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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES – CENTRAL DISTRICT

Coordination Proceeding Special Title
(Rule 1550(b))

**ANTELOPE VALLEY
GROUNDWATER CASE**

Judicial Council Coordination Proceeding No.
4408

Santa Clara Case No. 1-05-CV-049053

Judge: The Honorable Jack Komar, Dept. 17

[PROPOSED] JUDGMENT AND PHYSICAL
SOLUTION MODIFIED TO INCORPORATE
WILLIS CLASS PUMPING

1 **TABLES (To Be Filed)**

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INDEX OF EXHIBITS AND APPENDICES (See March 4, 2015 Filing of [Proposed] Judgment for the following Exhibits):

Exhibits:

- Exhibit 1: Listing of Parties Against Which a Default Judgment Has Been Entered.**
- Exhibit 2: Map of Area Adjudicated in This Action.**
- Exhibit 3: Non-Overlying Production Rights.**
- Exhibit 4: Overlying Production Rights**
- Exhibit 5: Phase 3 Trial Decision.**
- Exhibit 6: Map of boundaries of Edwards Air Force Base.**
- Exhibit 7: Map of boundaries of Air Force Plant 42.**
- Exhibit 8: Rights to Produce Imported Water Return Flows.**
- Exhibit 9: Map of the Watershed of the Basin.**
- Exhibit 10: Map of Subareas.**

1 The Court, having considered the pleadings, the stipulations of the Parties, and the
2 evidence presented, and being fully informed in the matter, approves the Physical Solution
3 contained herein. This Judgment is entered as a Judgment binding on all Parties served or
4 appearing in this Action, including without limitation, those Parties which have stipulated to this
5 Judgment, are subject to prior settlement(s) and judgment(s) of this Court, have defaulted or
6 hereafter stipulate to this Judgment.

7 **I. DESCRIPTION OF LITIGATION**

8 **1. PROCEDURAL HISTORY**

9 **1.1 Initiation of Litigation.**

10 On October 29, 1999, Diamond Farming Company (“Diamond Farming”) filed in
11 the Riverside County Superior Court (Case No. RIC 344436) the first complaint in what would
12 become these consolidated complex proceedings known as the Antelope Valley Groundwater
13 Cases. Diamond Farming's complaint names as defendants the City of Lancaster, Palmdale
14 Water District, Antelope Valley Water Company, Palm Ranch Irrigation District, Quartz Hill
15 Water District, Rosamond Community Services District, and Mojave Public Utility District.

16 On February 22, 2000, Diamond Farming filed another complaint in the Riverside
17 County Superior Court (Case No. RIC 344468). The two Diamond Farming actions were
18 subsequently consolidated.

19 On January 25, 2001, Wm. Bolthouse Farms, Inc. (“Bolthouse”) filed a complaint
20 in the same Court against the same entities, as well as Littlerock Creek Irrigation District and Los
21 Angeles Waterworks Districts Nos. 37 and 40 (Case No. RIC 353840).

22 ¹ A “physical solution” describes an agreed upon or judicially imposed resolution of conflicting claims in a manner
23 that advances the constitutional rule of reasonable and beneficial use of the state’s water supply. (*City of Santa Maria*
24 *v. Adam* (2012) 211 Cal. App. 4th 266, 288.) It is defined as “an equitable remedy designed to alleviate overdrafts
25 and the consequential depletion of water resources in a particular area, consistent with the constitutional mandate to
prevent waste and unreasonable water use and to maximize the beneficial use of this state’s limited resource.”
(*California American Water v. City of Seaside* (2010) 183 Cal. App. 4th 471, 480.)

26 The Diamond Farming and Bolthouse complaints variously allege that
27 unregulated pumping by these named public agencies (collectively the Public Water Suppliers)
28 has irreparably harmed Diamond Farming and Bolthouse's rights to produce Groundwater from

1 the Antelope Valley Groundwater Basin, and interfered with their rights to put that Groundwater
2 to reasonable and beneficial uses on property they own or lease. Diamond Farming and
3 Bolthouse's complaints seek a determination of their water rights and to quiet title as to the same.

4 In 2001, the Diamond Farming and Bolthouse actions were consolidated in the
5 Riverside County Superior Court.

6 In August 2002, a Phase 1 trial commenced in the Riverside County Superior
7 Court in the consolidated Diamond Farming/Bolthouse proceedings for the purpose of
8 determining the geographic boundary of the area to be adjudicated. That Phase 1 trial was not
9 concluded and the Court did not determine any issues or make any factual findings at that time.

10 **1.2 General Adjudication Commenced.**

11 In 2004, Los Angeles County Waterworks District No. 40 (“District No. 40”)
12 initiated a general Groundwater adjudication for the Antelope Valley Ground Water Basin by
13 filing identical complaints for declaratory and injunctive relief in the Los Angeles and Kern
14 County Superior Courts (Los Angeles County Superior Court Case No. BC 325201 and Kern
15 County Superior Court Case No. S-1500-CV 254348). District No. 40's complaints sought a
16 judicial determination of the respective rights of the Parties to produce Groundwater from the
17 Antelope Valley Groundwater Basin.

18 On December 30, 2004, District No. 40 petitioned the Judicial Council of
19 California for coordination of the above-referenced actions. On June 17, 2005, the Judicial
20 Council of California granted the petition and assigned the “Antelope Valley Groundwater
21 Cases” (Judicial Council Coordination Proceeding No. 4408) to this Court (Santa Clara County
22 Superior Court Case No. 1-05-CV-049053 (Hon. Jack Komar)).

23 For procedural purposes, the Court requested that District No. 40 refile its
24 complaint as a first amended cross-complaint in the now coordinated proceedings. Joined by the
25 other Public Water Suppliers, District No. 40 filed a first amended cross-complaint seeking
26 declaratory and injunctive relief and an adjudication of the rights to all Groundwater within the
27 Antelope Valley Groundwater Basin. The Public Water Suppliers’ cross-complaint, as currently
28 amended, requests an adjudication to protect the public’s water supply, prevent water quality
degradation, and stop land subsidence. Some of the Public Water Suppliers allege they have

1 acquired prescriptive and equitable rights to the Groundwater in the Basin. They allege the Basin
2 has been in overdraft for more than five consecutive Years and they have pumped water from
3 the Basin for reasonable and beneficial purposes in an open, notorious, and continuous manner.
4 They allege each non-public cross-defendant had actual or constructive notice of these activities,
5 sufficient to establish prescriptive rights in their favor. In order to alleviate overdraft conditions
6 and protect the Basin, the Public Water Suppliers also request a physical solution.

7 **1.3 Other Actions**

8 In response to the Public Water Suppliers first amended cross-complaint,
9 numerous Parties filed cross-complaints seeking various forms of relief.

10 On August 30, 2006, Antelope Valley-East Kern Water Agency (“AVEK”) filed
11 a cross-complaint seeking declaratory and injunctive relief and claiming overlying rights and
12 rights to pump the supplemental yield attributable to return flows from State Water Project water
13 imported to the Basin.

14 On January 11, 2007, Rebecca Lee Willis filed a class action complaint in the Los
15 Angeles County Superior Court (Case No. BC 364553) for herself and on behalf of a class of
16 non-pumping overlying property owners (“Non-Pumper Class”), through which she sought
17 declaratory relief and money damages from various public entities. Following certification, the
18 Non-Pumper Class entered into a settlement agreement with the Public Water Suppliers
19 concerning the matters at issue in the class complaint. All claims of prescription have been
20 released by the Public Water Suppliers against the Willis Class. On September 22, 2011, the
21 Court approved the settlement through an Amended Final Judgment which stated that the
22 Amended Final Judgment would be merged and incorporated into the physical solution adopted
23 by the Court. In awarding attorneys’ fees, the Court stated that Willis Class Counsel had secured
24 the right to pump groundwater and maintained property values for the Willis Class.

25 On June 2, 2008, Richard A. Wood filed a class action complaint for himself and
26 on behalf of a class of small property owners in this action (“Small Pumper Class”), *Wood v. Los*
27 *Angeles Co. Waterworks Dist. 40, et al.*, (Case No.: BC 391869) through which he sought
28 declaratory relief and money damages from various public entities. The Small Pumper Class

1 was certified on September 2, 2008.

2 On February 24, 2010, following various orders of coordination, the Court
3 granted the Public Water Suppliers' motion to transfer and consolidate all complaints and cross-
4 complaints in this matter, with the exception of the complaint in Sheldon R. Blum, etc. v. Wm.
5 Bolthouse Farms, Inc. (Santa Clara County Superior Court Case No. 1-05-CV-049053), which
6 remains related and coordinated.

7
8 **1.4 McCarran Amendment Issues**

9 The Public Water Suppliers' cross-complaint names Edwards Air Force Base,
10 California and the United States Department of the Air Force as cross-defendants, seeking the
11 same declaratory and injunctive relief as sought against the other cross-defendants. This
12 Judgment, or any other determination in this case regarding rights to water, is contingent on a
13 Judgment satisfying the requirements of the McCarran Amendment, 43 U.S.C. §666. The United
14 States reserves all rights to object or otherwise challenge any interlocutory judgment and reserves
15 all rights to appeal a Judgment that does not satisfy the requirements of the McCarran
16 Amendment.

17 **1.5 Phased Trials**

18 The Court has divided the trial in this matter into multiple phases, four of which
19 have been tried.

20 Through the Phase 1 trial, the Court determined the geographical boundaries of
21 the area adjudicated in this Action which is defined as the Basin. On November 3, 2006, the
22 Court entered an order determining that issue.

23 Through the Phase 2 trial, the Court determined that all areas within the Basin are
24 hydrologically connected and a single aquifer, and that there is sufficient hydraulic connection
25 between the disputed areas and the rest of the Basin such that the Court must include the disputed
26 areas within the adjudication area. The Court further determined that it would be premature to
27 make any determinations regarding, *inter alia*, claims that portions of the Basin should be treated
28 as a separate area for management purposes. On November 6, 2008, the Court entered its Order
after Phase Two Trial on Hydrologic Nature of Antelope Valley.

Through the Phase 3 trial, the Court determined the Basin is in a current state of

1 overdraft and the safe yield is 110,000 acre-feet per Year. The Court found the preponderance
2 of the evidence presented established that setting the safe yield at 110,000 acre-feet per Year will
3 permit management of the Basin in such a way as to preserve the rights of the Parties in
4 accordance with the California Constitution and California law. On July 13, 2011, the Court
5 filed its Statement of Decision.

6 Through the Phase 4 trial, the Court determined the overall Production occurring
7 in the Basin in calendar Years 2011 and 2012.

8 **1.6 Defaults**

9 Numerous Parties have failed to respond timely, or at all, to the Public Water
10 Suppliers' cross-complaint, as amended, and their defaults have been entered. The Court has
11 given the defaulted Parties notice of this Judgment and Physical Solution, together with the
12 opportunity to be heard regarding this Judgment, and hereby enters default judgments against all
13 such Parties and incorporates those default judgments into this Judgment. Pursuant to such
14 default judgments a defaulted Party has no right to Produce Groundwater from the Basin. All
15 Parties against which a default judgment has been entered are identified on Exhibit 1, attached
16 hereto and incorporated herein by reference.

17 **2. GENERAL ADJUDICATION DOES NOT APPLY TO SURFACE WATER.**

18 Pursuant to California law, surface water use since 1914 has been governed by the Water
19 Code. This Judgment does not apply to surface water as defined in the Water Code and is not
20 intended to interfere with any State permitted or licensed surface water rights or pre-1914 surface
21 water right. The impact of any surface water diversion should be considered as part of the State
22 Water Resources Control Board permitting and licensing process and not as part of this
23 Judgment.

24 **II. DECREE**

25 **3. JURISDICTION, PARTIES, DEFINITIONS.**

26 **3.1 Jurisdiction.** This Action is an *inter se* adjudication of all claims to the
27 rights to Produce Groundwater from the Basin alleged between and among all Parties. This Court
28 has jurisdiction over the subject matter and Parties herein to enter a Judgment declaring and
adjudicating the rights to reasonable and beneficial use of water by the Parties in the Action

1 pursuant to Article X, section 2 of the California Constitution.

2 **3.2 Parties.** The Court required that all Persons having or claiming any right,
3 title or interest to the Groundwater within the Basin be notified of the Action. Notice has been
4 given pursuant to the Court’s order. All Public Water Suppliers, landowners, Non-Pumper Class
5 and Small Pumper Class members and other Persons having or making claims have been or will
6 be included as Parties to the Action. All named Parties who have not been dismissed have
7 appeared or have been given adequate opportunity to appear.

8 **3.3 Factual and Legal Issues.** The complaints and cross-complaints in the
9 Action frame many legal issues. The Action includes over 4,000 Parties, as well as the members
10 of the Non-Pumper Class and the members of the Small Pumper Class. The Basin’s entire
11 Groundwater supply and Groundwater rights, extending over approximately 1390 square miles,
12 have been brought to issue. The numerous Groundwater rights at issue in the case include,
13 without limitation, overlying, appropriative, prescriptive, and federal reserved water rights to
14 Groundwater, rights to return flows from Imported Water, rights to recycled water, rights to
15 stored Imported Water subject to the Watermaster rules and regulations, and rights to utilize the
16 storage space within the Basin. After several months of trial, the Court made findings regarding
17 Basin characteristics and determined the Basin’s Safe Yield. The Court’s rulings and judgments
18 in this case, including the Safe Yield determination, form the basis for this Judgment.

