections (09)
<input type="checkbox"/> Other collections (09)
<input type="checkbox"/> Insurance coverage (18)
<input type="checkbox"/> Other contract (37)
Real Property
<input type="checkbox"/> Eminent domain/inverse condemnation (14)
<input type="checkbox"/> Wrongful eviction (33)
<input checked="" type="checkbox"/> Other real property (26)
Unlawful Detainer
<input type="checkbox"/> Commercial (31)
<input type="checkbox"/> Residential (32)
<input type="checkbox"/> Drugs (38)
Judicial Review
<input type="checkbox"/> Asset forfeiture (05)
<input type="checkbox"/> Petition re: arbitration award (11)
<input type="checkbox"/> Writ of mandate (02)
<input type="checkbox"/> Other judicial review (39) | Provisionally Complex Civil Litigation
(Cal. Rules of Court, rules 3.400-3.403)
<input type="checkbox"/> Antitrust/Trade regulation (03)
<input type="checkbox"/> Construction defect (10)
<input type="checkbox"/> Mass tort (40)
<input type="checkbox"/> Securities litigation (28)
<input type="checkbox"/> Environmental/Toxic tort (30)
<input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41)
Enforcement of Judgment
<input type="checkbox"/> Enforcement of judgment (20)
Miscellaneous Civil Complaint
<input type="checkbox"/> RICO (27)
<input type="checkbox"/> Other complaint (not specified above) (42)
Miscellaneous Civil Petition
<input type="checkbox"/> Partnership and corporate governance (21)
<input type="checkbox"/> Other petition (not specified above) (43) |
|--|---|---|
2. This case ☐ is ☒ is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- | | |
|--|--|
| a. <input type="checkbox"/> Large number of separately represented parties | d. <input type="checkbox"/> Large number of witnesses |
| b. <input type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve | e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court |
| c. <input type="checkbox"/> Substantial amount of documentary evidence | f. <input type="checkbox"/> Substantial postjudgment judicial supervision |
3. Remedies sought (check all that apply): a. ☐ monetary b. ☒ nonmonetary; declaratory or injunctive relief c. ☐ punitive
4. Number of causes of action (specify): One
5. This case ☐ is ☒ is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: October 8, 2011

John P. Flynn

(TYPE OR PRINT NAME)



(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 at seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

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00/00/2011

FIRST LEGAL SUPPORT

(951) 779-0100

FAXED

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN BERNARDINO

Aqua Capital Management LP

Case No.

CIVRS1105911

vs.

CERTIFICATE OF ASSIGNMENT

California Steel Industries, Inc. and

DOES 1 through 50, inclusive

A civil action or proceeding presented for filing must be accompanied by this certificate. If the ground is the residence of a party, name and residence shall be stated.

The undersigned declares that the above-entitled matter is filed for proceedings in the Chino District of the Superior Court under Rule 404 of this court for the checked reason:

☒ General☐ Collection

Nature of Action

Ground

- | | |
|--|--|
| <input type="checkbox"/> 1 Adoption | Petitioner resides within the district. |
| <input type="checkbox"/> 2 Conservator | Petitioner or conservatee resides within the district. |
| <input type="checkbox"/> 3 Contract | Performance in the district is expressly provided for. |
| <input type="checkbox"/> 4 Equity | The cause of action arose within the district. |
| <input type="checkbox"/> 5 Eminent Domain | The property is located within the district. |
| <input type="checkbox"/> 6 Family Law | Plaintiff, defendant, petitioner or respondent resides within the district. |
| <input type="checkbox"/> 7 Guardianship | Petitioner or ward resides within the district or has property within the district. |
| <input type="checkbox"/> 8 Harassment | Plaintiff, defendant, petitioner or respondent resides within the district. |
| <input type="checkbox"/> 9 Mandate | The defendant functions wholly within the district. |
| <input type="checkbox"/> 10 Name Change | The petitioner resides within the district. |
| <input type="checkbox"/> 11 Personal Injury | The injury occurred within the district. |
| <input type="checkbox"/> 12 Personal Property | The property is located within the district. |
| <input type="checkbox"/> 13 Probate | Decedent resided or resides within the district or had property within the district. |
| <input type="checkbox"/> 14 Prohibition | The defendant functions wholly within the district. |
| <input type="checkbox"/> 15 Review | The defendant functions wholly within the district. |
| <input checked="" type="checkbox"/> 16 Title to Real Property | The property is located within the district. |
| <input type="checkbox"/> 17 Transferred Action | The lower court is located within the district. |
| <input type="checkbox"/> 18 Unlawful Detainer | The property is located within the district. |
| <input type="checkbox"/> 19 Domestic Violence | The petitioner, defendant, plaintiff or respondent resides within the district. |
| <input type="checkbox"/> 20 Other | |
| <input type="checkbox"/> 21 THIS FILING WOULD NORMALLY FALL WITHIN JURISDICTION OF SUPERIOR COURT. | |

The address of the accident, performance, party, detention, place of business, or other factor which qualifies this case for filing in the above-designated district is:

Water rights located in the Chino basin.

(NAME - INDICATE TITLE OR OTHER QUALIFYING FACTOR)

ADDRESS

(CITY)

(STATE)

(ZIP CODE)

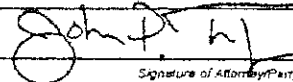
I declare, under penalty of perjury, that the foregoing is true and correct and that this declaration was executed on

October 7, 2011

at

San Francisco

California



Signature of Attorney/Party

CM-015

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): John P. Flynn (State Bar No. 141094) McLeod, Moscarino, Witham & Flynn LLP 505 Montgomery Street, 11th Floor San Francisco, CA 94111 TELEPHONE NO.: (415) 874-3410 FAX NO. (Optional): (415) 874-3407 E-MAIL ADDRESS (Optional): jflynn@mmwf.com ATTORNEY FOR (Name): Plaintiff, Aqua Capital Management LP		FOR COURT USE ONLY OCT 07 2011 RECEIVED SUPERIOR COURT COUNTY OF SAN BERNARDINO RANCHO CUCAMONGA DISTRICT
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Bernardino STREET ADDRESS: 8303 Haven Ave MAILING ADDRESS: CITY AND ZIP CODE: Rancho Cucamonga 91730 BRANCH NAME: Rancho		
PLAINTIFF/PETITIONER: Aqua Capital Management LP DEFENDANT/RESPONDENT: California Steel Industries, Inc., et al.		CASE NUMBER: CIV 1103911 JUDICIAL OFFICER: DEPT.:
NOTICE OF RELATED CASE		

Identify, in chronological order according to date of filing, all cases related to the case referenced above.

1.
 - a. Title: Chino Basin Municipal Water District v. City of Chino, et al.
 - b. Case number: RCV 51010
 - c. Court: ☒ same as above
☐ other state or federal court (name and address):
 - d. Department: C-1
 - e. Case type: ☐ limited civil ☒ unlimited civil ☐ probate ☐ family law ☐ other (specify):
 - f. Filing date: January 2, 1975
 - g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No
 - h. Relationship of this case to the case referenced above (check all that apply):
 - ☐ involves the same parties and is based on the same or similar claims.
 - ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
 - ☒ involves claims against, title to, possession of, or damages to the same property.
 - ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
 - ☐ Additional explanation is attached in attachment 1h
 - i. Status of case:
 - ☒ pending
 - ☐ dismissed ☐ with ☐ without prejudice
 - ☐ disposed of by judgment
2.
 - a. Title:
 - b. Case number:
 - c. Court: ☐ same as above
☐ other state or federal court (name and address):
 - d. Department:

PLAINTIFF/PETITIONER: Aqua Capital Management LP	CASE NUMBER:
DEFENDANT/RESPONDENT California Steel Industries, Inc., et al.	

2. (continued)

- a. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):
- f. Filing date:
- g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No
- h. Relationship of this case to the case referenced above (check all that apply):
- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 2h
- i. Status of case:
- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

3. a. Title:

b. Case number:

c. Court: ☐ same as above☐ other state or federal court (name and address):

d. Department:

e. Case type: ☐ limited civil ☐ unlimited civil ☐ probate ☐ family law ☐ other (specify):

f. Filing date:

g. Has this case been designated or determined as "complex?" ☐ Yes ☐ No

h. Relationship of this case to the case referenced above (check all that apply):

- ☐ involves the same parties and is based on the same or similar claims.
- ☐ arises from the same or substantially identical transactions, incidents, or events requiring the determination of the same or substantially identical questions of law or fact.
- ☐ involves claims against, title to, possession of, or damages to the same property.
- ☐ is likely for other reasons to require substantial duplication of judicial resources if heard by different judges.
- ☐ Additional explanation is attached in attachment 3h

i. Status of case:

- ☐ pending
- ☐ dismissed ☐ with ☐ without prejudice
- ☐ disposed of by judgment

4. ☐ Additional related cases are described in Attachment 4. Number of pages attached: _____

Date: October 7, 2011

John P. Flynn

(TYPE OR PRINT NAME OF PARTY OR ATTORNEY)



(SIGNATURE OF PARTY OR ATTORNEY)

EXHIBIT 11

CHICAGO TITLE COMPANY
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TC

O'Melveny & Myers LLP
400 South Hope Street
Los Angeles, California 90071
Attention: Laura Riley, Esq.

