CHINO BASIN WATERMASTER'S PARTIAL JOINDER IN CSI PARAGRAPH 15 MOTION

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approved CSI's intervention into the Overlying (Non-Agricultural Pool) as "a person newly proposing to produce water from Chino Basin." The issue of whether CSI acquired any water rights was not before the Court and was not determined.

On December 20, 1995, the Court approved a Stipulation and Order for Approval of Water Rights Agreement and Stay of Proceedings ("Stipulation and Order"), approving the stipulation that CSI and Kaiser Ventures, Inc. ("Kaiser") had mutual rights to the beneficial use of certain water rights defined in a "Water Rights Acknowledgment." These "Joint Water Rights" included the Disputed Water Rights, subject to further provisions as to each of CSI and Kaiser's priority for the use of the Disputed Water Rights. By its Resolution 95-3, adopted on October 18, 1995, Watermaster approved the stipulation between Kaiser and CSI, and Watermaster was a signatory to the Stipulation and Order.

On June 15, 2001, CCG Ontario, LLC ("CCG") petitioned the Court in Intervention, claiming to be the owner, through a grant deed from Kaiser, of the Disputed Water Rights "as tenants in common with California Steel Industries Inc." By its June 28, 2001 Watermaster Joinder to Petition in Intervention by CCG Ontario, LLC, Watermaster joined CCG's Petition in Intervention, which had been approved by all of the Appropriative, Overlying (Agricultural) and Overlying (Non-Agricultural) Pools, the Advisory Committee and the Board, in June 2001. Through a July 19, 2001 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, the Court granted CCG leave to intervene and become a party to the Judgment, as a member of the Overlying (Non-Agricultural) Pool, and stated that CCG's Overlying (Non-Agricultural) rights included the Disputed Water Rights, as tenants in common with CSI, subject to further designation of the priority of each to use of water thereunder.

On March 8, 2007, ACM's intervention into the Overlying (Non-Agricultural) Pool, and the transfer of the CCG's water rights to ACM was brought before the Appropriative and Overlying (Non-Agricultural) Pools, pursuant to an ACM request for Intervention into the Overlying (Non-Agricultural) Pool and Watermaster water transfer application Form 5. The Applications and Staff Report for the corresponding agenda items mentioned the Disputed Water 1

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Rights, but none of them indicated whether CSI held any interest in those rights. The Appropriative Pool, and the Non-Agricultural Pool representative, took action to table the item, and it was not brought forward again until late 2008.

In November 2008, ACM filed with Watermaster a request for Intervention into the Overlying (Non-Agricultural) Pool and Watermaster water transfer applications Forms 3 and 5. The staff reports for the agenda items for the Pools, Advisory Committee and Board agendas included mention of the Disputed Water Rights, but did not indicate whether CSI held any interest in those rights. The request for intervention was approved unanimously by all three Pool committees on November 18, 2008, and approved unanimously by the Advisory Committee and the Board on November 20, 2008. The transfer was approved unanimously by all three pool committees on November 18, 2008 and by the Advisory Committee and the Board, with one abstention, on December 18, 2008.

On December 22, 2008, Watermaster filed with the Court a Notice of Motion and Motion Requesting Approval of Intervention of Aqua Capital Management into the Chino Basin Judgment; Points and Authorities in Support Thereof. The Motion did not mention the water right transfer approved in November 2008, nor did it mention any water rights held by ACM. At a February 2, 2009 hearing, the Court approved ACM's intervention into the Overlying (Non-Agricultural) Pool, though neither the Court at the hearing, nor the Court's Notice of Rulings, include any mention of any water rights in which ACM held an interest.

In April 2011, CSI mailed Watermaster requesting that Watermaster correct its records to reflect CSI's jointly held water rights pursuant to agreement between CSI and Kaiser. CSI sent a similar letter in July 2011. In October 2011, in response to CSI's letters, ACM mailed to Watermaster a copy of its Verified Complaint in Quiet Title, indicating that the complaint asserted that CSI had no right in the Disputed Water Rights and requesting that Watermaster take no action in response to CSI's request until the resolution of the quiet title action. Since that time, Watermaster has maintained language in its Assessment Package reflecting the dispute between ACM and CSI regarding the ownership of the Disputed Water Rights ("A dispute has arisen between Aqua Capital Management and California Steel Industries concerning allocation of the

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right attributed to Aqua Capital Management in this Assessment Package").

Watermaster's 1996/97 Assessment Package's table of 1995/96 Overlying (Non-Agricultural) Pool Production included a footnote indicating that Kaiser and CSI received Court approval of their settlement in December 1995, pursuant to which they held 630.274 af of Joint Water Rights. This same footnote was included in each of Watermaster's 1997/98, 1998/99, 1999/2000, 2000/01, 2001/02, 2002/03, 2003/04 and 2004/05 Assessment Packages, with each Assessment Package between 2000/01 and 2004/05 also noting that Kaiser sold its last property holdings and water rights to CCG Ontario LLP on August 16, 2000. Watermaster's Assessment Packages after that time did not include those same footnotes.

Each of Watermaster's 25th (2001/02) through 31st (2007/08) Annual Reports list the Disputed Water Rights as being held by CCG, with no note of any joint interest held by CSI. Watermaster's 32nd Annual Report's (2008/09) table of Non-Agricultural Rights included footnotes stating that on December 18, 2009, CCG permanently transferred its 630.274 af of Operating Safe Yield to ACM. The 33rd (2009/10) and 34th (2010/2011) Annual Reports' footnotes indicate the same, with a further note in the 2010/11 report indicating that a dispute has arisen between ACM and CSI concerning the allocation of the Disputed Water Rights.

On the basis of the chronology described above, Watermaster expressly and solely joins in the following contentions put forth by CSI:

- (1) The interest held first by Kaiser, and subsequently by CCG, was as a co-tenancy (tenants in common);
- (2) Watermaster has processed and recorded a transfer of the interest held by CCG to ACM, without opposition;
- (3) ACM is a party to the Judgment and the records of Watermaster are available to the parties to the Judgment; and
- (4) The Court has jurisdiction to issue conforming or clarifying orders regarding earlier rulings of the Court.

Watermaster is unaware of any terms, conditions, instruments or representations that may have been made among ACM, CCG and CSI and consequently it takes no position as to ACM's

1	status as a bona fide purchaser of the Disputed	d Water Rights.
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3	Dated: July	BROWNSTEIN HYATT FARBER
4		SCHRECK, LLP
5		P. d. () 11
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7		BRADLEY J. HERREMA Attorneys for CHINO BASIN WATERMASTER
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# CHINO BASIN WATERMASTER Case No. RCV 51010 Chino Basin Municipal Water District v. The City of Chino

# **PROOF OF SERVICE**

## I declare that:

correct.

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 July 19, 2012 I served the following:

1. CHINO BASIN WATERMASTER'S PARTIAL JOINDER IN PARAGRAPH 15 MOTION FILED BY CALIFORNIA STEEL INDUSTRIES, INC.

/X/	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.
/ <u> </u> /	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.
/ <b>X</b> /	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

Executed on July 19, 2012 in Rancho Cucamonga, California.

By:Jahine/Wilson

Chino Basin Watermaster

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