19 **3.4 Need for a Declaration of Rights and Obligations for a Physical**
20 **Solution.** A Physical Solution for the Basin, based on a declaration of water rights and a formula
21 for allocation of rights and obligations, is necessary to implement the mandate of Article X,
22 section 2 of the California Constitution and to protect the Basin and the Parties’ rights to the
23 Basin’s water resources. The Physical Solution governs Groundwater, Imported Water and Basin
24 storage space, and is intended to ensure that the Basin can continue to support existing and future
25 reasonable and beneficial uses. A Physical Solution requires determining individual groundwater
26 rights for the Public Water Suppliers, landowners, Non-Pumper Class and Small Pumper Class
27 members, and other Parties within the Basin. The Physical Solution set forth in this Judgment:
28 (1) is a fair and reasonable allocation of Groundwater rights in the Basin after giving due
consideration to water rights priorities and the mandate of Article X, section 2 of the California

1 Constitution; (2) provides for a reasonable sharing of Imported Water costs; (3) furthers the
2 mandates of the State Constitution and State water policy; and (4) is a remedy that gives due
3 consideration to applicable common law rights and priorities to use Basin water and storage space
4 without substantially impairing such rights. Combined with water conservation, water
5 reclamation, water transfers, water banking, and improved conveyance and distribution methods
6 within the Basin, present and future Imported Water sources are sufficient both in quantity and
7 quality to assure implementation of a Physical Solution. This Judgment will facilitate water
8 resource planning and development by the Public Water Suppliers and individual water users.

9
10 **3.5 Definitions.** As used in this Judgment, the following terms shall
11 have the meanings set forth herein:

12 **3.5.1 Action.** The coordinated and consolidated actions included in the
13 Antelope Valley Groundwater Cases, Judicial Council Coordination Proceeding No. 4408, Santa
14 Clara Superior Court Case No. 1-05-CV-049053.

15 **3.5.2 Adjusted Native Safe Yield.** The Native Safe Yield minus (1)
16 the Production Right allocated to the Small Pumper Class under Paragraph 5.1.3, (2) the Federal
17 Reserved Water Right under Paragraph 5.1.4, and (3) the State of California Production Right
18 under Paragraph 5.1.5. The Adjusted Native Safe Yield as of the date of entry of this Judgment
19 is 70,686.6 acre-feet per year.

20 **3.5.3 Administrative Assessment.** The amount charged by the
21 Watermaster for the costs incurred by the Watermaster to administer this Judgment.

22 **3.5.4 Annual Period.** The calendar Year.

23 **3.5.5 Antelope Valley United Mutuals Group.** The members of the
24 Antelope Valley United Mutuals Group are Antelope Park Mutual Water Company, Aqua-J
25 Mutual Water Company, Averydale Mutual Water Company, Baxter Mutual Water Company,
26 Bleich Flat Mutual Water Company, Colorado Mutual Water Co., El Dorado Mutual Water
27 Company, Evergreen Mutual Water Company, Land Projects Mutual Water Co., Landale Mutual
28 Water Co., Shadow Acres Mutual Water Company, Sundale Mutual Water Company, Sunnyside
Farms Mutual Water Company, Inc., Tierra Bonita Mutual Water Company, West Side Park

1 Mutual Water Co. and White Fence Farms Mutual Water Co., together with the successor(s)-in-
2 interest to any member thereof. Each of the members of the Antelope Valley United Mutuals
3 Group was formed when the owner(s) of the lands that were being developed incorporated the
4 mutual water company and transferred their water rights to the mutual water company in
5 exchange for shares of common stock. The mutual water company owns, operates and maintains
6 the infrastructure for the production, storage, distribution and delivery of water solely to its
7 shareholders. The shareholders of each of these mutual water companies, who are the owners of
8 the real property that is situated within the mutual water company's service area, have the right
9 to have water delivered to their properties, a right appurtenant to their land. [*See, Erwin v. Gage*
10 *Canal Company* (1964) 226 Cal.App.2d 189].

11 **3.5.6 AVEK.** The Antelope Valley–East Kern Water Agency.

12 **3.5.7 Balance Assessment.** The amount of money charged by the
13 Watermaster on all Production Rights, excluding the United States' actual Production, to pay for
14 the costs, not including infrastructure, to purchase, deliver, produce in lieu, or arrange for
15 alternative pumping sources in the Basin.

16 **3.5.8 Basin.** The area adjudicated in this Action as shown on Exhibit 2,
17 attached hereto and incorporated herein by reference, which lies within the boundaries of the line
18 labeled "Boundaries of the Adjudicated Area" and described therein. The Basin generally
19 encompasses the Antelope Valley bordered on the West and South by the San Gabriel and
20 Tehachapi Mountains, with the eastern boundary being the Los Angeles-San Bernardino County
21 line, as determined by the Court.

22 **3.5.9 Carry Over.** The right to Produce an unproduced portion of an
23 annual Production Right or a Right to Imported Water Return Flows in a Year subsequent to the
24 Year in which the Production Right or Right to Imported Water Return Flows was originally
25 available.

26 **3.5.10 Conjunctive Use.** A method of operation of a groundwater basin
27 under which Imported Water is used or stored in the Basin in Years when it is available; allowing
28

1 the Basin to refill, and more Groundwater is Produced in Years when Imported Water is less
2 available.

3 **3.5.11 Defaulting Party.** A Party who failed to file a responsive pleading
4 and against which a default judgment has been entered. A list of Defaulting Parties is attached
5 as Exhibit 1.

6 **3.5.12 Drought Program.** The water management program in effect only
7 during the Rampdown period affecting the operations and Replacement Water Assessments of
8 the participating Public Water Suppliers.

9 **3.5.13 Judgment.** A judgment, consistent with Cal.C.C.P. §§ 577 and
10 1908(a)(1) and 43 U.S.C. § 666, determining all rights to Groundwater in the Basin, establishing
11 a Physical Solution, and resolving all claims in the Action.

12 **3.5.14 Groundwater.** Water beneath the surface of the ground and
13 within the zone of saturation, excluding water flowing through known and definite channels.

14 **3.5.15 Imported Water.** Water brought into the Basin from outside the
15 watershed of the Basin as shown in Exhibit 9.

16 **3.5.16 Imported Water Return Flows.** Imported Water that net
17 augments the Basin Groundwater supply after use.

18 **3.5.17 In Lieu Production.** The amount of Imported Water used by a
19 Producer in a Year instead of Producing an equal amount of that Producer's Production Right.

20 **3.5.18 Material Injury.** Material Injury means impacts to the Basin
21 caused by pumping or storage of Groundwater that:

22 **3.5.18.1** Causes material physical harm to the Basin, any
23 Subarea, or any Producer, Party or Production Right, including, but not limited to, Overdraft,
24 degradation of water quality by introduction of contaminants to the aquifer by a Party and/or
25 transmission of those introduced contaminants through the aquifer, liquefaction, land subsidence
26 and other material physical injury caused by elevated or lowered Groundwater levels. Material
27 physical harm does not include "economic injury" that results from other than direct physical
28

1 causes, including any adverse effect on water rates, lease rates, or demand for water.
2

3 **3.5.18.2** If fully mitigated, Material Injury shall no longer be
4 considered to be occurring.

5 **3.5.19 Native Safe Yield.** Naturally occurring Groundwater recharge to
6 the Basin, including “return flows” from pumping naturally occurring recharge, on an average
7 annual basis. Imported Water Return Flows are not included in Native Safe Yield.

8 **3.5.20 New Production.** Any Production of Groundwater from the Basin
9 not of right under this Judgment, as of the date of this Judgment. This definition does not apply
10 to Production by Non-Pumper Class Members.

11 **3.5.21 Non-Overlying Production Rights.** The rights held by the Parties
12 identified in Exhibit 3, attached hereto and incorporated herein by reference.

13 **3.5.22 Non-Pumper Class.** All private (i.e., non-governmental) Persons and
14 entities that own real property within the Basin, as adjudicated, that are not presently pumping
15 water on their property and have not done so at any prior time. The Non-Pumper Class includes
16 the successors-in-interest by way of purchase, gift, inheritance, or otherwise of such Non-Pumper
17 Class members’ land within the Basin. The Non-Pumper Class excludes (1) all Persons to the
18 extent their properties are connected to a municipal water system, public utility, or mutual water
19 company from which they receive water service, (2) all properties that are listed as “improved”
20 by the Los Angeles County or Kern County Assessor's offices, unless the owners of such
21 properties declare under penalty of perjury that they do not pump and have never pumped water
22 on those properties, and (3) those who opted out of the Non-Pumper Class. The Non-Pumper
23 Class does not include landowners who have been individually named under the Public Water
24 Suppliers' cross-complaint, unless such a landowner has opted into such class.

25 **3.5.23 Non-Pumper Class Judgment.** The amended final Judgment that
26 settled the Non-Pumper Class claims against the Public Water Suppliers approved by the Court
27 on September 22, 2011.

28 **3.5.24 Non-Stipulating Party.** Any Party who had not executed a

1 Stipulation for Entry of this Judgment prior to the date of approval of this Judgment by the Court.
2 This definition shall not apply to the Non-Pumper Class.

3 **3.5.25 Overdraft.** Extractions in excess of the Safe Yield of water from
4 an aquifer, which over time will lead to a depletion of the water supply within a groundwater
5 basin as well as other detrimental effects, if the imbalance between pumping and extraction
6 continues.

7 **3.5.26 Overlying Production Rights.** The rights held by the Parties
8 identified in Exhibit 4, attached hereto and incorporated herein by reference, as well of the rights
9 of the Non-Pumper Class.

10 **3.5.27 Party (Parties).** Any Person(s) that has (have) been named and
11 served or otherwise properly joined, or has (have) become subject to this Judgment and any prior
12 judgments of this Court in this Action and all their respective heirs, successors-in-interest and
13 assigns. For purposes of this Judgment, a “Person” includes any natural person, firm, association,
14 organization, joint venture, partnership, business, trust, corporation, or public entity.

15 **3.5.28 Pre-Rampdown Production.** The reasonable and beneficial use
16 of Groundwater, excluding Imported Water Return Flows, at a time prior to this Judgment, or the
17 Production Right, whichever is greater.

18 **3.5.29 Produce(d).** To pump Groundwater for existing and future
19 reasonable beneficial uses.

20 **3.5.30 Producer(s).** A Party who Produces Groundwater.

21 **3.5.31 Production.** Annual amount of Groundwater Produced, stated in
22 acre-feet of water.

23 **3.5.32 Production Right.** The amount of Native Safe Yield that may be
24 Produced each Year free of any Replacement Water Assessment and Replacement Obligation.
25 The total of the Production Rights decreed in this Judgment equals the Native Safe Yield. A
26 Production Right does not include any right to Imported Water Return Flows pursuant to
27 Paragraph 5.2 with the exception of Production by Non-Pumper Class Members.
28

1 **3.5.33 Pro-Rata Increase.** The proportionate increase in the amount of
2 a Production Right, as provided in Paragraph 18.5.10, provided the total of all Production Rights
3 does not exceed the Native Safe Yield.

4 **3.5.34 Pro-Rata Reduction.** The proportionate reduction in the amount
5 of a Production Right, as provided in Paragraph 18.5.10, in order that the total of all Production
6 Rights does not exceed the Native Safe Yield.

7 **3.5.35 Public Water Suppliers.** The Public Water Suppliers are Los
8 Angeles County Waterworks District No. 40, Palmdale Water District, Quartz Hill Water
9 District, Littlerock Creek Irrigation District, California Water Service Company, Desert Lake
10 Community Services District, North Edwards Water District, City of Palmdale, City of Lancaster,
11 Palm Ranch Irrigation District, Rosamond Community Services District, and West Valley
12 County Water District.

13 **3.5.36 Purpose of Use.** The broad categories of type of water use
14 including but not limited to municipal, irrigation, agricultural and industrial uses.

15 **3.5.37 Rampdown.** The period of time for Pre-Rampdown Production
16 to be reduced to the Native Safe Yield in the manner described in this Judgment.

17 **3.5.38 Recycled Water.** Water that, as a result of treatment of waste, is
18 suitable for a direct beneficial use or a controlled use that would not otherwise occur and is
19 therefore considered a valuable resource.

20 **3.5.39 Replacement Obligation.** The obligation of a Producer to pay for
21 Replacement Water for Production of Groundwater from the Basin in any Year in excess of the
22 sum of such Producer's Production Right and Imported Water Return Flows.

23 **3.5.40 Replacement Water.** Water purchased by the Watermaster or
24 otherwise provided to satisfy a Replacement Obligation.

25 **3.5.41 Replacement Water Assessment.** The amount charged by the
26 Watermaster to pay for all costs incurred by the Watermaster related to Replacement Water.

27 **3.5.42 Responsible Party.** The Person designated by a Party as the Person responsible
28 for purposes of filing reports and receiving notices pursuant to the provisions of this Judgment.

1 **3.5.43 Safe Yield.** The amount of annual extractions of water from the
2 Basin over time equal to the amount of water needed to recharge the Groundwater aquifer and
3 maintain it in equilibrium, plus any temporary surplus. [*City of Los Angeles v. City of San*
4 *Fernando* (1975) 14 Cal. 3d 199, 278.]

5 **3.5.44 Small Pumper Class.** All private (i.e., non-governmental)
6 Persons and entities that own real property within the Basin, as adjudicated, and that have been
7 pumping less than 25 acre-feet per Year on their property during any Year from 1946 to the
8 present. The Small Pumper Class excludes the defendants in *Wood v. Los Angeles Co.*
9 *Waterworks Dist. 40, et al.*, any Person, firm, trust, corporation, or other entity in which any such
10 defendants has a controlling interest or which is related to or affiliated with any such defendants,
11 and the representatives, heirs, affiliates, successors-in-interest or assigns of any such excluded
12 party. The Small Pumper Class also excludes all Persons and entities that are shareholders in a
13 mutual water company. The Small Pumper Class does not include those who opted out of the
14 Small Pumper Class.