DEED

Recorded in Official Records, County of
San Bernardino, Larry Walker, Recorder

Doc No. 20000294484
12:21pm 08/16/00

Chicago Title A # 607

MAIL TAX STATEMENTS TO:

CCG ONTARIO, LLC
c/o Property Tax Department
Catellus Development Corporation
201 Mission Street
San Francisco, California 94105
Attention: Paul Maquera

1	2	3	4	5	6	7	8	9	0
PG	FEE	APF	GRMS	PH CPY	CRT CPY	ADD NM	PEN PR	PCOM	
25	77	72							20
		10	5				607	D	
NON ST	LN	SVY	CIT CO	TRANS TAX	DA	CHRG	EXAM		

(Space Above This Line for Recorder's Use)

GRANT DEED

Assessor's Parcel Numbers: 0229-291-25,26,27,35 AND 36; 0238-031-02,08 AND 09;
0238-063-02

In accordance with Section 11932 of the California Revenue and Taxation Code, Grantor has declared the amount of the documentary transfer tax which is due by a separate statement which is not being recorded with this Grant Deed.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

KAISER STEEL LAND DEVELOPMENT, INC., a Delaware corporation, and
KAISER VENTURES INC., a Delaware corporation, formerly known as
KAISER RESOURCES INC., a Delaware corporation, formerly known as
KAISER STEEL RESOURCES, INC., a Delaware corporation, formerly known
as KAISER STEEL INC., a Delaware corporation, and successor by merger to
KAISER STEEL CORPORATION, a Nevada corporation, which was formerly
known as KAISER COMPANY, INC., a Delaware corporation (collectively,
"Grantors")

hereby GRANT to (SEE NEXT PAGE FOR NAME OF GRANTEE)

CCG ONTARIO, LLC,
a Delaware limited liability company ("Grantee")

the following, subject to (A) all matters of public record with respect to or affecting such real property; (B) all matters disclosed by the survey of such real property; (C) all matters disclosed or discernable by a physical inspection of such real property; and (D) the Environmental Restrictions and Restrictive Covenants between Grantors and Grantee attached hereto as Exhibit B and incorporated herein by this reference: (i) the real property located in the County of San Bernardino, State of California, and more particularly described in Exhibit A attached hereto; together with (ii) all right, title and interest of Grantors in and to any and all buildings, structures, systems, facilities, fixtures, fences and parking areas located on such real property as of the date of this deed, including, without limitation, the sewage treatment system located on the real property; (iii) all right, title and interest of Grantors in and to any and all privileges, entitlements, easements, rights and appurtenances to such real property including, without limitation, all development rights, air rights and water rights (which water rights are more particularly described and specified in Exhibit C attached hereto and incorporated herein by this reference appurtenant to such real property) (iv) all right, title and interest of Grantors in and to that certain easement recorded in the Official Records of San Bernardino County, California as Instrument Number 95-404558; (v) all right, title and interest of Grantors, if any, in and to any streets, alleys, passages, watercourses, other easements, and other rights-of-way or appurtenances included in such real property; (vi) the reversions and remainders owned by the Grantors which are part of such real property, and (vii) all the estate, right, title, interest, property, possession, claim and demand whatsoever, in law and in equity, owned by the Grantors, in and to the foregoing and any part thereof (together, the "Real Property"). Notwithstanding the foregoing, the Real Property conveyed hereunder shall not be deemed to include Grantor's easement rights reserved under that certain Grant Deed recorded on August 11, 2000 as Instrument Number 290130 in the Official Records of San Bernardino County.


Reserving to Grantors a non-exclusive easement in, on, under and through the Real Property for access to and for the performance of assessment and remediation activities (including operations and maintenance activities) on and related to the Real Property with respect to the existence of hazardous materials in, on or under the Real Property (the "Remediation Easement"); provided that (v) Grantors' use of the Remediation Easement shall not unreasonably interfere with Grantee's non-affiliated successors' and assigns' use and enjoyment of the Real Property and shall comply with all applicable governmental laws, rules and regulations, (w) Grantors will indemnify, defend and hold Grantee's non-affiliated successors and assigns harmless from and against any loss, damage, injury, accident, fire or other casualty, liability, claim, cost or expense (including, without limitation, reasonable attorneys' fees) of any kind or character (collectively, "Losses") to any person or property caused by, with or without fault, Grantors' use of the Remediation Easement; (x) Grantors will repair any damage done to the Real Property as a result of Grantors' use of the Remediation Easement and will repair or restore the Real Property and every portion thereof to substantially the same condition as existed prior to Grantors' use of the Remediation Easement provided that the portion of the Real Property damaged is not then owned by the Grantee or any of Grantee's affiliates hereunder at no expense to Grantee's non-affiliated successors or assigns, (y) prior to and at all times during Grantors' use of the Remediation Easement, Grantors shall at no expense to Grantee's non-affiliated successors and assigns maintain with a reputable company or companies reasonably acceptable to Grantee's non-

affiliated successors or assigns then owning all or any portion of the Real Property, such commercial general liability insurance policies with such commercially reasonable liability limits as are normally carried for comparable projects in Southern California, shall name any owner of the Real Property other than the Grantee hereunder or any of its affiliates as an additional insured under such policies and shall deliver to such owner such certificates of insurance as are reasonably required by such owner and (z) Grantors are entitled to exercise their self-help remedies under that certain unrecorded Purchase and Sale Agreement and Joint Escrow Instructions dated as of July 13, 2000 between Grantors and Grantee, as amended from time to time (the "**Purchase Agreement**"). No exercise of this reserved Remediation Easement shall be or be deemed or construed to be any modification, release or amendment of the duties, obligations, agreements and/or liabilities that Grantee has to Grantors pursuant to the Purchase Agreement. In addition, Grantors shall have no obligation to exercise their rights pursuant to this reserved Remediation Easement. Grantors shall deliver to any lender that is not affiliated with Grantee (a "**Third Party Lender**") such estoppel certificates as reasonably requested by any Third Party Lender with respect to the existence of a Default (as defined in the Purchase Agreement) by Grantee under the Purchase Agreement. If Grantors fail to deliver such estoppel certificate within ten (10) business days of a Third Party Lender's request, Grantors shall be deemed to have certified that no Default by Grantee has occurred under the Purchase Agreement that is continuing, and such Third Party Lender shall be entitled to rely upon such deemed certification. At the request of any Third Party Lender, Grantors shall subordinate the Remediation Easement to a loan by such Third Party Lender or agree to any modification of the Remediation Easement reasonably requested by such Third Party Lender. Grantee or the applicable successor shall in good faith request that such Third Party Lender enter into a non-disturbance agreement with respect to any required subordination. If Grantors fail to respond to any Third Party Lender's reasonable request to subordinate the Remediation Easement to any loan made to any owner of the Real Property by a Third Party Lender or to any reasonable modification requested of the Remediation Easement, the Remediation Easement shall be deemed to be fully subordinated to the rights of such Third Party Lender.

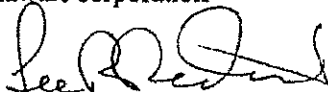
IN WITNESS WHEREOF, Grantors have executed this Grant Deed as of this
15th day of August, 2000.

GRANTORS:

KAISER VENTURES INC.,
a Delaware corporation, formerly known as
KAISER RESOURCES INC., a Delaware
corporation, formerly known as KAISER STEEL
RESOURCES, INC., a Delaware corporation,
formerly known as KAISER STEEL INC., a
Delaware corporation, and successor by merger to
KAISER STEEL CORPORATION, a Nevada
corporation, which was formerly known as
KAISER COMPANY, INC., a Delaware
corporation

By: 
Name: LEE R. REDMOND III
Its: SR. VICE PRESIDENT / REAL ESTATE

KAISER STEEL LAND DEVELOPMENT, INC.,
a Delaware corporation

By: 
Name: LEE R. REDMOND III
Its: Vice President

GRANTEE:

CCG ONTARIO, LLC,
a Delaware limited liability company

By: 
Charles McPhee, Vice President

STATE OF CALIFORNIA)

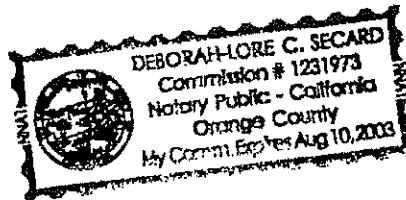
COUNTY OF ORANGE)

On August 15, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared Lee R. Redmond III, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Deborah-Lore C. Secard (Seal)



GOVERNMENT CODE SECTION 27361.7

I CERTIFY UNDER THE PENALTY OF PERJURY THAT THE NOTARY STAMP
ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS
FOLLOWS:

NAME OF NOTARY: DEBORAH-LORE C. SECARD
DATE COMMISSION EXPIRES: AUG 10, 2003

DATE OF EXECUTION: AUGUST 16, 2000

PLACE OF EXECUTION: COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA

CHICAGO TITLE COMPANY

BY: 

GEOFF TAYLOR

STATE OF CALIFORNIA

COUNTY OF ORANGE

)
)
)

On August 15, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared Charles McPhee, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Deborah-Lore C. Secard (Seal)

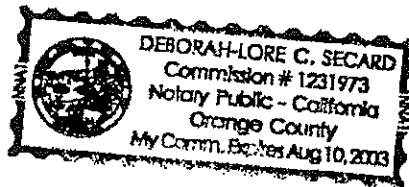


EXHIBIT A

DESCRIPTION OF THE REAL PROPERTY

PARCEL E:

ALL THAT PORTION OF THE WEST 1/2 OF SECTION 16; TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF LYING SOUTHERLY OF THE NORTHERLY LINE OF NAPA STREET AS DESCRIBED IN DEED TO THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED NOVEMBER 22, 1995 AS DOCUMENT NO. 19950404553, OFFICIAL RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO EDISON SECURITIES COMPANY BY DEED RECORDED IN BOOK 2837 PAGE 493 OF OFFICIAL RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO TAYLOR FORGE AND PIPE WORKS BY DEED RECORDED IN BOOK 2327 PAGE 441 OF OFFICIAL RECORDS OF SAID COUNTY.

SAID LAND IS DESCRIBED PURSUANT TO A CERTIFICATE OF COMPLIANCE NO. W0061-99 RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-498214 OFFICIAL RECORDS.

PARCEL F:

A PORTION OF THE SOUTHWEST ONE-QUARTER OF SECTION 16, TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 16;
THENCE NORTHERLY ALONG THE NORTH-SOUTH ONE-QUARTER SECTION LINE OF SAID SECTION, 2090 FEET, MORE OR LESS, TO THE NORTHERLY LINE OF THE SOUTH 20 ACRES OF THE NORTH TWO-THIRDS OF THE WEST ONE-HALF OF SAID SECTION 16;
THENCE WESTERLY ALONG SAID LAST MENTIONED LINE TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND DISTANT 1000 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE NORTH-SOUTH ONE-QUARTER SECTION LINE OF SAID SECTION 16;
THENCE SOUTHERLY ALONG SAID PARALLEL LINE TO ITS INTERSECTION WITH THE SOUTH LINE OF SAID SECTION 16;
THENCE EASTERLY ALONG THE SOUTH LINE OF SAID SECTION 16 TO THE POINT OF BEGINNING.

PARCEL H:

THAT PORTION OF THE WEST 1/2 OF SECTION 21, TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE UNITED STATES GOVERNMENT PLAT THEREOF, LYING NORTHERLY OF THE NORTHERLY LINE OF THE LAND CONVEYED TO THE STATE OF CALIFORNIA BY DEEDS RECORDED JANUARY 19, 1933 IN BOOK 868 PAGE 92 OFFICIAL RECORDS AND RECORDED MARCH 9, 1964 IN BOOK 6104 PAGE 92 OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO EDISON SECURITIES COMPANY, BY DEED RECORDED OCTOBER 16, 1951 IN BOOK 2837 PAGE 493 OFFICIAL RECORDS.

PARCEL I:

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE UNITED STATES GOVERNMENT PLAT THEREOF, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THAT CERTAIN PARCEL OF LAND AS CONVEYED TO THE

STATE OF CALIFORNIA, BY DEED RECORDED IN BOOK 1570, PAGE 132, OFFICIAL RECORDS, ALSO LYING NORTHERLY OF THE NORTHERLY LINE OF THE PROPERTY CONVEYED TO SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT, BY DEED RECORDED JUNE 26, 1970 IN BOOK 7469, PAGE 670, OFFICIAL RECORDS.

EXCEPTING THEREFROM THAT PORTION THEREOF LYING WESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE INTERSECTION OF THE SOUTHERLY LINE OF THE RIGHT OF WAY AS CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED IN BOOK 1570, PAGE 132, OFFICIAL RECORDS, WITH THE WEST LINE OF SAID SOUTHEAST QUARTER;
THENCE NORTH 72° 33' 53" EAST, 210.03 FEET ALONG SAID SOUTHERLY LINE TO THE TRUE POINT OF BEGINNING OF THE LINE TO BE DESCRIBED HEREIN;
THENCE SOUTH 0° 20' 32" WEST, 238.56 FEET TO THE POINT OF TERMINATION OF SAID LINE.

PARCEL J:

THE WEST 200.00 FEET OF THE EAST 1/2 OF SECTION 16, TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF LYING SOUTHERLY OF THE NORTHERLY LINE OF NAPA STREET AS DESCRIBED IN DEED TO THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED OCTOBER 6, 1995 AS DOCUMENT NO. 199500348166 OFFICIAL RECORDS OF SAID COUNTY.

SAID LAND IS DESCRIBED PURSUANT TO A CERTIFICATE OF COMPLIANCE NO. W0062-99 RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-498215 OFFICIAL RECORDS.

PARCEL K:

PARCEL 5 OF PARCEL MAP 14723 IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 179 PAGES 9 THROUGH 13 INCLUSIVE, OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF PARCEL 2 OF PARCEL MAP 14757 AS RECORDED IN BOOK 183 PAGES 24 AND 25 OF PARCEL MAPS RECORDS OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEASTERLY CORNER OF SAID PARCEL 2, SAID CORNER ALSO BEING ON THE WESTERLY LINE OF SAID PARCEL 5;
THENCE SOUTH 00° 22' 49" EAST 33.38 FEET ALONG THE EASTERLY LINE OF SAID PARCEL 2 AND SAID WESTERLY LINE OF SAID PARCEL 5 TO THE NORTHEAST CORNER OF PARCEL 3 OF SAID PARCEL MAP 14757, SAID POINT ALSO BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 324.86 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 24° 24' 15" WEST;
THENCE WESTERLY, 132.44 FEET ALONG SAID CURVE AND THE NORTHERLY LINE OF SAID PARCEL 3, THROUGH A CENTRAL ANGLE OF 23° 21' 32";
THENCE SOUTH 88° 57' 17" WEST, 821.59 FEET CONTINUING ALONG SAID NORTHERLY LINE;
THENCE SOUTH 81° 48' 02" WEST, 211.26 FEET CONTINUING ALONG SAID NORTHERLY LINE;
THENCE SOUTH 88° 57' 17" WEST, 543.98 FEET PARALLEL WITH THE NORTHERLY LINE OF SAID PARCEL 2 TO A POINT ON THE WESTERLY LINE OF SAID PARCEL 2;
THENCE NORTH 01° 02' 43" WEST, 86.31 FEET ALONG SAID WESTERLY LINE TO THE NORTHWEST CORNER OF SAID PARCEL 2;
THENCE NORTH 88° 57' 17" EAST, 1704.38 FEET TO THE POINT OF BEGINNING.

SAID LAND IS DESCRIBED PURSUANT TO CERTIFICATE OF COMPLIANCE NO. W004-99 RECORDED NOVEMBER 5, 1999 AS INSTRUMENT NO. 99-461699.

PARCEL L:

THE NORTHEAST 1/4 AND THAT PORTION OF THE SOUTHEAST 1/4 OF SECTION 21 LYING NORTHERLY OF THE SOUTHERLY LINE OF THE LAND DESCRIBED IN THAT CERTAIN DEED TO KAISER COMPANY,

INC., RECORDED IN BOOK 1565, PAGE 239, OFFICIAL RECORDS, ALL IN SECTION 21, TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT PLAT THEREOF.

EXCEPTING THEREFROM ANY PORTION LYING WITHIN PARCEL MAP NO. 8682, AS PER PLAT RECORDED IN BOOK 89 OF PARCEL MAPS, PAGES 37 THROUGH 43, INCLUSIVE, RECORDS OF SAID COUNTY.

PARCEL M:

PARCEL 3 OF PARCEL MAP NO. 8682, AS PER PLAT RECORDED IN BOOK 89 OF PARCEL MAPS, PAGES 37 THROUGH 43, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL N:

AN EASEMENT FOR PRIVATE ROAD PURPOSES, AS SET OUT IN THE ROAD EASEMENT RECORDED NOVEMBER 1, 1956 IN BOOK 4078 PAGE 390 OFFICIAL RECORDS. SAID EASEMENT IS DESCRIBED AS FOLLOWS:

THAT PORTION OF THE WEST 1/2 OF SECTION 16 IN TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN A LINE THAT IS PARALLEL WITH AND 35 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION 16, SAID POINT BEING 2029.16 FEET NORTHERLY, MEASURED ALONG SAID PARALLEL LINE, FROM THE INTERSECTION THEREOF WITH THE SOUTH LINE OF SAID SECTION;
THENCE NORTH 41° 54' 23" EAST, 66.53 FEET, MORE OR LESS, TO THE INTERSECTION THEREOF WITH A LINE THAT IS PARALLEL WITH AND 84 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION;
THENCE NORTH 89° 20' 35" EAST, 551.5 FEET, MORE OR LESS, TO THE EAST LINE OF THE LAND CONVEYED TO EDISON SECURITIES COMPANY BY DEED RECORDED OCTOBER 16, 1951 IN BOOK 2837 PAGE 493 OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;
THENCE NORTH 00° 25' 26" EAST ALONG THE SAID EAST LINE OF THE LAND CONVEYED TO EDISON SECURITIES COMPANY, A DISTANCE OF 70 FEET;
THENCE SOUTH 89° 20' 35" WEST, 551.5 FEET, MORE OR LESS, TO THE INTERSECTION THEREOF WITH SAID LINE THAT IS PARALLEL WITH AND 84 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION 16;
THENCE NORTHWESTERLY 66.53 FEET, MORE OR LESS, TO A POINT IN SAID LINE THAT IS PARALLEL WITH AND 35 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION, SAID POINT BEING 160 FEET NORTHERLY, MEASURED ALONG SAID LAST MENTIONED PARALLEL LINE, FROM THE POINT OF BEGINNING;
THENCE SOUTHERLY, ALONG SAID LAST MENTIONED PARALLEL LINE, 160 FEET TO THE POINT OF BEGINNING.