15 **3.5.45 Small Pumper Class Members.** Individual members of the Small
16 Pumper Class who meet the Small Pumper Class definition, and for purposes of this Judgment
17 and any terms pertaining to water rights, where two or more Small Pumper Class Members reside
18 in the same household, they shall be treated as a single Small Pumper Class Member for purposes
19 of determining water rights.

20 **3.5.46 State of California.** As used herein, State of California shall mean
21 the State of California acting by and through the following State agencies, departments and
22 associations: (1) The California Department of Water Resources; (2) The California Department
23 of Parks and Recreation; (3) The California Department of Transportation; (4) The California
24 State Lands Commission; (5) The California Department of Corrections and Rehabilitation; (6)
25 The 50th District Agricultural Association; (7) The California Department of Veteran Affairs;
26 (8) The California Highway Patrol; and, (9) The California Department of Military.

27
28 **3.5.47 State Water Project.** Water storage and conveyance facilities

1 operated by the State of California Department of Water Resources from which it delivers water
2 diverted from the Feather River and the Sacramento-San Joaquin Delta via the California
3 Aqueduct to public agencies it has contracted with.

4 **3.5.48 Stipulating Party.** Any Party who has executed a Stipulation for
5 Entry of this Judgment prior to the date of approval of this Judgment by the Court.

6 **3.5.49 Stored Water.** Water held in storage in the Basin, as a result of
7 direct spreading or other methods, for subsequent withdrawal and use pursuant to agreement with
8 the Watermaster and as provided for in this Judgment. Stored Water does not include Imported
9 Water Return Flows.

10 **3.5.50 Subareas.** Portions of the Basin, as described in this document,
11 divided for management purposes.

12 **3.5.51 Total Safe Yield.** The amount of Groundwater that may be safely
13 pumped from the Basin on a long-term basis. Total Safe Yield is the sum of the Native Safe
14 Yield plus the Imported Water Return Flows.

15 **3.5.52 Watermaster.** The Person(s) appointed by the Court to administer
16 the provisions of this Judgment.

17 **3.5.53 Watermaster Engineer.** The engineering or hydrology expert or
18 firm retained by the Watermaster to perform engineering and technical analysis and water
19 administration functions as provided for in this Judgment.

20 **3.5.54 District No. 40.** Los Angeles County Waterworks District No. 40.

21
22 **3.5.55 Year.** Calendar year.

23 **4. SAFE YIELD AND OVERDRAFT**

24 **4.1 Safe Yield:** The Native Safe Yield of the Basin is 82,300 acre-feet per
25 Year. With the addition of Imported Water Return Flows, the Total Safe Yield is approximately
26 110,000 acre-feet per Year, but will vary annually depending on the volume of Imported Water.

27
28 **4.2 Overdraft:** In its Phase 3 trial decision, the Court held that the Basin,

1 defined by the Court's March 12, 2007 Revised Order After Hearing On Jurisdictional
2 Boundaries, is in a state of overdraft based on estimate of extraction and recharge, corroborated
3 by physical evidence of conditions in the Basin. Reliable estimates of the long-term extractions
4 from the Basin have exceeded reliable estimates of the Basin's recharge by significant margins,
5 and empirical evidence of overdraft in the Basin corroborates that conclusion. Portions of the
6 aquifer have sustained a significant loss of Groundwater storage since 1951. The evidence is
7 persuasive that current extractions exceed recharge and therefore that the Basin is in a state of
8 overdraft. The Court's full Phase 3 trial decision is attached as Exhibit 5 and is incorporated
9 herein by reference.

10 **5. PRODUCTION RIGHTS**

11 **5.1 Allocation of Rights to Native Safe Yield.** Consistent with the goals of
12 this Judgment and to maximize reasonable and beneficial use of the Groundwater of the Basin
13 pursuant to Article X, section 2 of the California Constitution, all the Production Rights
14 established by this Judgment are of equal priority, except the Federal Reserved Water Right
15 which is addressed in Paragraph 5.1.4, and with the reservation of the Small Pumper Class
16 Members' right and certain Non-Pumper Class Members' right to claim a priority under Water
17 Code section 106.

18 **5.1.1 Overlying Production Rights.** The Parties listed in Exhibit 4,
19 attached hereto and incorporated herein by reference, have Overlying Production Rights subject
20 to Pro Rata Reduction for Non-Pumper Class Production. Exhibit 4 sets forth the following for
21 each Overlying Production Right: (1) the Pre-Rampdown Production; (2) the Production Right;
22 and (3) the percentage of the Production from the Adjusted Native Safe Yield.

23 **5.1.1.1** The Parties listed on Exhibit 4 have the right to Produce
24 Groundwater, on an annual basis, up to their Overlying Production Right set forth in Exhibit 4
25 for each Party subject to Pro Rata Reduction for Non-Pumper Class Production. Each Party's
26 Overlying Production Right is subject to the following conditions and limitations:

27 **5.1.1.2** Pursuant to the terms of this Judgment, the Parties listed on
28 Exhibit 4 have the right to Produce their Overlying Production Right subject to Pro Rata

1 Reduction for Non-Pumper Class Production for use on land they own or lease and without the
2 need for Watermaster approval.

3 **5.1.1.3** Overlying Production Rights may be transferred pursuant
4 to the provisions of Paragraph 16 of this Judgment.

5 **5.1.1.4** Overlying Production Rights are subject to Pro Rata
6 Reduction or Increase pursuant to Paragraph 18.5.10 and Pro Rata Reduction for Non-Pumper
7 Class Production.

8 **5.1.2 Non-Pumper Class Rights.** The Non-Pumper Class Members
9 have the right to Produce Groundwater from the Native Safe Yield for reasonable and beneficial
10 uses. On September 22, 2011, the Court approved the Non-Pumper Class Stipulation of
11 Settlement through an Amended Final Judgment that settled the Non-Pumper Class' claims
12 against the Public Water Suppliers ("Non-Pumper Class Judgment"). Defaults or default
13 judgments entered against any Non-Pumper Class Member who did not opt out of the Non-
14 Pumper Class are hereby deemed non-operative and vacated *nunc pro tunc*, but only with respect
15 to their ownership of real property meeting the Non-Pumper Class definition. Production by
16 Members of the Non-Pumper Class is addressed below.

17 **5.1.2.1 Non-Pumper Class Permits.** Following the entry of this Judgment, any
18 Production by a Member of the Non-Pumper Class (Post-Judgment Production) shall be subject
19 to the applicable County Well Permit procedures then in effect in Kern County and in Los
20 Angeles County. A Member of the Non-Pumper Class who obtains a permit to install a well from
21 Kern County or Los Angeles County shall provide a copy of the permit to the Watermaster
22 Engineer within thirty (30) days of the issuance of the permit.

23 **5.1.2.2 De Minimis Use.** Members of the Non-Pumper Class may pump from the Native
24 Safe Yield up to 1.2 afy year for domestic use including other reasonable and beneficial use on
25 the land overlying the well free of replacement assessment up to a collective maximum of 5,160.5
26 afy. (De Minimis Use).
27
28

1 **5.1.2.2.1** Once a collective maximum of 5,160.5 afy has been pumped by the Members of
2 the Non-Pumper Class for De Minimis Use, all subsequent De Minimis Use pumping by the
3 Members of the Non-Pumper Class shall be subject to the imposition of a Replacement Water
4 Assessment.

5 **5.1.2.2.2** The Watermaster shall impose a Replacement Water Assessment on any
6 Production in excess of 1.2 acre-feet per Year by a Non-Pumper Class Member who has been
7 issued a permit for De Minimis Use.

8 **5.1.2.3 Non De Minimis Use** Any Production by a Member of the Non-Pumping Class
9 pursuant to a permit issued by Kern County or Los Angeles County for Non De Minimis Use
10 shall be pumped from the Native Safe Yield free of replacement assessment up to a cumulative
11 permitted maximum amount of 5,160.5 acre-feet per Year.
12

13 **5.1.2.3.1** Once a collective maximum of 5,160.5 afy has been pumped by the Members of
14 the Non-Pumper Class for Non De Minimis Use, all subsequent Non De Minimis Use pumping
15 by the Member of the Non-Pumper Class shall be subject to the imposition of a Replacement
16 Water Assessment.
17

18 **5.1.2.3.2** Any Production for Non De Minimis Use that is in excess of one hundred fifty
19 (150) acre-feet per Year by a Member of the Non-Pumper Class who is a 501(c) entity will be
20 subject to the imposition of a Replacement Water Assessment.
21

22 **5.1.2.3.3** Any Production for Non De Minimis Use that is in excess of fifteen (15) acre-
23 feet per Year by a Member of the Non-Pumper Class who is not a 501(c) entity will be subject to
24 the imposition of a Replacement Water Assessment.
25

26 **5.1.2.4 Effectuation of Pro Rata Reduction of Production Rights of Other Producers**
27 **to Accommodate Non-Pumper Class Production** Any Production by Non-Pumper Class
28

1 Members from the Native Safe Yield up to the cumulative permitted maximum amount stated in
2 Paragraphs 5.1.2.2 and 5.1.2.3 shall reduce pro rata the Production Rights of all Producers except
3 the Production Rights of the United States, the Production Rights of the Public Water Suppliers as
4 set forth in Exhibit 3 only, and the Production Rights of the Small Pumper Class of 3806.4 acre
5 feet per Year.

6
7 **5.1.2.4.1** A Reserve shall be established at the time of Entry of this Judgment for Non-
8 Pumper Class Production in the amount of 1,000 afy. The Reserve shall be created by reducing
9 pro rata the Production Rights of all Producers except the Production Rights of the United States,
10 the Production Rights of the Public Water Suppliers as set forth in Exhibit 3 only, and the
11 Production Rights of the Small Pumper Class of 3806.4 acre feet per Year. The pro rata reduction
12 will occur on the first January 2nd of the Annual Period after the entry of this Judgment and on
13 each succeeding January 2nd.

14
15 **5.1.2.4.2** During any Year after the entry of this Judgment, any Production by a Non-
16 Pumper Class Member pursuant to a permit received by the Watermaster that would exceed the
17 1,000 afy Reserve will not commence until the actual Pro Rata Reduction occurs on the following
18 January 2.

19
20 **5.1.2.4.3** The maximum cumulative amount of Pro Rata Reduction created by reducing
21 pro rata the Production Rights of all Producers except the Production Rights of the United States,
22 the Production Rights of the Public Water Suppliers as set forth in Exhibit 3 only, and the
23 Production Rights of the Small Pumper Class of 3806.4 acre feet per Year, shall be 10,321 afy.

24 **5.1.2.5 Provisions Applicable to all Non-Pumper Class Post-Judgment Production.**

25 The following provisions shall be applicable to any Production by a Member of the Non-Pumper
26 Class:

1 **5.1.2.5.1** Each Non-Pumper Class Member who seeks to begin Post-Judgment Production
2 must elect to be placed in either the De Minimis Use category or Non De Minimis Use category.

3 **5.1.2.5.2** All Post Judgment Production by a Member of the Non-Pumper Class will be
4 subject to the imposition of an Administrative Assessment pursuant to Paragraph 9.1 of this
5 Judgment to the same extent as other Production.
6

7 **5.1.2.5.3** If a parcel owned by a Non-Pumper Class Member on which Production is
8 occurring is sold, the right to continue to Produce on that parcel shall transfer to the new owner of
9 the parcel.

10 **5.1.2.5.4** Prior to any Member of the Non-Pumper Class commencing Post-Judgment
11 Production, such member shall install a water meter on the producing well as provided by
12 Paragraph 18.5.5 of this Judgment.
13

14
15 **5.1.2.5.5** Each Member of the Non-Pumping Class who Produces shall submit Production
16 Reports as required by Paragraph 18.5.12 of this Judgment.

17 **5.1.2.5.6** The Non-Pumper Class Members shall have the Right to Produce Imported
18 Water Return Flows from Replacement Water Assessments paid by Non-Pumper Class Members.
19

20^a **5.1.3 Small Pumper Class Production Rights.** Subject only to the closure of the
21 Small Pumper Class membership, the Small Pumper Class's aggregate Production Right is
22 3806.4 acre-feet per Year. Allocation of water to the Small Pumper Class is set at an average
23 Small Pumper Class Member amount of 1.2 acre-feet per 3172 known Small Pumper Class
24 Members. Production by any Small Pumper Class Member above 1.2 acre-feet per Year per
25 household or parcel will be subject to Replacement Water Assessment, as set forth in this
26 Judgment. Administrative Assessments for unmetered Production by Small Pumper Class
27 Members shall be set based upon the allocation of 1.2 acre-feet per Year per household or parcel,
28 whichever is the case; metered Production shall be assessed in accord with the actual Production.

1 A Small Pumper Class Member who is lawfully, by permit, operating a shared well with an
2 adjoining Small Pumper Class Member, shall have all of the same rights and obligations under
3 this Judgment without regard to the location of the shared well, and such shared use is not
4 considered a prohibited transfer of a pumping right under Paragraph 5.1.3.3.

5 **5.1.3.1** The Production of Small Pumper Class Members of up to 1.2 acre-feet per
6 Year of Groundwater per household or per parcel for reasonable and beneficial use shall only be
7 subject to reduction if: (1) the reduction is based upon a statistically credible study and analysis
8 of the Small Pumper Class' actual Native Safe Yield Production, as well as the nature of the use
9 of such Native Safe Yield, over at least a three Year period; and (2) the reduction is mandated by
10 Court order after notice to the Small Pumper Class Members affording a reasonable opportunity
11 for the Court to hear any Small Pumper Class Member objections to such reduction, including a
12 determination that Water Code section 106 may apply so as to prevent a reduction.

13
14 **5.1.3.2** The Small Pumper Class Members shall install water meters to
15 monitor their water use. All Small Pumper Class Members agree to permit the Watermaster to
16 inspect the water meters and review any related reports.

17 **5.1.3.3** The pumping rights of Small Pumper Class Members are not
18 transferable separately from the parcel of property on which the water is pumped, provided
19 however a Small Pumper Class Member may move their water right to another parcel owned by
20 that Small Pumper Class Member with approval of the Court. If a Small Pumper Class Member
21 parcel is sold, absent a written contract stating otherwise and subject to the provisions of this
22 Judgment, the water right for that Small Pumper Class Member parcel shall transfer to the new
23 owners of that Small Pumper Class Member parcel. The pumping rights of Small Pumper Class
24 Members may not be aggregated for use by a purchaser of more than one Small Pumper Class
25 Member's property.

26 **5.1.3.4** Defaults or default judgments entered against any Small
27 Pumper Class Member who did not opt out of the Small Pumper Class are hereby deemed non-
28 operative and vacated *nunc pro tunc*, but only with respect to their ownership of real property
meeting the Small Pumper Class definition.

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5.1.3.5 The Small Pumper Class shall be permanently closed to new membership upon issuance by the Court of its order granting final approval of the Small Pumper Class Settlement (the “Class Closure Date”), after the provision of notice to the Class of the Class Closure Date. Any Person or entity that does not meet the Small Pumper Class definition prior to the Class Closure Date is not a Member of the Small Pumper Class. Similarly, any additional household constructed on a Small Pumper Class Member parcel after the Class Closure Date is not entitled to a Production Right as set forth in Paragraphs 5.1.3 and 5.1.3.1.

5.1.3.6 Unknown Small Pumper Class Members are defined as: (1) those Persons or entities that are not identified on the list of known Small Pumper Class Members maintained by class counsel and supervised and controlled by the Court as of the Class Closure Date; and (2) any unidentified households existing on a Small Pumper Class Member parcel prior to the Class Closure Date. Within ten (10) Court days of the Class Closure Date, class counsel for the Small Pumper Class shall publish to the Court website and file with the Court a list of the known Small Pumper Class Members.

5.1.3.7 Given the limited number of additions to the Small Pumper Class during the more than five Years since the initial notice was provided to the Class, the Court finds that the number of potentially unknown Small Pumper Class Members and their associated water use is likely very low, and any Production by unknown Small Pumper Class Members is hereby deemed to be *de minimis* in the context of this Physical Solution and shall not alter the Production Rights decreed in this Judgment. However, whenever the identity of any unknown Small Pumper Class Member becomes known, that Small Pumper Class Member shall be bound by all provisions of this Judgment, including without limitation, the assessment obligations applicable to Small Pumper Class Members.

5.1.4 Federal Reserved Water Right. The United States has a right to Produce 7,600 acre-feet per Year from the Native Safe Yield as a Federal Reserved Water Right for use for military purposes at Edwards Air Force Base and Air Force Plant 42. *See Cappaert v. United States*, 426 U.S. 128, 138 (1976); *United States v. New Mexico*, 438 U.S. 696, 700 (1978). Maps of the boundaries of Edwards Air Force Base and Plant 42 are attached hereto as

1 Exhibits 6 and 7. The United States may Produce any or all of this water at any time for uses
2 consistent with the purposes of its Federal Reserved Water Right. Water uses at Edwards Air
3 Force Base and Plant 42 as of the date of this Judgment are consistent with the military purposes
4 of the facilities. The Federal Reserved Water Right to Produce 7,600 acre-feet per Year is not
5 subject to Rampdown or any reduction including Pro-Rata Reduction due to Overdraft.

6 **5.1.4.1** In the event the United States does not Produce its entire
7 7,600 acre-feet in any given Year, the unused amount in any Year will be allocated to the Non-
8 Overlying Production Rights holders, except for Boron Community Services District and West
9 Valley County Water District, in the following Year, in proportion to Production Rights set forth
10 in Exhibit 3. This Production of unused Federal Reserved Water Right Production does not
11 increase any Non-Overlying Production Right holder's decreed Non-Overlying Production Right
12 amount or percentage, and does not affect the United States' ability to fully Produce its Federal
13 Reserved Water Right as provided in Paragraph 5.1.4 in any subsequent Year. Upon entry of a
14 judgment confirming its Federal Reserved Water Rights consistent with this Judgment, the
15 United States waives any rights under State law to a correlative share of the Groundwater in the
16 Basin underlying Edwards Air Force Base and Air Force Plant 42.

17 **5.1.4.2** The United States is not precluded from acquiring State
18 law based Production Rights in excess of its Federal Reserved Water Right through the
19 acquisition of Production Rights in the Basin.

20 **5.1.5 State of California Production Rights.** The State of California
21 shall have a Production Right of 207 acre-feet per Year from the Native Safe Yield and shall
22 have the additional right to Produce Native Safe Yield as set forth in Paragraphs 5.1.5.3 and
23 5.1.5.4 below. This Production of Native Safe Yield shall not be subject to Pro-Rata Reduction.
24 Any Production by the State of California above 207 acre-feet per Year that is not Produced
25 pursuant to Paragraphs 5.1.5.3 and 5.1.5.4 below shall be subject to Replacement Assessments.
26 All Production by the State of California shall also be subject to the Administrative Assessment
27 and the Balance Assessment except in emergency situations as provided in Paragraph 5.1.5.4.3
28 below. Any Production of Native Safe Yield pursuant to Paragraphs 5.1.5.3 and 5.1.5.4 below
shall not reduce any other Party's Production Rights pursuant to this Judgment.

1 **5.1.5.1** The State of California’s Production Right in the amount
2 of 207 acre-feet per Year is allocated separately to each of the State agencies, departments, and
3 associations as listed below in Paragraph 5.1.5.2. Notwithstanding the separate allocations, any
4 Production Right, or portion thereof, of one of the State agencies, departments, and associations
5 may be transferred or used by the other State agencies, departments, and associations on parcels
6 within the Basin. This transfer shall be done by agreement between the State agencies,
7 departments, or associations without a Replacement Water Assessment and without the need for
8 Watermaster approval. Prior to the transfer of another State agency, department, or association’s
9 Production Right, the State agency, department, or association receiving the ability to use the
10 Production Right shall obtain written consent from the transferor. Further, the State agency,
11 department, or association receiving the Production Right shall notify the Watermaster of the
12 transfer.

13 **5.1.5.2** The Production Rights are allocated as follows and may
14 be exercised by the following nine (9) State agencies:

15 **5.1.5.2.1** The California Department of Water
16 Resources-104 acre- feet per Year.

17 **5.1.5.2.2** The California Department of Parks and
18 Recreation-9 acre-feet per Year.

19 **5.1.5.2.3** The California Department of
20 Transportation -47 acre-feet per Year.

21 **5.1.5.2.4** The California State Lands Commission-3
22 acre-feet per Year.

23 **5.1.5.2.5** The California Department of Corrections
24 and Rehabilitation-3 acre-feet per Year.

25 **5.1.5.2.6** The 50th District Agricultural Association-
26 32 acre-feet per Year.

27 **5.1.5.2.7** The California Department of Veteran
28 Affairs-3 acre-feet per Year.

5.1.5.2.8 The California Highway Patrol -3 acre- feet

1 per Year.

2 **5.1.5.2.9** The California Department of
3 Military-3 acre-feet per Year.

4 **5.1.5.3** If at any time, the amount of water supplied to the State
5 of California by District No. 40, AVEK, or Rosamond Community Service District is no longer
6 available or no longer available at reasonable rates to the State of California, the State of
7 California shall have the additional right to Produce Native Safe Yield to meet its reasonable and
8 beneficial needs up to 787 acre-feet per Year, the amount provided by District No. 40, AVEK
9 and Rosamond Community Services District to the State of California in the Year 2013.

10 **5.1.5.4** The following provisions will also apply to each specific agency
11 listed below:

12 **5.1.5.4.1** California Department of Corrections &
13 Rehabilitation (CDCR). In addition to its Production Right pursuant to Paragraphs 5.1.5.2.5 and
14 5.1.5.3, CDCR may also pump Groundwater: (1) to the extent necessary to conduct periodic
15 maintenance of its well pumping equipment; and (2) as a supplementary source of drinking water
16 or as an emergency back-up supply as set forth in Water Code section 55338.

17 **5.1.5.4.2** California Department of Water Resources
18 (DWR). In addition to its Production pursuant to Paragraphs 5.1.5.2.1 and 5.1.5.3 above, DWR
19 may also pump Native Safe Yield from the area adjacent to and beneath the California Aqueduct
20 and related facilities at a time and in an amount it determines is reasonably necessary to protect
21 the physical integrity of the California Aqueduct and related facilities from high Groundwater.
22 Further, notwithstanding provisions of this Judgment prohibiting the export of Native Safe Yield
23 from the Basin, DWR may place the Native Safe Yield that it pumps for the protection of the
24 California Aqueduct into the California Aqueduct, whether or not such Native Safe Yield is
25 ultimately returned to the Basin. However, DWR and AVEK shall use their best efforts to enter
26 into an agreement allowing AVEK to recapture the Native Safe Yield DWR puts into the
27 California Aqueduct and return it to the Basin.

28 **5.1.5.4.3** Department of Military. The Department of
Military may Produce additional Groundwater in an amount necessary to protect and promote

1 public health and safety during an event deemed to be an emergency by the Department of
2 Military pursuant to California Government Code sections 8567 and 8571, and California
3 Military and Veterans Code sections 143 and 146. Such Production shall be free from any
4 assessment, including any Administrative, Balance, or Replacement Water Assessment.
5

6 **5.1.5.4.4** The California Department of Veterans
7 Affairs. The California Department of Veteran Affairs has begun the expansion and increased
8 occupancy project of the Veterans Home of California – Lancaster facility owned by the State of
9 California by and on behalf of the California Department of Veterans Affairs. The California
10 Department of Veterans Affairs fully expects that it will be able to purchase up to an additional
11 40 acre-feet per Year for use at this facility from District No. 40.

12 **5.1.6 Non-Overlying Production Rights.** The Parties listed in Exhibit
13 3 have Production Rights in the amounts listed in Exhibit 3. Exhibit 3 is attached hereto, and
14 incorporated herein by reference. Non-Overlying Production Rights are subject to Pro-Rata
15 Reduction or Increase only pursuant to Paragraph 18.5.10.

16 **5.1.7 City of Lancaster.** The City of Lancaster ("Lancaster") can
17 Produce up to 500 acre-feet of Groundwater for reasonable and beneficial uses at its National
18 Soccer Complex. Such production shall only be subject to Administrative Assessment and no
19 other assessments. Lancaster will stop Producing Groundwater and will use Recycled Water
20 supplied from District No. 40, when it becomes available, to meet the reasonable and beneficial
21 water uses of the National Soccer Complex. Lancaster may continue to Produce up to 500 acre-
22 feet of Groundwater until Recycled Water becomes available to serve the reasonable and
23 Beneficial water uses of the National Soccer Complex. Nothing in this paragraph shall be
24 construed as requiring Lancaster to have any responsibility for constructing, or in any way
25 contributing to the cost of, any infrastructure necessary to deliver Recycled Water to the National
26 Soccer Complex.

27 **5.1.8 Antelope Valley Joint Union High School District.** Antelope
28 Valley Joint Union High School District is a public school entity duly organized and existing

1 under the laws of the State of California. In addition to the amounts allocated to Antelope Valley
2 Joint Union High School District (“AVJUHSD”) and pursuant to Exhibit 4, AVJUHSD can
3 additionally produce up to 29 acre-feet of Groundwater for reasonable and beneficial uses on its
4 athletic fields and other public spaces. When recycled water becomes available to Quartz Hill
5 High School (located at 6040 West Avenue L, Quartz Hill, CA 93535) which is a site that is part
6 of AVJUHSD, at a price equal to or less than the lowest cost of any of the following: Replacement
7 Obligation, Replacement Water, or other water that is delivered to AVJUHSD at Quartz Hill
8 High School, AVJUHSD will stop producing the 29 acre-feet of Groundwater allocated to it and
9 use recycled water as a replacement to its 29 acre-feet production. AVJUHSD retains its
10 production rights and allocation pursuant to Exhibit 4 of this Judgment.

11 **5.1.9 Construction of Solar Power Facilities.** Any Party may Produce
12 Groundwater in excess of its Production Right allocated to it in Exhibit 4 for the purpose of
13 constructing a facility located on land overlying the Basin that will generate, distribute or store
14 solar power through and including December 31, 2016 and shall not be charged a Replacement
15 Water Assessment or incur a Replacement Obligation for such Production in excess of its
16 Production Rights. Any amount of such production in excess of the Production Right through
17 and including December 31, 2016 shall be reasonable to accomplish such construction but shall
18 not exceed 500 acre-feet per Year for all Parties using such water. **5.1.10 Production Rights**
19 **Claimed by Non-Stipulating Parties.** Any claim to a right to Produce Groundwater from the
20 Basin by a Non-Stipulating Party shall be subject to procedural or legal objection by any
21 Stipulating Party. Should the Court, after taking evidence, rule that a Non-Stipulating Party has
22 a Production Right, the Non-Stipulating Party shall be subject to all provisions of this Judgment,
23 including reduction in Production necessary to implement the Physical Solution and the
24 requirements to pay assessments, but shall not be entitled to benefits provided by Stipulation,
25 including but not limited to Carry Over pursuant to Paragraph 15 and Transfers pursuant to
26 Paragraph 16. If the total Production by Non-Stipulating Parties is less than seven percent (7%)
27 of the Native Safe Yield, such Production will be addressed when Native Safe Yield is reviewed
28 pursuant to Paragraph 18.5.9. If the total Production by Non-Stipulating Parties is greater than

1 seven percent (7%) of the Native Safe Yield, the Watermaster shall determine whether
2 Production by Non-Stipulating Parties would cause Material Injury, in which case the
3 Watermaster shall take action to mitigate the Material Injury, including, but not limited to,
4 imposing a Balance Assessment, provided however, that the Watermaster shall not recommend
5 any changes to the allocations under Exhibits 3 and 4 prior to the redetermination of Native Safe
6 Yield pursuant to Paragraph 18.5.9. In all cases, however, whenever the Watermaster re-
7 determines the Native Safe Yield pursuant to Paragraph 18.5.9, the Watermaster shall take action
8 to prevent Native Safe Yield Production from exceeding the Native Safe Yield on a long-term
9 basis. This Paragraph shall not apply to Non-Pumper Class Members.