PARCEL O:

AN EASEMENT FOR PRIVATE ROAD PURPOSES, AS SET OUT IN THE AMENDMENT TO EASEMENT RECORDED DECEMBER 30, 1957 IN BOOK 4401 PAGES 440, OFFICIAL RECORDS, OVER AND ACROSS THE FOLLOWING DESCRIBED PROPERTY:

PARCEL "O-1":

THAT PORTION OF THE WEST 1/2 OF SECTION 16, TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND APPROVED BY THE SURVEYOR GENERAL JULY 25, 1856, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN A LINE THAT IS PARALLEL WITH AND 35 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION 16, SAID POINT BEING 2029.16 FEET

NORTHERLY, MEASURED ALONG SAID PARALLEL LINE, FROM THE INTERSECTION THEREOF WITH THE SOUTH LINE OF SAID SECTION 16, SAID POINT ALSO BEING AT THE SOUTHWESTERLY TERMINUS OF THAT CERTAIN COURSE DESCRIBED AS HAVING A BEARING OF NORTH 41° 54' 23" EAST AND A LENGTH OF 66.53 FEET IN THE "ROAD EASEMENT" FROM SOUTHERN CALIFORNIA EDISON COMPANY TO KAISER STEEL CORPORATION, RECORDED NOVEMBER 1, 1956 IN BOOK 4078 PAGE 390 OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT ALSO BEING HEREINAFTER REFERRED TO AS "POINT A";
THENCE ALONG SAID CERTAIN COURSE, NORTH 41° 54' 23" EAST, 66.53 FEET, MORE OR LESS, TO THE INTERSECTION THEREOF WITH A LINE THAT IS PARALLEL WITH AND 84 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION 16;
THENCE ALONG THAT CERTAIN COURSE DESCRIBED IN SAID ROAD EASEMENT AS BEARING NORTH 89° 20' 35" EAST, A DISTANCE OF 80 FEET;
THENCE SOUTHWESTERLY IN A DIRECT LINE, 137 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL "O-2":

THAT PORTION OF THE WEST 1/2 OF SECTION 16, TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND APPROVED BY THE SURVEYOR GENERAL JULY 25, 1856, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN A LINE THAT IS PARALLEL WITH AND 30 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION 16, SAID POINT BEING 2249.16 FEET NORTHERLY, MEASURED ALONG SAID PARALLEL LINE, FROM THE INTERSECTION THEREOF WITH THE SOUTH LINE OF SAID SECTION;
THENCE SOUTHERLY, 55 FEET, MORE OR LESS, ALONG SAID LAST MENTIONED PARALLEL LINE, TO THE INTERSECTION THEREOF WITH THE NORTHWESTERLY PROLONGATION OF THAT CERTAIN COURSE DESCRIBED AS HAVING A BEARING OF "NORTHWESTERLY AND A LENGTH OF 66.53 FEET" IN THE AFORESAID "ROAD EASEMENT";
THENCE SOUTHEASTERLY ALONG SAID PROLONGATION, 6 FEET, MORE OR LESS, TO THE NORTHWESTERLY TERMINUS OF SAID LAST MENTIONED CERTAIN COURSE;
THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED "CERTAIN COURSE", 15 FEET, MORE OR LESS, TO THE INTERSECTION THEREOF WITH A LINE THAT IS PARALLEL WITH AND 45 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION 16;
THENCE NORTHERLY IN A DIRECT LINE, 70 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL "O-3":

THAT PORTION OF THE WEST 1/2 OF SECTION 16, TOWNSHIP 1 SOUTH, RANGE 6 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND APPROVED BY THE SURVEYOR GENERAL JULY 25, 1856, DESCRIBED AS FOLLOWS:

BEGINNING AT SAID "POINT A" HEREINABOVE REFERRED TO;
THENCE SOUTHERLY IN A DIRECT LINE, 25 FEET, MORE OR LESS, TO A POINT IN A LINE THAT IS PARALLEL WITH AND 30 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION 16, SAID POINT BEING 2004.16 FEET NORTHERLY, MEASURED ALONG SAID LAST MENTIONED PARALLEL LINE FROM THE INTERSECTION THEREOF WITH THE SOUTH LINE OF SAID SECTION;
THENCE NORTHERLY, ALONG SAID LAST MENTIONED PARALLEL LINE, 190 FEET, MORE OR LESS, TO THE INTERSECTION THEREOF WITH THE SAID NORTHWESTERLY PROLONGATION OF THAT CERTAIN COURSE DESCRIBED AS HAVING A BEARING OF "NORTHWESTERLY AND A LENGTH OF 66.53 FEET" IN AFORESAID "ROAD EASEMENT";
THENCE SOUTHEASTERLY ALONG SAID PROLONGATION, 6 FEET, MORE OR LESS TO THE INTERSECTION THEREOF WITH THE SAID LINE THAT IS PARALLEL WITH AND 35 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE WEST LINE OF SAID SECTION 16;
THENCE SOUTHERLY, ALONG SAID LAST MENTIONED PARALLEL LINE, 160 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL P:

EASEMENTS OVER PARCEL 2 ON PARCEL MAP 8682 AS RECORDED IN BOOK 89 OF PARCEL MAPS, PAGES 37 THROUGH 43, INCLUSIVE, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, AS RESERVED IN THE DEED TO CALIFORNIA STEEL INDUSTRIES, INC., RECORDED AUGUST 20, 1984 AS DOCUMENT NO. 84-197915 OFFICIAL RECORDS AND THE QUITCLAIM AND AGREEMENT RECORDED MAY 24, 1990 AS DOCUMENT NO. 90-204640 OFFICIAL RECORDS AND DESCRIBED THEREIN AS FOLLOWS:

- (b) A NONEXCLUSIVE RIGHT-OF-WAY FORTY FEET (40') IN WIDTH FOLLOWING THE COURSE OF THE EXISTING ROADWAY COMMONLY KNOWN AS THE C.W. PIPE MILL ROAD, WHICH LIES WEST OF THE FACILITY COMMONLY KNOWN AS THE C.W. PIPE MILL AND WHICH EXTENDS FROM SAN BERNARDINO AVENUE TO THE NORTHERLY BOUNDARY OF THE SERVIENT TENEMENT, (i) FOR THE INSTALLATION AND MAINTENANCE OF PIPELINES, DRAINAGE DITCHES AND UTILITY FACILITIES UNDER, ON OR ABOVE THE SURFACE (BUT SO AS TO NOT INTERFERE WITH VEHICULAR TRAFFIC), AND (ii) FOR OCCASIONAL VEHICULAR ACCESS FOR PURPOSES INCLUDING THE TRANSPORTATION OF WASTE MATERIALS BY UNLICENSED VEHICLES FROM THE DOMINANT TENEMENT TO LANDS LYING SOUTH OF SAN BERNARDINO AVENUE, WITH THE RIGHT TO IMPROVE, MAINTAIN AND REPAIR SUCH RIGHT-OF-WAY.
- (c) AN EXCLUSIVE EASEMENT FOR THE USE OF ALL SEWER AND INDUSTRIAL WATER LINES, BOTH SURFACE AND SUBSURFACE AND A NONEXCLUSIVE EASEMENT FOR ALL DITCHES AND STORM WATER DRAINS EXISTING AS OF THE DATE HEREOF, AND ALL REPLACEMENTS OR SUBSTITUTIONS THEREFOR, FOR PURPOSES OF CONVEYING OR DRAINING SEWAGE, INDUSTRIAL WASTE WATER AND SURFACE WATER FROM ANY AREA LYING NORTH OF THE SERVIENT TENEMENT, INCLUDING SEWAGE, INDUSTRIAL WASTE WATER AND SURFACE WATER ORIGINATING FROM SOURCES NOT LOCATED ON THE DOMINANT TENEMENT.
- (d) A NONEXCLUSIVE EASEMENT FOR USE OF ALL ELECTRICAL, GAS AND OTHER UTILITY TRANSMISSION FACILITIES EXISTING AS OF THE DATE HEREOF AND ALL REPLACEMENTS OR SUBSTITUTIONS THEREFOR.
- (e) (i) A NONEXCLUSIVE RIGHT-OF-WAY FOR USE OF THE RAILROAD TRACKS COMMONLY KNOWN AS NO. 1200 AND NO. 1209, AND ALL RELATED SWITCHING AND RAILROAD FACILITIES EXISTING AS OF THE DATE HEREOF, AND ALL REPLACEMENTS OR SUBSTITUTIONS THEREFOR, WHICH TRACKS ARE LOCATED AT THE WEST END OF THE SERVIENT TENEMENT, PARALLEL TO THE WEST BOUNDARY THEREOF AND WHICH TRACKS PROVIDE RAILROAD ACCESS FROM THE SOUTH TO BOTH THE SERVIENT TENEMENT AND THE DOMINANT TENEMENT.

(ii) A NONEXCLUSIVE RIGHT-OF-WAY FOR THE USE OF ALL RAILROAD TRACKS, AND ALL RELATED SWITCHING RAILROAD FACILITIES EXISTING AS OF THE DATE HEREOF, AND ALL REPLACEMENTS OR SUBSTITUTIONS THEREFOR, OTHER THAN THOSE DESCRIBED IN SECTION B(3) (e) (i), FOR SUCH PURPOSES AS GRANTOR SHALL FROM TIME TO TIME REASONABLY DETERMINE AND UPON REASONABLE NOTICE TO GRANTEE; PROVIDED, HOWEVER, THAT GRANTOR'S USE OF SUCH RAILROAD TRACKS AND RELATED SWITCHING AND RAILROAD FACILITIES SHALL BE SUBJECT TO REASONABLE CONTROL BY GRANTEE AS DICTATED BY GRANTEE'S REQUIREMENTS FOR THE RAILROAD TRACKS.

PARCEL Q:

PARCEL Q-1:

A NON-EXCLUSIVE EASEMENT FOR NON-PASSENGER RAILWAY PURPOSES OVER, UPON, THROUGH AND ACROSS THE FOLLOWING DESCRIBED PROPERTY:

IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, BEING A PORTION OF PARCEL 4 OF PARCEL MAP NO. 14723, AS RECORDED IN PARCEL MAP BOOK 179, PAGES 9 THROUGH 13, INCLUSIVE, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID PARCEL 4, SAID POINT LYING DISTANT
 THEREON NORTH 89° 36' 11" EAST, 253.58 FEET FROM THE SOUTHWEST CORNER THEREOF;
 THENCE LEAVING SAID SOUTH LINE, NORTH 00° 23' 49" WEST, 576.14 FEET TO THE BEGINNING OF A
 NON-TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 612.60 FEET FROM WHICH
 POINT A RADIAL LINE BEARS NORTH 89° 35' 11" EAST;
 THENCE NORTHERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 07°
 09' 10" FOR AN ARC LENGTH OF 76.48 FEET;
 THENCE TANGENT TO SAID LAST MENTIONED CURVE, NORTH 06° 44' 21" EAST, 25.00 FEET TO THE
 BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 613.76 FEET;
 THENCE ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 09° 51' 15" FOR
 AN ARC LENGTH OF 105.56 FEET;
 THENCE TANGENT TO SAID LAST MENTIONED CURVE, NORTH 16° 35' 36" EAST, 99.99 FEET TO THE
 BEGINNING OF TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 773.89 FEET;
 THENCE ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 01° 30' 50" FOR
 AN ARC LENGTH OF 20.45 FEET TO A POINT ON THE BOUNDARY LINE OF SAID PARCEL 4, SAID POINT
 LYING DISTANT THEREON NORTH 89° 36' 51" WEST, 21.02 FEET FROM THE EASTERLY TERMINUS OF
 THAT CERTAIN COURSE SHOWN ON SAID PARCEL MAP NO. 14723 AS HAVING A BEARING AND
 DISTANCE OF NORTH 89° 36' 51" WEST, 331.91 FEET; THENCE ALONG SAID BOUNDARY LINE OF
 PARCEL 4 SOUTH 89° 36' 51" EAST, 21.02 FEET TO THE BEGINNING OF NON-TANGENT CURVE
 CONCAVE EASTERLY AND HAVING A RADIUS OF 753.89 FEET, SAID POINT HAVING A RADIAL
 BEARING OF NORTH 71° 24' 23" WEST;
 THENCE SOUTHERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 02°
 00' 01" FOR AN ARC LENGTH OF 26.32 FEET;
 THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 16° 35' 36" WEST, 99.99 FEET TO THE
 BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 593.76 FEET;
 THENCE ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 09° 51' 15" FOR
 AN ARC LENGTH OF 102.12 FEET;
 THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 06° 44' 21" WEST, 25.00 FEET TO THE
 BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 592.60 FEET;
 THENCE ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 07° 09' 10" FOR
 AN ARC LENGTH OF 73.98 FEET;
 THENCE NON-TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 00° 23' 49" WEST, 90.00 FEET;
 THENCE SOUTH 06° 06' 28" EAST, 200.99 FEET;
 THENCE SOUTH 00° 23' 49" WEST, 90.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 592.60 FEET;

A NON-EXCLUSIVE EASEMENT ("ACCESS EASEMENT") FOR ACCESS TO PARCEL 6 OF PARCEL MAP NO. 14723, FOR THE PURPOSE OF ENABLING GRANTEE TO PERFORM ITS OBLIGATIONS UNDER THAT CERTAIN MARCH 1995 REMEDIAL ACTION PLAN OPERABLE UNIT NO. 2, WHICH BECAME EFFECTIVE UPON APPROVAL BY THE CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY, DEPARTMENT OF TOXIC SUBSTANCES CONTROL ("DEPARTMENT") ON MAY 1, 1995 AND UNDER THAT CERTAIN COVENANT TO RESTRICT USE OF PROPERTY ENTERED INTO EFFECTIVE SEPTEMBER 20, 1995, BETWEEN GRANTEE AND THE DEPARTMENT AND RECORDED IN THE OFFICIAL RECORDS OF SAN BERNARDINO COUNTY ON NOVEMBER 14, 1995 AS INSTRUMENT NO. 95-393082, OVER AND WITHIN A PORTION OF PARCEL 4 OF PARCEL MAP NO. 14723, AS RECORDED IN PARCEL MAP BOOK 179, PAGES 9 THROUGH 13, INCLUSIVE, RECORDS OF SAID COUNTY, BEING A STRIP OF LAND 60.00 FEET IN WIDTH LYING 30.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE:

COMMENCING AT THE CENTERLINE INTERSECTION OF CHERRY AVENUE AND RANDALL AVENUE AS SHOWN ON SAID PARCEL MAP NO. 14723;
THENCE NORTH 90° 00' 00" WEST, 90.00 FEET TO A POINT ON THE WEST LINE OF SAID CHERRY AVENUE, SAID POINT BEING THE TRUE POINT OF BEGINNING OF THE DESCRIBED CENTERLINE;
THENCE NORTH 90° 00' 00" WEST, 1231.40 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 124.00 FEET;
THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45° 00' 00" FOR AN ARC LENGTH OF 97.39 FEET;
THENCE TANGENT TO SAID LAST MENTIONED CURVE SOUTH 45° 00' 00" WEST, 203.75 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 300.00 FEET;
THENCE SOUTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 45° 00' 00" FOR AN ARC LENGTH OF 235.62 FEET;
THENCE TANGENT TO SAID LAST MENTIONED CURVE NORTH 90° 00' 00" 3,743.71 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 250.00 FEET;
THENCE NORTHWESTERLY, NORTHERLY AND NORTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 120° 44' 46" FOR AN ARC LENGTH OF 526.85 FEET;
THENCE TANGENT TO SAID LAST MENTIONED CURVE NORTH 30° 44' 46" EAST, 84.27 FEET;
THENCE SOUTH 59° 15' 16" EAST, 6.00 FEET;
THENCE NORTH 30° 44' 46" EAST, 486.61 FEET;
THENCE NORTH 31° 19' 05" EAST, 202.68 FEET;
THENCE NORTH 30° 44' 46" EAST, 308.61 FEET;
THENCE NORTH 30° 13' 27" EAST, 225.77 FEET;
THENCE NORTH 28° 25' 26" EAST, 72.03 FEET;
THENCE SOUTH 59° 14' 20" EAST, 107.89 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHERLY AND HAVING A RADIUS OF 92.00 FEET;
THENCE EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 30° 45' 40" FOR AN ARC LENGTH OF 49.39 FEET;
THENCE TANGENT TO SAID LAST MENTIONED CURVE, NORTH 90° 00' 00" EAST, 1,202.43 FEET TO A POINT IN THE WEST LINE OF PARCEL 6 OF SAID PARCEL MAP NO. 14723, SAID POINT BEING THE ENDING POINT OF THE DESCRIBED CENTERLINE.

THE SIDELINES OF SAID 60.00 FOOT WIDE STRIP SHALL BE EXTENDED OR SHORTENED SO AS TO TERMINATE IN THE WEST LINE OF SAID CHERRY AVENUE AND ALSO SHALL BE EXTENDED OR SHORTENED SO AS TO TERMINATE IN THE WEST LINE OF SAID PARCEL 6.