10 **5.2 Rights to Imported Water Return Flows.**

11 **5.2.1 Rights to Imported Water Return Flows.** Return Flows from
12 Imported Water used within the Basin which net augment the Basin Groundwater supply are not
13 a part of the Native Safe Yield. Subject to review pursuant to Paragraph 18.5.11, Imported Water
14 Return Flows from Agricultural Imported Water use are 34% and Imported Water Return Flows
15 from Municipal and Industrial Imported Water use are 39% of the amount of Imported Water
16 used.

17 **5.2.2 Water Imported Through AVEK.** The right to Produce
18 Imported Water Return Flows from water imported through AVEK belongs to the Parties
19 identified on Exhibit 8 and to Non-Pumper Class Members who pay a Replacement Water
20 Assessment. Each Party shown on Exhibit 8 shall have a right to Produce an amount of Imported
21 Water Return Flows in any Year equal to the applicable percentage multiplied by the average
22 amount of Imported Water used by that Party within the Basin in the preceding five Year period
23 (not including Imported Stored Water in the Basin). Any Party that uses Imported Water on lands
24 outside the Basin but within the watershed of the Basin shall be entitled to Produce Imported
25 Water Return Flows to the extent such Party establishes to the satisfaction of the Watermaster
26 the amount that its Imported Water Return Flows augment the Basin Groundwater supply. This
27 right shall be in addition to that Party's Overlying or Non-Overlying Production Right.
28 Production of Imported Water Return Flows is not subject to the Replacement Water Assessment.

1 All Imported Water Return Flows from water imported through AVEK and not allocated to
2 Parties identified in Exhibit 8 or to Non-Pumper Class Members who pay a Replacement Water
3 Assessment belong exclusively to AVEK, unless otherwise agreed by AVEK. Notwithstanding
4 the foregoing, Boron Community Services District shall have the right to Produce Imported
5 Water Return Flows, up to 78 acre-feet annually, based on the applicable percentage multiplied
6 by the average amount of Imported Water used by Boron Community Services District outside
7 the Basin, but within its service area in the preceding five Year period (not including Imported
8 Stored Water in the Basin) without having to establish that the Imported Water Return Flows
9 augment the Basin Groundwater supply.

10 **5.2.3 Water Not Imported Through AVEK.** After entry of this
11 Judgment, a Party other than AVEK that brings Imported Water into the Basin from a source
12 other than AVEK shall notify the Watermaster each Year quantifying the amount and uses of the
13 Imported Water in the prior Year. The Party bringing such Imported Water into the Basin shall
14 have a right to Produce an amount of Imported Water Return Flows in any Year equal to the
15 applicable percentage set forth above multiplied by the average annual amount of Imported Water
16 used by that Party within the Basin in the preceding five Year period (not including Imported
17 Stored Water in the Basin).

18 **5.3 Rights to Recycled Water.** The owner of a waste water treatment plant
19 operated for the purpose of treating wastes from a sanitary sewer system shall hold the exclusive
20 right to the Recycled Water as against anyone who has supplied the water discharged into the
21 waste water collection and treatment system. At the time of this Judgment those Parties that
22 produce Recycled Water are Los Angeles County Sanitation Districts No. 14 and No. 20,
23 Rosamond Community Services District, and Edwards Air Force Base. Nothing in this Judgment
24 affects or impairs this ownership or any existing or future agreements for the use of Recycled
25 Water within the Basin.

26 **6. INJUNCTION**

27 **6.1 Injunction Against Unauthorized Production.** Each and every Party, its
28 officers, directors, agents, employees, successors, and assigns, except for the United States, is

1 ENJOINED AND RESTRAINED from Producing Groundwater from the Basin except pursuant
2 to this Judgment. Without waiving or foreclosing any arguments or defenses it might have, the
3 United States agrees that nothing herein prevents or precludes the Watermaster or any Party from
4 seeking to enjoin the United States from Producing water in excess of its 7,600 acre-foot per
5 Year Reserved Water Right if and to the extent the United States has not paid the Replacement
6 Assessments for such excess Production or entered into written consent to the imposition of
7 replacement Assessments as described in Paragraph 9.2.

8 **6.2 Injunction Re Change in Purpose of Use Without Notice to The**
9 **Watermaster.** Each and every Party, its officers, directors, agents, employees, successors, and
10 assigns, is ENJOINED AND RESTRAINED from changing its Purpose of Use of Groundwater
11 at any time without notifying the Watermaster.

12 **6.3 Injunction Against Unauthorized Capture of Stored Water.** Each and
13 every Party, its officers, directors, agents, employees, successors and assigns, is ENJOINED
14 AND RESTRAINED from claiming any right to Produce the Stored Water that has been
15 recharged in the Basin, except pursuant to a Storage Agreement with the Watermaster, and as
16 allowed by this Judgment, or pursuant to water banking operations in existence and operating at
17 the time of this Judgment as identified in Paragraph 14. This Paragraph does not prohibit Parties
18 from importing water into the Basin for direct use, or from Producing or using Imported Water
19 Return Flows owned by such Parties pursuant to Paragraph 5.2.

20 **6.4 Injunction Against Transportation From Basin.** Except upon further order
21 of the Court, each and every Party, its officers, agents, employees, successors and assigns, is
22 ENJOINED AND RESTRAINED from transporting Groundwater hereafter Produced from the
23 Basin to areas outside the Basin except as provided for by the following. The United States may
24 transport water Produced pursuant to its Federal Reserved Water Right to any portion of Edwards
25 Air Force Base, whether or not the location of use is within the Basin. This injunction also does
26 not apply to any California Aqueduct protection dewatering Produced by the California
27 Department of Water Resources. This injunction does not apply to the recovery and use of stored
28 Imported Water by any Party that stores Imported Water in the Basin pursuant to Paragraph 14
of this Judgment.

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6.4.1 Export by Boron and Phelan Piñon Hills Community Services

Districts.

6.4.1.1 The injunction does not prevent Boron Community Services District from transporting Groundwater Produced consistent with this Judgment for use outside the Basin, provided such water is delivered within its service area.

6.4.1.2 The injunction does not apply to any Groundwater Produced within the Basin by Phelan Piñon Hills Community Services District and delivered to its service areas, so long as the total Production does not exceed 1,200 acre-feet per Year, such water is available for Production without causing Material Injury, and the District pays a Replacement Water Assessment pursuant to Paragraph 9.2, together with any other costs deemed necessary to protect Production Rights decreed herein, on all water Produced and exported in this manner.

6.5 Continuing Jurisdiction. The Court retains and reserves full jurisdiction, power and authority for the purpose of enabling the Court, upon a motion of a Party or Parties noticed in accordance with the notice procedures of Paragraph 20.6 hereof, to make such further or supplemental order or directions as may be necessary or appropriate to interpret, modify, amend, enforce, administer or carry out this Judgment and to provide for such other matters as are not contemplated by this Judgment and which might occur in the future, and which if not provided for would defeat the purpose of this Judgment.

III. PHYSICAL SOLUTION

7. GENERAL

7.1 Purpose and Objective. The Court finds that the Physical Solution incorporated as part of this Judgment: (1) is a fair and equitable basis for satisfaction of all water rights in the Basin; (2) is in furtherance of the State Constitution mandate and the State water policy; and (3) takes into account water rights priorities, applicable public trust interests and the Federal Reserved Water Right. The Court finds that the Physical Solution establishes a legal and practical means for making the maximum reasonable and beneficial use of the waters of the Basin by providing for the long-term Conjunctive Use of all available water in order to meet the

1 reasonable and beneficial use requirements of water users in the Basin. Therefore, the Court
2 adopts, and orders the Parties to comply with this Physical Solution.

3 **7.2 Need For Flexibility.** This Physical Solution must provide flexibility and
4 adaptability to allow the Court to use existing and future technological, social, institutional, and
5 economic options in order to maximize reasonable and beneficial water use in the Basin.

6 **7.3 General Pattern of Operations.** A fundamental premise of the Physical
7 Solution is that all Parties may Produce sufficient water to meet their reasonable and beneficial
8 use requirements in accordance with the terms of this Judgment. To the extent that Production
9 by a Producer exceeds such Producer's right to Produce a portion of the Total Safe Yield as
10 provided in this Judgment, the Producer will pay a Replacement Water Assessment to the
11 Watermaster and the Watermaster will provide Replacement Water to replace such excess
12 production according to the methods set forth in this Judgment.

13 **7.4 Water Rights.** A Physical Solution for the Basin based upon a declaration
14 of water rights and a formula for allocation of rights and obligations is necessary to implement
15 the mandate of Article X, section 2 of the California Constitution. The Physical Solution requires
16 quantifying the Producers' rights within the Basin in a manner which will reasonably allocate the
17 Native Safe Yield and Imported Water Return Flows and which will provide for sharing Imported
18 Water costs. Imported Water sources are or will be available in amounts which, when combined
19 with water conservation, water reclamation, water transfers, and improved conveyance and
20 distribution methods within the Basin, will be sufficient in quantity and quality to assure
21 implementation of the Physical Solution. Sufficient information and data exists to allocate
22 existing water supplies, taking into account water rights priorities, within the Basin and as among
23 the water users. The Physical Solution provides for delivery and equitable distribution of
24 Imported Water to the Basin.

25 **8. RAMPDOWN**

26 **8.1 Installation of Meters.** Within two (2) Years from the entry of this
27 Judgment all Parties shall install meters on their wells for monitoring Production. Each Party
28 shall bear the cost of installing its meter(s).

1 **8.2 Rampdown Period.** The “Rampdown Period” is seven Years beginning
2 on the January 1 following entry of this Judgment and continuing for the following seven (7)
3 Years.

4 **8.3 Reduction of Production During Rampdown.** During the first two
5 Years of the Rampdown Period no Producer will be subject to a Replacement Water Assessment.
6 During Years three through seven of the Rampdown Period, the amount that each Party may
7 Produce from the Native Safe Yield will be progressively reduced, as necessary, in equal annual
8 increments, from its Pre-Rampdown Production to its Production Right. Except as is determined
9 to be exempt during the Rampdown period pursuant to the Drought Program provided for in
10 Paragraph 8.4, any amount Produced over the required reduction shall be subject to Replacement
11 Water Assessment. The Federal Reserved Water Right is not subject to Rampdown.

12 **8.4 Drought Program During Rampdown for Participating Public Water**
13 **Suppliers.** During the Rampdown period a drought water management program (“Drought
14 Program”) will be implemented by District No. 40, Quartz Hill Water District, Littlerock Creek
15 Irrigation District, California Water Service Company, Desert Lake Community Services
16 District, North Edwards Water District, City of Palmdale, and Palm Ranch Irrigation District,
17 (collectively, "Drought Program Participants"), as follows:

18 **8.4.1** During the Rampdown period, District No. 40 agrees to purchase
19 from AVEK each Year at an amount equal to 70 percent of District No. 40's total annual demand
20 if that amount is available from AVEK at no more than the then current AVEK treated water rate.
21 If that amount is not available from AVEK, District No. 40 will purchase as much water as AVEK
22 makes available to District No. 40 at no more than the then current AVEK treated water rate.
23 Under no circumstances will District No. 40 be obligated to purchase more than 50,000 acre-feet
24 of water annually from AVEK. Nothing in this Paragraph affects AVEK’s water allocation
25 procedures as established by its Board of Directors and AVEK’s Act.

26 **8.4.2** During the Rampdown period, the Drought Program Participants
27 each agree that, in order to minimize the amount of excess Groundwater Production in the Basin,
28 they will use all water made available by AVEK at no more than the then current AVEK treated

1 water rate in any Year in which they Produce Groundwater in excess of their respective rights to
2 Produce Groundwater under this Judgment. During the Rampdown period, no Production by a
3 Drought Program Participant shall be considered excess Groundwater Production exempt from a
4 Replacement Water Assessment under this Drought Program unless a Drought Program
5 Participant has utilized all water supplies available to it including its Production Right to Native
6 Safe Yield, Return Flow rights, unused Production allocation of the Federal Reserved Water
7 Rights, Imported Water, and Production rights previously transferred from another party.
8 Likewise, no Production by a Drought Program Participant will be considered excess
9 Groundwater Production exempt from a Replacement Water Assessment under this Drought
10 Program in any Year in which the Drought Program Participant has placed water from such
11 sources described in this Paragraph 8.4.2 into storage or has transferred such water to another
12 Person or entity.

13 **8.4.3** Notwithstanding the foregoing, the Drought Program Participants
14 remain subject to the Material Injury limitation as provided in this Judgment.

15 **8.4.4** Notwithstanding the foregoing, the Drought Program Participants
16 remain subject to a Balance Assessment as provided in Paragraph 9.3 of this Judgment.