PARCEL Q-4:

A NON-EXCLUSIVE EASEMENT ("UTILITY EASEMENT") OVER, ACROSS AND UNDER PARCELS 4 AND 6 OF PARCEL MAP NO. 14723, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 179, PAGES 9 THROUGH 13, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, FOR THE INSTALLATION, OPERATION, MAINTENANCE, REPAIR, ALTERATION AND REPLACEMENT, FROM TIME TO TIME (INCLUDING, WITHOUT LIMITATION, INGRESS AND EGRESS FOR SUCH PURPOSES), OF FACILITIES INCLUDING, WITHOUT LIMITATION, STORM DRAINAGE FACILITIES, WATER DISTRIBUTION FACILITIES, SEWER FACILITIES AND OTHER UTILITY FACILITIES ("FACILITIES"), AS MAY BE NECESSARY TO PROVIDE

UTILITY SERVICES TO THE OWNER AND/OR ANY OCCUPANT OF THE GRANTOR PROPERTY ("SEWER SERVICE AGREEMENT").

PARCEL R:

A NON-EXCLUSIVE ACCESS EASEMENT IN A PORTION OF PARCEL 4 OF PARCEL MAP 14723, AS RECORDED IN PARCEL MAP BOOK 179, PAGES 9 THROUGH 13, INCLUSIVE, DESCRIBED AS FOLLOWS:

A STRIP OF LAND 48.00 FEET IN WIDTH LYING 24.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE NORTH LINE OF PARCEL 5 OF SAID PARCEL MAP, SAID POINT LYING DISTANT THEREON SOUTH 87° 55' 53" WEST, 1510.72 FEET FROM THE NORTHEAST CORNER OF SAID PARCEL 5;
THENCE LEAVING SAID NORTH LINE, SOUTH 00° 00' 00" EAST, 190.96 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 300.00 FEET;
THENCE SOUTHERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 11° 28' 42" FOR AN ARC LENGTH OF 60.10 FEET TO THE BEGINNING POINT OF A REVERSE CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 300.00 FEET, A RADIAL THROUGH SAID POINT BEARS NORTH 78° 31' 18" WEST;
THENCE SOUTHERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 11° 28' 42" FOR AN ARC LENGTH OF 60.10 FEET;
THENCE TANGENT TO SAID LAST MENTIONED CURVE SOUTH 00° 00' 00" EAST, 100.00 FEET;
THENCE NORTH 90° 00' 00" WEST, 870.10 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 1050.00 FEET;
THENCE WESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 21° 44' 26" FOR AN ARC LENGTH OF 398.42 FEET;
THENCE RADIAL TO SAID LAST MENTIONED CURVE NORTH 21° 44' 26" WEST, 108.10 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 200.00 FEET;
THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 25° 19' 47" FOR AN ARC LENGTH OF 88.42 FEET;
THENCE TANGENT TO SAID LAST MENTIONED CURVE NORTH 47° 04' 14" WEST, 63.89 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 49.00 FEET;
THENCE NORTHWESTERLY, WESTERLY AND SOUTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" FOR AN ARC LENGTH OF 79.97 FEET;
THENCE TANGENT TO SAID LAST MENTIONED CURVE SOUTH 42° 55' 46" WEST, 471.38 FEET TO A POINT IN THE WEST LINE OF SAID PARCEL 5, SAID POINT LYING DISTANT THEREON NORTH 00° 22' 20" WEST, 71.45 FEET FROM THE MOST SOUTHERLY CORNER OF SAID PARCEL 5.

THE SIDELINES OF SAID 48.00 FOOT WIDE STRIP SHALL BE SHORTENED OR LENGTHENED NORTHERLY SO AS TO TERMINATE IN THE NORTH LINE OF SAID PARCEL 4 AND SHALL BE SHORTENED TO LENGTHENED SOUTHWESTERLY SO AS TO TERMINATE IN THE SOUTHEASTERLY LINE OF SAID PARCEL 5, SHOWN AS HAVING A BEARING OF NORTH 42° 55' 46" EAST.

PARCEL S:

PARCEL S-1:

A NON-EXCLUSIVE EASEMENT FOR RAILWAY PURPOSES, OVER, UPON, THROUGH AND ACROSS THAT PORTION OF PARCEL 1 OF PARCEL MAP NO. 8682, AS RECORDED IN PARCEL MAP BOOK 89, PAGES 37 THROUGH 43, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY MOST CORNER OF SAID PARCEL 1;
THENCE NORTH 00° 07' 45" EAST 460.71 FEET ALONG THE WESTERLY LINE OF SAID PARCEL 1 TO THE TRUE POINT OF BEGINNING, SAID POINT LYING ON A CURVE CONCAVE TO THE SOUTH HAVING A RADIUS OF 277.70 FEET;
THENCE 347.14 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 71° 37' 25";

THENCE SOUTH 11° 48' 35" EAST 54.99 FEET;
THENCE NORTH 00° 19' 44" WEST 90.73 FEET TO A POINT LYING ON A CURVE CONCAVE TO THE SOUTH HAVING A RADIUS OF 297.70 FEET;
THENCE 340.40 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 65° 30' 47" TO A POINT ON SAID WESTERLY LINE OF PARCEL 1;
THENCE SOUTH 00° 07' 45" WEST 20.12 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL S-2:

A NON-EXCLUSIVE EASEMENT FOR THE PURPOSE OF INSTALLING, OPERATING, MAINTAINING, REPAIRING AND REMOVING RAIL IMPROVEMENTS FROM TIME TO TIME (INCLUDING, WITHOUT LIMITATION, INGRESS AND EGRESS FOR SUCH PURPOSES) OVER, UPON, THROUGH AND ACROSS A PORTION OF PARCEL 4 OF PARCEL MAP NO. 14723, AS RECORDED IN PARCEL MAP BOOK 178, PAGES 9 THROUGH 13, INCLUSIVE, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 4;
THENCE ALONG THE BOUNDARY LINE OF SAID PARCEL 4, NORTH 00° 06' 58" EAST, 899.71 FEET;
THENCE SOUTH 89° 36' 51" EAST, 331.91 FEET;
THENCE LEAVING SAID BOUNDARY LINE OF PARCEL 4, SOUTH 00° 06' 58" WEST, 895.18 FEET TO A POINT IN THE SOUTH BOUNDARY LINE OF SAID PARCEL 4;
THENCE SOUTH 89° 36' 11" WEST, 331.92 FEET ALONG SAID SOUTH BOUNDARY LINE TO THE POINT OF BEGINNING.

PARCEL T:

PARCEL T-1:

A NON-EXCLUSIVE EASEMENT FOR THE PURPOSE OF INSTALLATION, OPERATION, MAINTENANCE, REPAIR, ALTERATION AND REPLACEMENT, FROM TIME TO TIME (INCLUDING, WITHOUT LIMITATION, INGRESS AND EGRESS FOR SUCH PURPOSES), OF SEWER FACILITIES INCLUDING, WITHOUT LIMITATION, SEWER LINES OVER AND ACROSS A TWENTY FOOT WIDE STRIP ON THE NORTHEAST PORTION OF PARCEL 1 OF PARCEL MAP 14400, AS PER MAP RECORDED IN BOOK 182, PAGES 87 THROUGH 89, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, AS SAID STRIP IS SHOWN ON SAID MAP.

PARCEL T-2:

A NON-EXCLUSIVE EASEMENT FOR THE PURPOSE OF INSTALLATION, OPERATION, MAINTENANCE, REPAIR, ALTERATION AND REPLACEMENT, FROM TIME TO TIME (INCLUDING, WITHOUT LIMITATION, INGRESS AND EGRESS FOR SUCH PURPOSES) OF RAIL FACILITIES, OVER, ACROSS AND UNDER A STRIP OF LAND 20.00 FEET WIDE OVER A PORTION OF PARCEL 1 OF PARCEL MAP 14400 IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 182 OF PARCEL MAPS AT PAGES 87 THROUGH 89 INCLUSIVE, RECORDS OF SAID COUNTY, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEASTERLY CORNER OF PARCEL 1 OF SAID PARCEL MAP NO. 14400;

THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL 1 NORTH 76° 50' 20" WEST 10.00 FEET TO THE POINT OF BEGINNING;
THENCE LEAVING SAID NORTHERLY LINE ALONG A LINE THAT IS PARALLEL AND CONCENTRIC WITH AND 10.00 FEET WESTERLY, NORTHWESTERLY AND NORTHERLY OF THE EASTERLY, SOUTHEASTERLY AND SOUTHERLY LINE OF SAID PARCEL 1, SOUTH 13° 09' 40" WEST 182.77 FEET TO THE BEGINNING OF A CURVE CONCAVE WESTERLY, NORTHWESTERLY AND NORTHERLY HAVING A RADIUS OF 603.11 FEET;
THENCE SOUTHERLY, SOUTHWESTERLY AND WESTERLY 681.35 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 64° 43' 42";
THENCE SOUTH 77° 53' 22" WEST 166.41 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY, SOUTHEASTERLY AND EASTERLY HAVING A RADIUS OF 763.94 FEET;

THENCE WESTERLY, SOUTHWESTERLY AND SOUTHERLY 794.10 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 59° 33' 28" TO THE SOUTHERLY LINE OF SAID PARCEL 1.

THE SIDELINES OF SAID 20.00 EASEMENT TO BE PROLONGED OR SHORTENED TO TERMINATE ON THE NORTHERLY LINE OF SAID PARCEL 1 AND ARE TO BE CONTINUED OR SHORTENED TO TERMINATE ON THE SOUTHERLY LINE OF SAID PARCEL 1.

PARCEL U:

A NON-EXCLUSIVE EASEMENT FOR THE PURPOSE OF INSTALLATION, OPERATION, MAINTENANCE, REPAIR, ALTERATION AND REPLACEMENT, FROM TIME TO TIME (INCLUDING, WITHOUT LIMITATION, INGRESS AND EGRESS FOR SUCH PURPOSES), OF FACILITIES INCLUDING, WITHOUT LIMITATION, RAIL LINES, OVER, ACROSS AND UNDER THE FOLLOWING DESCRIBED LAND:

A STRIP OF LAND 20.00 FEET WIDE OVER A PORTION OF PARCEL 3 OF PARCEL MAP 14757 IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 183 OF PARCEL MAPS AT PAGES 24 THROUGH 25 INCLUSIVE, RECORDS OF SAID COUNTY, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEASTERLY CORNER OF PARCEL 3 OF SAID PARCEL MAP 14757;
THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 3 SOUTH 00° 22' 49" EAST 119.08 FEET TO THE POINT OF BEGINNING;
THENCE LEAVING SAID EASTERLY LINE ALONG A LINE THAT IS PARALLEL AND CONCENTRIC WITH AND 10.00 FEET NORTHWESTERLY AND WESTERLY OF THE SOUTHEASTERLY AND EASTERLY LINE OF SAID PARCEL 3 SOUTH 42° 55' 46" WEST 364.84 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHEASTERLY AND EASTERLY HAVING A RADIUS OF 603.80 FEET; THENCE SOUTHWESTERLY AND SOUTHERLY 313.71 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 29° 46' 06";
THENCE SOUTH 13° 09' 40" WEST 240.71 FEET TO THE SOUTHERLY LINE OF SAID PARCEL 3.

THE SIDE LINES OF SAID 20.00 FOOT EASEMENT TO BE EXTENDED OR SHORTENED TO TERMINATE ON THE BOUNDARY OF SAID PARCEL 3.

EXHIBIT B TO GRANT DEED

ENVIRONMENTAL RESTRICTIONS AND RESTRICTIVE COVENANTS

This instrument is an environmental restriction pursuant to California Civil Code Section 1471

1. **Restrictions on Use.** Grantee and successor owners of the real property described in Exhibit A attached to this Grant Deed (the "**Property**") or any portion thereof agree to and acknowledge that the Property is being sold subject to all of the restrictions set forth herein and that each of them shall restrict the use of the Property in accordance with the following restrictions in order to protect the present and future public health and safety and the environment from potential harm to persons which may result from any hazardous substances or materials that may exist in, on or under the Property as of the date of this Grant Deed. The Property (or any portion thereof) shall not be used for and Grantee and successor owners of the Property or any portion thereof shall not use or allow the Property or any portion thereof to be used for:

(a) A residence, including any mobile home or factory built housing, constructed or installed for use as a permanently-occupied residential human habitation;

(b) A long-term care hospital for humans. Nothing herein shall restrict use of the Property for any infirmary, medical aid station, or emergency medical care facility where there is no intent for any patient to remain in such facility for more than twenty-four (24) hours;

(c) A public or private school for persons under twenty-one (21) years of age. Nothing herein shall restrict use of the Property for any specialized training programs for adults related to then-existing facilities on the Property;

(d) A day care center(s) for children; and/or

(e) The following 1997 North American Industry Classification System ("**NAICS**") sectors, including all subsectors subordinate to the following listed sectors: 11 (Agriculture, Forestry, Fishing, and Hunting), except subsectors 1114 (Greenhouse, Nursery, and Floriculture Production), 112112 (Cattle Feedlots), 11292 (Horse and Other Equine Production) or 115 (Support Activities for Agriculture and Forestry); 21 (Mining), except subsectors 212321 (Construction Sand and Gravel Mining) or mining of the existing slag piles; 22111 (Electric Power Generation), except for gas fired Fossil Fuel Electric Power Generation; 3161 (Leather and Hide Tanning and Finishing); 3221 (Pulp, Paper and Paperboard Mills); 324 (Petroleum and Coal Products Manufacturing); 325 (Chemical Manufacturing), except 325611 (Soap and Other Detergent Manufacturing) or except for small-scale manufacturing of chemicals solely for research and development purposes; 326211 (Tire Manufacturing); 331 (Primary Metal Manufacturing), except for 3212 (Steel Product Manufacturing from Purchased Steel), 331315 (Aluminum Sheet, Plate and Foil Manufacturing), 331316 (Aluminum Extruded Product Manufacturing), 331319 (Other Aluminum Rolling and Drawing), 331421 (Copper Rolling, Drawing and Extruding), or 331422 (Copper Wire [except Mechanical] Drawing); 332812 (Metal Coating, Engraving (except Jewelry and Silverware) and Allied Service to Manufacturers); 332813 (Electroplating, Plating, Polishing, Anodizing, and Coloring); 333

(Machinery Manufacturing); 33591 (Battery Manufacturing); 336 (Transportation Equipment Manufacturing), except for assembly of Transportation Equipment; 5622 (Waste Treatment and Disposal); 6111 (Elementary and Secondary Schools); 622 (Hospitals); 623 (Nursing and Residential Care Facilities); and 814 (Private Households).

2. **Contamination of Property.**

2.1 All or a portion of the surface and subsurface soils of the Property contain or contained hazardous substances and hazardous materials as defined in California Health and Safety Code ("**H&S Code**") § 25260. Such condition renders the Property and the owner, lessee, or other possessor of the Property subject to the requirements, restrictions, provisions, and liabilities contained in Chapter 6.5 and 6.8 of Division 20 of the H&S Code. This statement is not a declaration that a hazard exists and does not address the liability of any party.

2.2 These hazardous substances and materials that may be located in, on or under the Property include, but are not limited to, one or more metals and semi-volatile organic compounds, including without limitation, polynuclear aromatic hydrocarbon contaminants, and volatile organic compounds.

3. **Consent Order.** The Property is subject to a Consent Order issued by the California Environmental Protection Agency, Department of Toxic Substances, to Grantee pursuant to H&S Code §§ 25355.5(a)(1)(B) and (C), 25358.3(a), 58009 and 58010.

4. **Restricted Property Purchased "As Is" and Release.** EXCEPT AS EXPRESSLY SET FORTH TO THE CONTRARY IN THE PURCHASE AGREEMENT BETWEEN GRANTORS AND GRANTEE, THE PROPERTY IS SOLD BY GRANTORS TO GRANTEE ON AN "AS-IS WHERE-IS" BASIS WITH NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, EITHER ORAL OR WRITTEN, MADE BY GRANTORS OR ANY AGENT OR REPRESENTATIVE OF GRANTORS WITH RESPECT TO THE PHYSICAL OR STRUCTURAL CONDITION OF THE PROPERTY OR WITH RESPECT TO THE EXISTENCE OR ABSENCE OF PETROLEUM, HAZARDOUS SUBSTANCES OR POLLUTION CONDITIONS AT, UNDER, ADJACENT TO AND/OR EMANATING TO OR FROM THE PROPERTY OR THE GROUND WATER THEREUNDER OR WITH RESPECT TO THE COMPLIANCE OF THE PROPERTY OR ITS OPERATION WITH ANY LAWS, ORDINANCES OR REGULATIONS OF ANY GOVERNMENT OR OTHER BODY, OR CONCERNING THE COST OR TIME NECESSARY TO COMPLETE THE RESPONSE ACTIONS CONCERNING POLLUTION CONDITIONS ON, IN OR UNDER THE PROPERTY. GRANTEE ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPLICITLY STATED IN THE PURCHASE AGREEMENT BETWEEN GRANTORS AND GRANTEE, GRANTORS HAVE NOT MADE AND DO NOT MAKE ANY REPRESENTATIONS, WARRANTIES OR COVENANTS OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THE HABILITABILITY, TENANTABILITY OR SUITABILITY FOR COMMERCIAL PURPOSES, MERCHANTABILITY, OR FITNESS OF THE PROPERTY FOR A PARTICULAR PURPOSE, ALL OF WHICH WARRANTIES GRANTORS HEREBY EXPRESSLY DISCLAIM. EXCEPT AS OTHERWISE PROVIDED IN ARTICLE 10 OF THE PURCHASE AGREEMENT BETWEEN GRANTORS AND GRANTEE, INCLUDING THE PROVISIONS OF SECTION 10.3.6 THEREOF, GRANTEE HAS EXPRESSLY ASSUMED