17 **9. ASSESSMENTS.**

18 **9.1 Administrative Assessment.** Administrative Assessments to fund the
19 Administrative Budget adopted by the Watermaster shall be levied uniformly on an annual basis
20 against (1) each acre foot of a Party's Production Right as described in Paragraph 5.1, (2) each
21 acre foot of a Party's right to Produce Imported Water Return Flows as determined pursuant to
22 paragraph 5.2, (3) each acre foot of a Party's Production for which a Replacement Water
23 Assessment has been imposed pursuant to Paragraph 9.2, and (4) during the Rampdown, each
24 acre foot of a Party's Production in excess of (1)-(3), above, excluding Production from Stored
25 Water and/or Carry Over water, except that the United States shall be subject to the
26 Administrative Assessment only on the actual Production of the United States. During the
27 Rampdown the Administrative Assessment shall be no more than five (5) dollars per acre foot,
28 or as ordered by the Court upon petition of the Watermaster. Non-Overlying Production Rights

1 holders using the unused Production allocation of the Federal Reserved Water Right shall be
2 subject to Administrative Assessments on water the Non-Overlying Production Rights holders
3 Produce pursuant to Paragraph 5.1.4.1.

4 **9.2 Replacement Water Assessment.** In order to ensure that each Party may
5 fully exercise its Production Right, there will be a Replacement Water Assessment. The
6 Watermaster shall impose the Replacement Water Assessment on any Producer whose
7 Production of Groundwater from the Basin in any Year is in excess of the sum of such Producer's
8 Production Right and Imported Water Return Flow available in that Year, provided that no
9 Replacement Water Assessment shall be imposed on the United States except upon the United
10 States' written consent to such imposition based on the appropriation by Congress, and the
11 apportionment by the Office of Management and Budget, of funds that are available for the
12 purpose of, and sufficient for, paying the United States' Replacement Water Assessment. The
13 Replacement Water Assessment shall not be imposed on the Production of Stored Water, In-Lieu
14 Production or Production of Imported Water Return Flows. The amount of the Replacement
15 Water Assessment shall be the amount of such excess Production multiplied by the cost to the
16 Watermaster of Replacement Water, including any Watermaster spreading costs. All
17 Replacement Water Assessments collected by the Watermaster shall be used to acquire Imported
18 Water from AVEK, Littlerock Creek Irrigation District, Palmdale Water District, or other entities.
19 AVEK shall use its best efforts to acquire as much Imported Water as possible in a timely
20 manner. If the Watermaster encounters delays in acquiring Imported Water which, due to cost
21 increases, results in collected assessment proceeds being insufficient to purchase all Imported
22 Water for which the Assessments were made, the Watermaster shall purchase as much water as
23 the proceeds will allow when the water becomes available. If available Imported Water is
24 insufficient to fully meet the Replacement Water obligations under contracts, the Watermaster
25 shall allocate the Imported Water for delivery to areas on an equitable and practicable basis
26 pursuant to the Watermaster rules and regulations.

27 **9.3 Balance Assessment.** In order to ensure that after Rampdown each Party
28 may fully exercise its Production Right, there may be a Balance Assessment imposed by the

1 Watermaster. The Balance Assessment shall be assessed on all Production Rights, excluding the
2 United States' actual Production, but including that portion of the Federal Reserved Right
3 Produced by other Parties, in an amount determined by the Watermaster. A Balance Assessment
4 may not be imposed until after the end of the Rampdown. In determining whether to adopt a
5 Balance Assessment, and in what amount, the Watermaster Engineer shall consider current Basin
6 conditions as well as then-current pumping existing after Rampdown exclusive of any
7 consideration of an effect on then-current Basin conditions relating to Production of Groundwater
8 pursuant to the Drought Program which occurred during the Rampdown, and shall only assess a
9 27 Balance Assessment or curtail a Party's Production under section 9.3.4 below, to avoid or
10 mitigate Material Injury that is caused by Production after the completion of the Rampdown.

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12 **9.3.1** Any proceeds of the Balance Assessment will be used to purchase,
13 deliver, produce in lieu, or arrange for alternative pumping sources of water in the Basin, but
14 shall not include infrastructure costs.

15 **9.3.2** The Watermaster Engineer shall determine and collect from any
16 Party receiving direct benefit of the Balance Assessment proceeds an amount equal to that Party's
17 avoided Production costs.

18 **9.3.3** The Balance Assessment shall not be used to benefit the United
19 States unless the United States participates in paying the Balance Assessment.

20 **9.3.4** The Watermaster Engineer may curtail the exercise of a Party's
21 Production Right under this Judgment, except the United States' Production, if it is determined
22 necessary to avoid or mitigate a Material Injury to the Basin and provided that the Watermaster
23 provides an equivalent quantity of water to such Party as a substitute water supply, with such
24 water paid for from the Balance Assessment proceeds.

25 **10. SUBAREAS.** Subject to modification by the Watermaster the following Subareas
26 are recognized:

27 **10.1 Central Antelope Valley Subarea.** The Central Antelope Valley
28 Subarea is the largest of the five Subareas and underlies Rosamond, Quartz Hill, Lancaster,

1 Edwards AFB and much of Palmdale. This Subarea also contains the largest amount of
2 remaining agricultural land use in the Basin. The distinctive geological features of the Central
3 Antelope Valley Subarea are the presence of surficial playa and pluvial lake deposits; the
4 widespread occurrence of thick, older pluvial lake bed deposits; and alluvial deposits from which
5 Groundwater is produced above and below the lake bed deposits. The Central Antelope Valley
6 Subarea is defined to be east of the largely buried ridge of older granitic and tertiary rocks
7 exposed at Antelope Buttes and extending beyond Little Buttes and Tropic Hill. The Central
8 Subarea is defined to be southwest and northeast of the extension of the Buttes Fault, and
9 northwest of an unnamed fault historically identified from Groundwater level differences, as
10 shown on Exhibit 10.

11 **10.2 West Antelope Valley Subarea.** The West Antelope Valley Subarea is
12 the second largest subarea. The area is characterized by a lack of surficial lake bed deposits, and
13 little evidence of widespread subsurface lake beds, and thick alluvial deposits. The Western
14 Antelope Valley Subarea is defined to be south of the Willow Springs-Cottonwood Fault and
15 west of a largely buried ridge of older granitic and tertiary rocks that are exposed at Antelope
16 Buttes and Little Buttes, and continue to Tropic Hill, as shown on Exhibit 10.

17 **10.3 South East Subarea.** The South East Subarea is characterized by granitic
18 buttes to the north, shallow granitic rocks in the southwest, and a lack of lake bed deposits. The
19 South East Subarea is defined to encompass the remainder of the Basin from the unnamed fault
20 between the Central and South East subareas, to the county-line boundary of the Basin. Notably,
21 this area contains Littlerock and Big Rock creeks that emanate from the mountains to the south
22 and discharge onto the valley floor.

23 **10.4 Willow Springs Subarea.** The Willow Springs Subarea is separated from
24 the West Antelope Subarea primarily because the Willow Springs fault shows some signs of
25 recent movement and there is substantial Groundwater hydraulic separation between the two
26 adjacent areas, suggesting that the fault significantly impedes Groundwater flow from the Willow
27 Springs to the lower West Antelope Subarea. Otherwise, the Willow Springs Subarea is
28 comparable in land use to the West Antelope Subarea, with some limited agricultural land use

1 and no municipal development, as shown on Exhibit 10.

2 **10.5 Rogers Lake Subarea.** The Rogers Lake Subarea is characterized by
3 surficial pluvial Lake Thompson and playa deposits, and a narrow, fault-bound, central trough
4 filled with alluvial deposits. The area is divided into north and south subareas on opposite sides
5 of a buried ridge of granite rock in the north lake, as shown on Exhibit 10.

6 **11. INCREASE IN PRODUCTION BY THE UNITED STATES.**

7 **11.1 Notice of Increase of Production Under Federal Reserved Water**
8 **Right.** After the date of entry of this Judgment, the United States shall provide the Watermaster
9 with at least ninety (90) days advanced notice if Production by the United States is reasonably
10 anticipated to increase more than 200 acre-feet per Year in a following 12 month period.

11 **11.2 Water Substitution to Reduce Production by United States.** The
12 United States agrees that maximizing Imported Water is essential to improving the Basin’s health
13 and agrees that its increased demand can be met by either increasing its Production or by
14 accepting deliveries of Imported Water of sufficient quality to meet the purpose of its Federal
15 Reserved Water Right under the conditions provided for herein. Any Party may propose a water
16 substitution or replacement to the United States to secure a reduction in Groundwater Production
17 by the United States. Such an arrangement would be at the United States’ sole discretion and
18 subject to applicable federal law, regulations and other requirements. If such a substitution or
19 replacement arrangement is agreed upon, the United States shall reduce Production by the amount
20 of Replacement Water provided to it, and the Party providing such substitution or replacement
21 of water to the United States may Produce a corresponding amount of Native Safe Yield free
22 from Replacement Water Assessment in addition to their Production Right.

23 **12. MOVEMENT OF PUBLIC WATER SUPPLIERS PRODUCTION**
24 **FACILITIES.**

25 **12.1 No Requirement to Move Public Water Suppliers’ Production Wells.**
26 One or more of the Public Water Suppliers intend to seek Federal or State legislation to pay for
27 all costs related to moving the Public Water Suppliers Production wells to areas that will reduce
28

1 the impact of Public Water Supplier Production on the United States' current Production wells.
2 The Public Water Suppliers shall have no responsibility to move any Production wells until
3 Federal or State legislation fully funding the costs of moving the wells is effective or until
4 required to do so by order of this Court which order shall not be considered or made by this Court
5 until the seventeenth (17th) Year after entry of this Judgment. The Court may only make such
6 an order if it finds that the Public Water Supplier Production from those wells is causing Material
7 Injury. The Court shall not impose the cost of moving the Public Water Supplier Production
8 Facilities on any non-Public Water Supplier Party to this Judgment.

9 **13. FEDERAL APPROVAL.** This Judgment is contingent on final approval by
10 the Department of Justice. Such approval will be sought upon final agreement of the terms of
11 this Judgment by the settling Parties. Nothing in this Judgment shall be interpreted or construed
12 as a commitment or requirement that the United States obligate or pay funds in contravention of
13 the Anti-Deficiency Act, 31 U.S.C. § 1341, or any other applicable provision of law. Nothing in
14 this Judgment, specifically including Paragraphs 9.1, 9.2 and 9.3, shall be construed to deprive
15 any federal official of the authority to revise, amend, or promulgate regulations. Nothing in this
16 Judgment shall be deemed to limit the authority of the executive branch to make
17 recommendations to Congress on any particular piece of legislation. Nothing in this Judgment
18 shall be construed to commit a federal official to expend federal funds not appropriated by
19 Congress. To the extent that the expenditure or advance of any money or the performance of any
20 obligation of the United States under this Judgment is to be funded by appropriation of funds by
21 Congress, the expenditure, advance, or performance shall be contingent upon the appropriation
22 of funds by Congress that are available for this purpose and the apportionment of such funds by
23 the Office of Management and Budget and certification by the appropriate Air Force official that
24 funding is available for this purpose, and an affirmative obligation of the funds for payment made
25 by the appropriate Air Force official. No breach of this Judgment shall result and no liability
26 shall accrue to the United States in the event such funds are not appropriated or apportioned.

27 **14. STORAGE.** All Parties shall have the right to store water in the Basin pursuant
28 to a Storage Agreement with the Watermaster. If Littlerock Creek Irrigation District or Palmdale
Water District stores Imported Water in the Basin it shall not export from its service area that

1 Stored Water. AVEK, Littlerock Creek Irrigation District or Palmdale Water District may enter
2 into exchanges of their State Water Project “Table A” Amounts. Nothing in this Judgment limits
3 or modifies operation of preexisting banking projects (including AVEK, District No. 40,
4 Antelope Valley Water Storage LLC, Tejon Ranchcorp and Tejon Ranch Company, Sheep Creek
5 Water Co., Rosamond Community Services District and Palmdale Water District) or performance
6 of preexisting exchange agreements of the Parties. The Watermaster shall promptly enter into
7 Storage Agreements with the Parties at their request. The Watermaster shall not enter into
8 Storage Agreements with non-Parties unless such non-Parties become expressly subject to the
9 provisions of this Judgment and the jurisdiction of the Court. Storage Agreements shall expressly
10 preclude operations which will cause a Material Injury on any Producer. If, pursuant to a Storage
11 Agreement, a Party has provided for pre-delivery or post-delivery of Replacement Water for the
12 Party’s use, the Watermaster shall credit such water to the Party’s Replacement Water Obligation
13 at the Party's request. Any Stored Water that originated as State Water Project water imported
14 by AVEK, Palmdale Water District or Littlerock Creek Irrigation District may be exported from
15 the Basin for use in a portion of the service area of any city or public agency, including State
16 Water Project Contractors, that are Parties to this action at the time of this Judgment and whose
17 service area includes land outside the Basin. AVEK may export any of its Stored State Project
18 Water to any area outside its jurisdictional boundaries and the Basin provided that all water
19 demands within AVEK’s jurisdictional boundaries are met. Any Stored Water that originated as
20 other Imported Water may be exported from the Basin, subject to a requirement that the
21 Watermaster make a technical determination of the percentage of the Stored Water that is
22 unrecoverable and that such unrecoverable Stored Water is dedicated to the Basin.

23 **15. CARRY OVER**

24 **15.1 In Lieu Production Right Carry Over.** Any Producer identified in
25 Paragraph 5.1.1, 5.1.2, 5.1.5 and 5.1.6 can utilize In Lieu Production by purchasing Imported
26 Water and foregoing Production of a corresponding amount of the annual Production of Native
27 Safe Yield provided for in Paragraph 5 herein. In Lieu Production must result in a net reduction
28 of annual Production from the Native Safe Yield in order to be entitled to the corresponding
Carry Over benefits under this paragraph. In Lieu Production does not make additional water

1 from the Native Safe Yield available to any other Producer. If a Producer foregoes pumping and
2 uses Imported Water In Lieu of Production, the Producer may Carry Over its right to the
3 unproduced portion of its Production Right for up to ten (10) Years. A Producer must Produce
4 its full current Year's Production Right before any Carry Over water is Produced. Carry Over
5 water will be Produced on a first-in, first-out basis. At the end of the Carry Over period, the
6 Producer may enter into a Storage Agreement with the Watermaster to store unproduced portions,
7 subject to terms and conditions in the Watermaster's discretion. Any such Storage Agreements
8 shall expressly preclude operations, including the rate and amount of extraction, which will cause
9 a Material Injury to another Producer or Party, any subarea or the Basin. If not converted to a
10 storage Agreement, Carry Over water not Produced by the end of the tenth Year reverts to the
11 benefit of the Basin and the Producer no longer has a right to the Carry Over water. The Producer
12 may transfer any Carry Over water or Carry Over water stored pursuant to a Storage Agreement.