ALL ENVIRONMENTAL LIABILITIES AND OBLIGATIONS WITH RESPECT TO THE PROPERTY AND TAR PITS PROPERTY AND GRANTEE ON ITS OWN BEHALF AND ON BEHALF OF ITS DIRECT AND INDIRECT SUCCESSORS, ASSIGNS, TRANSFEREES (I.E., OWNERS) AND OCCUPANTS OF ALL OR ANY PORTION OF THE PROPERTY, RELEASES GRANTORS AND CERTAIN OF THEIR PAST, CURRENT AND FUTURE AFFILIATES, SUBSIDIARIES AND EACH OF THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVE (COLLECTIVELY, THE "GRANTOR PARTIES") AS PROVIDED IN THE PURCHASE AGREEMENT FROM THE SAME, WHETHER SUCH LIABILITY IS IMPOSED BY STATUTE, REGULATION, DERIVED FROM COMMON LAW, OR BY CONTRACT, INCLUDING, BUT NOT LIMITED TO LIABILITIES ARISING UNDER ANY ENVIRONMENTAL LAWS.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THIS RELEASE EXTENDS TO ANY AND ALL CLAIMS, CAUSES OF ACTION, RIGHTS, LIABILITIES AND REMEDIES UNDER, BASED UPON OR PURSUANT TO THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, 42 U.S.C. SECTION 9601, ET SEQ. ("CERCLA"), AS AMENDED BY THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT OF 1986 (42 U.S.C. SECTION 9613), AS THE SAME MAY BE FURTHER AMENDED, ENACTED OR REPLACED BY ANY SIMILAR OR COMPARABLE STATE, FEDERAL OR LOCAL LAW, RULE OR REGULATION.

GRANTEE HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542") WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

BY ACCEPTING TITLE, GRANTEE HAS KNOWINGLY WAIVED ON ITS BEHALF AND ON BEHALF OF ITS SUCCESSORS AND ASSIGNS, AND EACH SUCCESSOR AND/OR ASSIGN WHO ACCEPTS TITLE TO ALL OR ANY PORTION OF THE PROPERTY, IS DEEMED TO HAVE WAIVED, THE PROVISIONS OF SECTION 1542 EXCEPT FOR THE LIMITED CIRCUMSTANCES AS PROVIDED IN THE PURCHASE AGREEMENT.

C.Yu Grantee's Initials

5. Covenants Running With the Land.

5.1 The rights, obligations, restrictions, easements, reservations and agreements contained in this Grant Deed are made for the direct, mutual and reciprocal benefit of Grantors and each and every portion of the Property; shall create equitable servitudes upon the Property and any portion thereof; shall create reciprocal rights and obligations among the owners of the Property or any portion thereof and Grantors and privity of contract and estate among

Grantors and all owners of the Property or any portion thereof and their heirs, successors and assigns; and shall, as to the owners of the Property, their heirs, successors and assigns, operate as covenants running with the land, including without limitation as set forth in California Civil Code Division 3, Part 1, Title 3. Without limiting the foregoing, Grantee expressly agrees, for itself and all successor owners of the Property or any portion thereof, that the provisions of Paragraphs 1 and 4 above, constitute "**Environmental Restrictions**" within the meaning of California Civil Code § 1471 that are reasonably necessary to protect present or future human health or safety or the environment, and as such run with the Property and any portion thereof and shall be binding upon Grantee and each successive owner of the Property or any portion thereof, during his, her or its ownership of all or any portion of the Property and upon each person having an interest therein derived through any owner of all or any portion of the Property.


5.2 Grantee agrees to incorporate the provisions of this Grant Deed in any instrument by which all or any portion of the Property is held, used, occupied, leased, sold, conveyed, hypothecated or encumbered and the provisions of this Grant Deed are hereby deemed incorporated by reference into each grant, creation or conveyance of any interest in the Property or portion thereof whether or not referred to in the instrument effecting such grant, creation or conveyance, provided, however, that the entire Property and all portions thereof shall be subject to the provisions of this Grant Deed, regardless of whether the provisions of this Grant Deed or any reference thereto is contained in the instrument by which an interest in the Property or any portion thereof is held, used, occupied, leased, sold, conveyed, hypothecated or encumbered.

6. **No Change or Amendment.** These restrictive covenants may not be amended or modified or terminated except by an agreement executed by Grantee and Kaiser Ventures Inc. which is subsequently recorded in San Bernardino County, California. Any agreement amending or modifying or terminating these restrictive covenants may be executed and recorded in Grantee's and Kaiser Venture Inc.'s sole and absolute discretion.

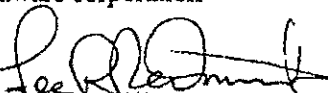
7. **Right to Enjoin Use in Violation of Restrictive Covenants.** Grantors and Grantee acknowledge and agree that, should any party use all or any portion of the Property in violation of these Environmental Restrictions and Restrictive Covenants, such use will be deemed to cause irreparable harm to Grantors and/or the public health and safety and environment. Recognizing such irreparable harm, Grantors and Grantee, on its own behalf and on behalf of its successors and assigns and each successor and/or assign who accepts title to all or any portion of the Property, agree that Grantors shall be entitled to immediate relief in such instances, including injunctive and all other legal, equitable or other type of relief as Grantors deem necessary.

GRANTORS:

KAISER VENTURES INC.,
a Delaware corporation, formerly known as
KAISER RESOURCES INC., a Delaware
corporation, formerly known as **KAISER STEEL**
RESOURCES, INC., a Delaware corporation,
formerly known as **KAISER STEEL INC.,** a
Delaware corporation, and successor by merger to
KAISER STEEL CORPORATION, a Nevada
corporation, which was formerly known as
KAISER COMPANY, INC., a Delaware
corporation

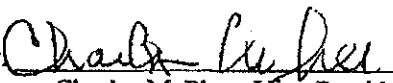
By: 
Name: LEE R. REDMOND III
Its: SR. VICE PRESIDENT

KAISER STEEL LAND DEVELOPMENT, INC.,
a Delaware corporation

By: 
Name: LEE R. REDMOND III
Its: Vice President

GRANTEE:

CCG ONTARIO, LLC,
a Delaware limited liability company

By: 
Charles McPhee, Vice President

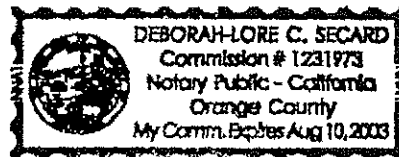
STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

On August 5, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared Lee R. Redmond III, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Deborah Lore C. Secard (Seal)



STATE OF CALIFORNIA

COUNTY OF ORANGE

)
)
)

On August 15, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared Charles McPherson, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Deborah Lore C. Secard (Seal)

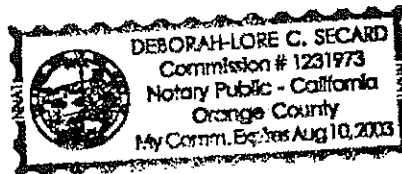


EXHIBIT C

CHINO BASIN OVERLYING (NON-AGRICULTURAL) POOL WATER RIGHTS CURRENTLY APPURTENANT TO THE REAL PROPERTY

Grantors' interest in those overlying (non-agricultural) pool water rights pursuant and subject to the judgment in Chino Basin Municipal Water District v. City of Chino, et al., San Bernardino Superior Court Case No. RCV 51010 (1978), as amended, described as follows: (i) 525 annual acre-feet; (ii) 475 annual acre-feet as tenants in common with The California Speedway Corporation ("TCS") with TCS having the right of first use; (iii) 630,274 acre-feet as tenants in common with California Steel Industries Inc. ("CSI"), with CSI having the right of use, with payment to Kaiser Ventures, Inc., through June 30, 2004, and Kaiser Ventures, Inc. having the right of first use thereafter; and (iv) to the extent transferable, all amounts that are in storage pursuant to local storage agreements with the Chino Basin Watermaster. There is no, and shall not be construed to be, any transfer or conveyance of any right, title or interest in or to any and all water rights and/or shares in Fontana Union Water Company, a mutual water company, that Grantors now or in the future may directly or indirectly have.

CHINO BASIN WATERMASTER
Case No. RCV 51010
Chino Basin Municipal Water District v. The City of Chino

PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On June 20, 2012 I served the following:

- 1. NOTICE OF MOTION AND MOTION TO CONFIRM POST-JUDGMENT ORDERS AND ENFORCE AND CARRY OUT THE CHINO BASIN JUDGMENT, INCLUDING A MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF**
- 2. REQUEST FOR JUDICIAL NOTICE AND RELATED EXHIBITS IN SUPPORT OF CSI'S MOTION**

☒

BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows:

See attached service list: Mailing List 1

☐

BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.

☐

BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.

☒

BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on June 20, 2012 in Rancho Cucamonga, California.


By: Alex Perez
Chino Basin Watermaster

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AUTO SPEEDWAY
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FONTANA, CA 92335

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0638

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CLAREMONT, CA 91711-4724

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IEUA
16405 DOMANI TERRACE
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RIVERSIDE, CA 92501

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