13 **15.2 Imported Water Return Flow Carry Over.** If a Producer identified in
14 Paragraph 5.1.1, 5.1.2, 5.1.5 and 5.1.6 fails to Produce its full amount of Imported Water Return
15 Flows in the Year following the Year in which the Imported Water was brought into the Basin,
16 the Producer may Carry Over its right to the unproduced portion of its Imported Water Return
17 Flows for up to ten (10) Years. A Producer must Produce its full Production Right before any
18 Carry Over water, or any other water, is Produced. Carry Over water will be Produced on a first-
19 in, first-out basis. At the end of the Carry Over period, the Producer may enter into a Storage
20 Agreement with the Watermaster to store unproduced portions, subject to terms and conditions
21 in the Watermaster's discretion. Any such Storage Agreements shall expressly preclude
22 operations, including the rate and amount of extraction, which will cause a Material Injury to
23 another Producer or Party, any subarea or the Basin. If not converted to a Storage Agreement,
24 Carry Over water not Produced by the end of the tenth Year reverts to the benefit of the Basin
25 and the Producer no longer has a right to the Carry Over water. The Producer may transfer any
26 Carry Over water or Carry Over water stored pursuant to a Storage Agreement.

27 **15.3 Production Right Carry Over.** If a Producer identified in Paragraph
28 5.1.1, 5.1.2, 5.1.5 and 5.1.6 fails to Produce its full Production Right in any Year, the Producer
may Carry Over its right to the unproduced portion of its Production Right for up to ten (10)

1 Years. A Producer must Produce its full Production Right before any Carry Over water, or any
2 other water, is Produced. Carry Over water will be Produced on a first-in, first-out basis. At the
3 end of the Carry Over period, the Producer may enter into a Storage Agreement with the
4 Watermaster to store unproduced portions, subject to terms and conditions in the Watermaster's
5 discretion. Any such Storage Agreements shall expressly preclude operations, including the rate
6 and amount of extraction, which will cause a Material Injury to another Producer or Party, any
7 subarea or the Basin. If not converted to a Storage Agreement, Carry Over water not Produced
8 by the end of the tenth Year reverts to the benefit of the Basin and the Producer no longer has a
9 right to the Carry Over water. The Producer may transfer any Carry Over water or Carry Over
10 water stored pursuant to a Storage Agreement.

11 16. **TRANSFERS.**

12 16.1 **When Transfers are Permitted.** Pursuant to terms and conditions to be
13 set forth in the Watermaster rules and regulations, and except as otherwise provided in this
14 Judgment, Parties and Non-Pumper Class Members may transfer all or any portion of their
15 Production Right to another Party so long as such transfer does not cause Material Injury. All
16 transfers are subject to hydrologic review by the Watermaster Engineer.

17 16.2 **Transfers to Non-Overlying Production Right Holders. Overlying**
18 Production Rights that are transferred to Non-Overlying Production Right holders shall remain
19 on Exhibit 4 and be subject to adjustment as provided in Paragraph 18.5.10, but may be used
20 anywhere in the transferee's service area.

21 16.3 **Limitation on Transfers of Water by Antelope Valley United Mutuals**
22 **Group.** After the date of this Judgment, any Overlying Production Rights pursuant to Paragraph
23 5.1.1, rights to Imported Water Return Flows pursuant to Paragraph 5.2, rights to Recycled Water
24 pursuant to Paragraph 5.3 and Carry Over water pursuant to Paragraph 15 (including any water
25 banked pursuant to a Storage Agreement with the Watermaster) that are at any time held by any
26 member of the Antelope Valley United Mutuals Group may only be transferred to or amongst
27 other members of the Antelope Valley United Mutuals Group, except as provided in Paragraph
28 16.3.1. Transfers amongst members of the Antelope Valley United Mutuals Group shall be
separately reported in the Annual Report of the Watermaster pursuant to Paragraphs 18.4.8 and

1 18.5.17. Transfers amongst members of the Antelope Valley United Mutuals Group shall not be
2 deemed to constitute an abandonment of any member's non-transferred rights.

3 **16.3.1** Nothing in Paragraph 16.3 shall prevent Antelope Valley United
4 Mutuals Group members from transferring Overlying Production Rights to Public Water
5 Suppliers who assume service of an Antelope Valley United Mutuals Group member's
6 shareholders.

7 **16.4** Notwithstanding section 16.1, the Production Right of Boron
8 Community Services District shall not be transferable. If and when Boron Community Services
9 District permanently ceases all Production of Groundwater from the Basin, its Production Right
10 shall be allocated to the other holders of Non-Overlying Production Rights, except for West
11 Valley County Water District, in proportion to those rights.

12 **17. CHANGES IN POINT OF EXTRACTION AND NEW WELLS.** Parties may
13 change the point of extraction for any Production Right to another point of extraction so long as
14 such change of the point of extraction does not cause Material Injury. A replacement well for an
15 existing point of extraction which is located within 300 feet of a Party's existing well shall not
16 be considered a change in point of extraction.

17 **17.1 Notice of New Well.** Any Party seeking to construct a new well in order
18 to change the point of extraction for any Production Right to another point of extraction shall
19 notify the Watermaster at least 90 days in advance of drilling any well of the location of the new
20 point of extraction and the intended place of use of the water Produced.

21 **17.2 Change in Point of Extraction by the United States.** The point(s) of
22 extraction for the Federal Reserved Water Right may be changed, at the sole discretion of the
23 United States, and not subject to the preceding limitation on Material Injury, to any point or
24 points within the boundaries of Edwards Air Force Base or Plant 42. The point(s) of extraction
25 for the Federal Reserved Water Right may be changed to points outside the boundaries of
26 Edwards Air Force Base or Plant 42, provided such change in the point of extraction does not
27 cause Material Injury. In exercising its discretion under this Paragraph 17.2, the United States
28 shall consider information in its possession regarding the effect of Production from the intended

1 new point of extraction on the Basin, and on other Producers. Any such change in point(s) of
2 extraction shall be at the expense of the United States. Nothing in this Paragraph is intended to
3 waive any monetary claim(s) another Party may have against the United States in federal court
4 based upon any change in point of extraction by the United States.

5 **18. WATERMASTER**

6 **18.1 Appointment of Initial Watermaster.**

7 **18.1.1** Appointment and Composition: The Court hereby appoints a
8 Watermaster. The Watermaster shall be a five (5) member board composed of one (1)
9 representative each from AVEK and one (1) Public Water Supplier representative selected by
10 District No. 40, Palmdale Water District, Quartz Hill Water District, Littlerock Creek Irrigation
11 District, California Water Service Company, Desert Lake Community Services District, North
12 Edwards Water District, City of Palmdale, City of Lancaster, Palm Ranch Irrigation District, and
13 Rosamond Community Services District, and three (3) landowner Parties, composed of one (1)
14 Member of the Non-Pumper Class, one (1) Member of the Small Pumper Class, and one (1)
15 landowner selected by majority vote of the landowners identified on Exhibit 4 (or their successors
16 in interest) based on their proportionate share of the total Production Rights identified in Exhibit
17 4. The United States may also appoint a non-voting Department of Defense (DoD) Liaison to the
18 Watermaster committee to represent DoD interests. Participation by the DoD Liaison shall be
19 governed by Joint Ethics Regulation 3-201. The opinions or actions of the DoD liaison in
20 participating in or contributing to Watermaster proceedings cannot bind DoD or any of its
21 components.

22 **18.1.2** Voting Protocol for Watermaster Actions:

23 **18.1.2.1** The Watermaster shall make decisions by unanimous
24 vote for the purpose of selecting or dismissing the Watermaster Engineer.

25 **18.1.2.2** The Watermaster shall determine by unanimous vote,
26 after consultation with the Watermaster Engineer, the types of decisions that shall require
27 unanimous vote and those that shall require only a simple majority vote.

28 **18.1.2.3** All decisions of the Watermaster, other than those

1 specifically designated as being subject to a simple majority vote, shall be by a unanimous vote.

2 **18.1.2.4** All board members must be present to make any
3 decision requiring a unanimous vote.

4 **18.1.3** In carrying out this appointment, the Watermaster shall segregate
5 and separately exercise in all respects the Watermaster powers delegated by the Court under this
6 Judgment. All funds received, held, and disbursed by the Watermaster shall be by way of
7 separate Watermaster accounts, subject to separate accounting and auditing. Meetings and
8 hearings held by the Watermaster shall be noticed and conducted separately.

9 **18.1.4** Pursuant to duly adopted Watermaster rules, Watermaster staff and
10 administrative functions may be accomplished by AVEK, subject to strict time and cost
11 accounting principles so that this Judgment does not subsidize, and is not subsidized by AVEK.

12 **18.2 Standard of Performance.** The Watermaster shall carry out its duties,
13 powers and responsibilities in an impartial manner without favor or prejudice to any Subarea,
14 Producer, Party, or Purpose of Use.

15 **18.3 Removal of Watermaster.** The Court retains and reserves full
16 jurisdiction, power, and authority to remove any Watermaster for good cause and substitute a
17 new Watermaster in its place, upon its own motion or upon motion of any Party in accordance
18 with the notice and hearing procedures set forth in Paragraph 20.6. The Court shall find good
19 cause for the removal of a Watermaster upon a showing that the Watermaster has: (1) failed to
20 exercise its powers or perform its duties; (2) performed its powers in a biased manner; or (3)
21 otherwise failed to act in the manner consistent with the provisions set forth in this Judgment or
22 subsequent order of the Court.

23 **18.4 Powers and Duties of the Watermaster.** Subject to the continuing
24 supervision and control of the Court, the Watermaster shall have and may exercise the following
25 express powers and duties, together with any specific powers and duties set forth elsewhere in
26 this Judgment or ordered by the Court:

27 **18.4.1 Selection of the Watermaster Engineer.** The Watermaster shall
28 select the Watermaster Engineer with the advice of the Advisory Committee described in

1 Paragraph 19.

2 **18.4.2 Adoption of Rules and Regulations.** The Court may adopt
3 appropriate rules and regulations prepared by the Watermaster Engineer and proposed by the
4 Watermaster for conduct pursuant to this Judgment. Before proposing rules and regulations, the
5 Watermaster shall hold a public hearing. Thirty (30) days prior to the date of the hearing, the
6 Watermaster shall send to all Parties notice of the hearing and a copy of the proposed rules and
7 regulations or amendments thereto. All Watermaster rules and regulations, and any amendments
8 to the Watermaster rules and regulations, shall be consistent with this Judgment and are subject
9 to approval by the Court, for cause shown, after consideration of the objections of any Party.

10 **18.4.3 Employment of Experts and Agents.** The Watermaster may
11 employ such administrative personnel, engineering, legal, accounting, or other specialty services,
12 and consulting assistants as appropriate in carrying out the terms of this Judgment.

13 **18.4.4 Notice List.** The Watermaster shall maintain a current list of
14 Producers to receive notice. The Producers have an affirmative obligation to provide the
15 Watermaster with their current contact information. For Non-Pumper and Small Pumper Class
16 Members, the Watermaster shall initially use the contact information contained in the list of Non-
17 Pumper and Small Pumper Class Members filed with the Court.

18 **18.4.5 Annual Administrative Budget.** The Watermaster shall prepare
19 a proposed administrative budget for each Year. The Watermaster shall hold a public hearing
20 regarding the proposed administrative budget and adopt an administrative budget. The
21 administrative budget shall set forth budgeted items and Administrative Assessments in sufficient
22 detail to show the allocation of the expense among the Producers. Following the adoption of the
23 budget, the Watermaster may make expenditures within budgeted items in the exercise of powers
24 herein granted, as a matter of course.

25 **18.4.6 Investment of Funds.** The Watermaster may hold and invest any
26 funds in investments authorized from time to time for public agencies in the State of California.
27 All funds shall be held in separate accounts and not comingled with the Watermaster's personal
28 funds.

1 **18.4.7 Borrowing.** The Watermaster may borrow in anticipation of
2 receipt of proceeds from any assessments authorized in Paragraph 9 in an amount not to exceed
3 the annual amount of assessments.

4 **18.4.8 Transfers.** On an annual basis, the Watermaster shall prepare and
5 maintain a report or record of any transfer of Production Rights among Parties or Producers.
6 Upon reasonable request, the Watermaster shall make such report or record available for
7 inspection by any Party or Producer. A report or records of transfer of Production Rights under
8 this Paragraph shall be considered a ministerial act.

9 **18.4.9 Unauthorized Actions.** The Watermaster shall bring such action
10 or motion as is necessary to enjoin any conduct prohibited by this Judgment.

11 **18.4.10 Meetings and Records.** Watermaster shall provide notice of and
12 conduct all meetings and hearings in a manner consistent with the standards and timetables set
13 forth in the Ralph M. Brown Act, Government Code sections 54950, et seq. Watermaster shall
14 make its files and records available to any Person consistent with the standards and timetables
15 set forth in the Public Records Act, Government Code sections 6200, et seq.

16 **18.4.11 Assessment Procedure.** Each Party and Producer hereto is
17 ordered to pay the assessments authorized in Paragraph 9 of this Judgment, which shall be levied
18 and collected in accordance with the procedures and schedules determined by the Watermaster.
19 Any assessment which becomes delinquent, as defined by rules and regulations promulgated by
20 the Watermaster shall bear interest at the then current real property tax delinquency rate for the
21 county in which the property of the delinquent Party or Producer is located. The United States
22 shall not be subject to payment of interest absent congressional waiver of immunity for the
23 imposition of such interest. This interest rate shall apply to any said delinquent assessment from
24 the due date thereof until paid. The delinquent assessment, together with interest thereon, costs
25 of suit, attorneys fees and reasonable costs of collection, may be collected pursuant to (1) motion
26 by the Watermaster giving notice to the delinquent Party or Producer only; (2) Order to Show
27 Cause proceeding, or (3) such other lawful proceeding as may be instituted by the Watermaster
28 or the Court. The United States shall not be subject to costs and fees absent congressional waiver
of immunity for such costs and fees. The delinquent assessment shall constitute a lien on the

1 property of the Party as of the same time and in the same manner as does the tax lien securing
2 county property taxes. The property of the United States shall not be subject to any lien. The
3 Watermaster shall annually certify a list of all such unpaid delinquent assessments. The
4 Watermaster shall include the names of those Parties and Producers and the amounts of the liens
5 in its list to the County Assessor's Office in the same manner and at the same time as it does its
6 Administrative Assessments. Watermaster shall account for receipt of all collections of
7 assessments collected pursuant to this Judgment, and shall pay such amounts collected pursuant
8 to this Judgment to the Watermaster. The Watermaster shall also have the ability to seek to enjoin
9 Production of those Parties or Producers, other than the United States, who do not pay
10 assessments pursuant to this Judgment.

11 **18.5 Watermaster Engineer.** The Watermaster Engineer shall have the
12 following duties:

13 **18.5.1 Monitoring of Safe Yield.** The Watermaster Engineer shall
14 monitor all the Safe Yield components and include them in the annual report for Court approval.
15 The annual report shall include all relevant data for the Basin.

16 **18.5.2 Reduction in Groundwater Production.** The Watermaster
17 Engineer shall ensure that reductions of Groundwater Production to the Native Safe Yield
18 (Rampdown) take place pursuant to the terms of this Judgment and any orders by the Court.

19 **18.5.3 Determination of Replacement Obligations.** The Watermaster
20 Engineer shall determine Replacement Obligations for each Producer, pursuant to the terms of
21 this Judgment.

22 **18.5.4 Balance Obligations.** The Watermaster Engineer shall determine
23 Balance Assessment obligations for each Producer pursuant to the terms of this Judgment. In
24 addition, the Watermaster Engineer shall determine the amount of water derived from the Balance
25 Assessment that shall be allocated to any Producer to enable that Producer to fully exercise its
26 Production Right.

27 **18.5.5 Measuring Devices, Etc.** The Watermaster Engineer shall
28 propose, and the Watermaster shall adopt and maintain, rules and regulations regarding

1 determination of Production amounts and installation of individual water meters. The rules and
2 regulations shall set forth approved devices or methods to measure or estimate Production.
3 Producers who meter Production on the date of entry of this Judgment shall continue to meter
4 Production. The Watermaster rules and regulations shall require Producers who do not meter
5 Production on the effective date of entry of this Judgment to install water meters within two
6 Years.

7 **18.5.6 Hydrologic Data Collection.** The Watermaster Engineer shall (1)
8 operate, and maintain such wells, measuring devices, and/or meters necessary to monitor stream
9 flow, precipitation, Groundwater levels, and Basin Subareas, and (2) to obtain such other data as
10 may be necessary to carry out this Judgment.

11 **18.5.7 Purchases of and Recharge with Replacement Water.** To the
12 extent Imported Water is available, the Watermaster Engineer shall use Replacement Water
13 Assessment proceeds to purchase Replacement Water, and deliver such water to the area deemed
14 most appropriate as soon as practicable. The Watermaster Engineer may pre-purchase
15 Replacement Water and apply subsequent assessments towards the costs of such pre-purchases.
16 The Watermaster Engineer shall reasonably and equitably actively manage the Basin to protect
17 and enhance the health of the Basin.

18 **18.5.8 Water Quality.** The Watermaster Engineer shall take all
19 reasonable steps to assist and encourage appropriate regulatory agencies to enforce reasonable
20 water quality regulations affecting the Basin, including regulation of solid and liquid waste
21 disposal, and establishing Memorandums of Understanding with Kern and Los Angeles Counties
22 regarding well drilling ordinances and reporting.

23 **18.5.9 Native Safe Yield.** Five (5) Years following the entry of this
24 Judgment, and every fifth (5th) year thereafter, the Watermaster Engineer may recommend to the
25 Court an increase or reduction of the Native Safe Yield. In the event the Watermaster Engineer
26 recommends in its report to the Court that the Native Safe Yield be revised based on the best
27 available science, the Court shall conduct a hearing regarding the recommendations and may
28 order a change in Native Safe Yield. Watermaster shall give notice of the hearing pursuant to
Paragraph 20.3.2. The most recent Native Safe Yield shall remain in effect until revised by Court

1 order according to this paragraph. If the Court approves a reduction in the Native Safe Yield, it
2 shall impose a Pro-Rata Reduction as set forth in Paragraph 18.5.10, such reduction to be
3 implemented over a two (2) Year period. If the Court approves an increase in the Native Safe
4 Yield, it shall impose a Pro-Rata Increase as set forth herein, such increase to be implemented
5 immediately. Only the Court can change the Native Safe Yield.

6 **18.5.10 Change in Production Rights in Response to Change in**
7 **Native Safe Yield.** In the event the Court changes the Native Safe Yield pursuant to Paragraph
8 18.5.9, the increase or decrease will be allocated among the existing Producers, except that the
9 Federal Reserved Water Right of the United States is not subject to any increase or decrease.

10 **18.5.11 Evaluation of Reasonable and Beneficial Use.** Every Two (2)
11 Years following the Entry of this Judgment, the Watermaster Engineer may recommend to the
12 Court that it find that a Producer is not using produced water in a reasonable and beneficial
13 manner. In the event the Watermaster Engineer recommends in a report to the Court that a
14 Producer is not using the produced water in a reasonable and beneficial manner, the Court shall
15 conduct a hearing regarding the recommendation and may order the Producer to put the produced
16 water to a reasonable and beneficial use. Watermaster shall give notice of the hearing pursuant to
17 Paragraph 20.3.2. If the Court orders a Producer to change the manner of use of produced water,
18 the Producer shall implement the change in use within the time period specified by the Court. If
19 the Producer does not implement the change in use within the time period specified by the Court,
20 the Court may decree that the Production Right of the Producer be reduced by the amount of the
21 use that is found to not be reasonable and beneficial. If the Court reduces a Production Right, it
22 shall allocate the water in accordance with the provisions of Paragraph 10.5.10, such allocation to
23 be implemented immediately. Only the Court can reduce a Production Right pursuant to this
24 provision.
25
26

27 **18.5.12 Review of Calculation of Imported Water Return Flow**
28 **Percentages.** Ten (10) Years following the end of the Rampdown, in the seventeenth (17th)

1 Year, or any time thereafter, the Watermaster Engineer may recommend to the Court an increase
2 or decrease of Imported Water Return Flow percentages. The Watermaster Engineer shall initiate
3 no recommendation to change Imported Water Return Flow percentages prior to end of the
4 seventeenth (17th) Year. In the event the Watermaster Engineer recommends in its report to the
5 Court that Imported Water Return Flow percentages for the Basin may need to be revised based
6 on the best available science, the Court shall conduct a hearing regarding the recommendations
7 and may order a change in Imported Water Return Flow percentages. Watermaster shall give
8 notice of the hearing pursuant to Paragraph 20.6. The Imported Water Return Flow percentages
9 set forth in Paragraph 5.2 shall remain in effect unless revised by Court order according to this
10 Paragraph. If the Court approves a reduction in the Imported Water Return Flow percentages,
11 such reduction shall be implemented over a seven (7) Year period. Only the Court can change
12 the Imported Water Return Flow percentages.

13 **18.5.13 Production Reports.** The Watermaster Engineer shall require
14 each Producer to file an annual Production report with the Watermaster. Producers shall prepare
15 the Production reports in a form prescribed by the rules and regulations. The Production reports
16 shall state the total Production for the reporting Producer, including Production per well, rounded
17 off to the nearest tenth of an acre foot for each reporting period. The Production reports shall
18 include such additional information and supporting documentation as the rules and regulations
19 may reasonably require.

20 **18.5.14 New Production Application Procedure.** Any well to be used
21 for New Production shall be subject to the applicable County Well Permit procedures then in
22 effect in Kern County and in Los Angeles County. Any Party who obtains a permit to install a
23 well to be used for New Production from Kern County or Los Angeles County shall provide a
24 copy of the permit to the Watermaster Engineer within thirty (30) days of the issuance of the
25 permit.

26 **18.5.15 Storage Agreements.** The Watermaster shall adopt uniformly
27 applicable rules for Storage Agreements. The Watermaster Engineer shall calculate additions,
28 extractions and losses of water stored under Storage Agreements and maintain an Annual account

1 of all such water. Accounting done by the Watermaster Engineer under this Paragraph shall be
2 considered ministerial.

3 **18.5.16 Diversion of Storm Flow.** No Party may undertake or cause
4 the construction of any project within the Watershed of the Basin that will reduce the amount of
5 storm flows that would otherwise enter the Basin and contribute to the Native Safe Yield, without
6 prior notification to the Watermaster Engineer. The Watermaster Engineer may seek an
7 injunction or to otherwise impose restrictions or limitations on such project in order to prevent
8 reduction to Native Safe Yield. The Party sought to be enjoined or otherwise restricted or limited
9 is entitled to notice and an opportunity for the Party to respond prior to the imposition of any
10 restriction or limitation. Any Person may take emergency action as may be necessary to protect
11 the physical safety of its residents and personnel and its structures from flooding. Any such
12 action shall be done in a manner that will minimize any reduction in the quantity of Storm Flows.

13 **18.5.17 Data, Estimates and Procedures.** The Watermaster Engineer
14 shall rely on and use the best available science, records and data to support the implementation
15 of this Judgment. Where actual records of data are not available, the Watermaster Engineer shall
16 rely on and use sound scientific and engineering estimates. The Watermaster Engineer may use
17 preliminary records of measurements, and, if revisions are subsequently made, may reflect such
18 revisions in subsequent accounting.

19 **18.5.18 Filing of Annual Report.** The Watermaster Engineer shall
20 prepare an Annual Report for filing with the Court not later than April 1 of each Year, beginning
21 April 1 following the first full Year after entry of this Judgment. Prior to filing the Annual Report
22 with the Court, Watermaster shall notify all Parties that a draft of the Annual Report is available
23 for review by the Parties. Watermaster shall provide notice to all Parties of a public hearing to
24 receive comments and recommendations for changes in the Annual Report. The public hearing
25 shall be conducted pursuant to rules and regulations promulgated by the Watermaster. The notice
26 of public hearing may include such summary of the draft Annual Report as Watermaster may
27 deem appropriate. Watermaster shall distribute the Annual Report to any Parties requesting
28 copies.

18.5.19 Annual Report to Court. The Annual Report shall include an

1 Annual fiscal report of the preceding Year's operation; details regarding the operation of each of
2 the Subareas; an audit of all Assessments and expenditures; and a review of Watermaster
3 activities. The Annual Report shall include a compilation of at least the following:

- 4 **18.5.19.1** Replacement Obligations;
- 5 **18.5.19.2** Hydrologic Data Collection;
- 6 **18.5.19.3** Purchase and Recharge of Imported Water;
- 7 **18.5.19.4** Notice List;
- 8 **18.5.19.5** New Production Applications
- 9 **18.5.19.6** Rules and Regulations;
- 10 **18.5.19.7** Measuring Devices, etc;
- 11 **18.5.19.8** Storage Agreements;
- 12 **18.5.19.9** Annual Administrative Budget;
- 13 **18.5.19.10** Transfers;
- 14 **18.5.19.11** Production Reports;
- 15 **18.5.19.12** Prior Year Report;
- 16 **18.5.19.13** Amount of Stored Water owned by each Producer;
- 17 **18.5.19.14** Amount of Stored Imported Water
18 owned by each
19 Producer;
- 20 **18.5.19.15** Amount of unused Imported Water Return Flows
21 owned by each Producer;
- 22 **18.5.19.16** Amount of Carry Over Water owned by each
23 Producer;
- 24 **18.5.19.17** All changes in use.

25 **18.6 Recommendations of the Watermaster Engineer.** Unless otherwise
26 determined pursuant to Paragraph 18.1.2.2, all recommendations of the Watermaster Engineer
27 must be approved by unanimous vote of all members of the Watermaster. If there is not
28 unanimous vote among Watermaster members, Watermaster Engineer recommendations must be

1 presented to the Court for action and implementation.

2 **18.7 Interim Approvals by the Court.** Until the Court approves rules
3 and regulations proposed by the Watermaster, the Court, upon noticed motion, may take or
4 approve any actions that the Watermaster or the Watermaster Engineer otherwise would be
5 authorized to take or approve under this Judgment.

6 **19. ADVISORY COMMITTEE**

7 **19.1 Authorization.** The Producers are authorized and directed to cause a
8 committee of Producer representatives to be organized and to act as an Advisory Committee.

9 **19.2 Compensation.** The Advisory Committee members shall serve without
10 compensation.

11 **19.3 Powers and Functions.** The Advisory Committee shall act in an advisory
12 capacity only and shall have the duty to study, review, and make recommendations on all
13 discretionary determinations by Watermaster. Producers shall only provide input to the
14 Watermaster through the Advisory Committee.

15 **19.4 Advisory Committee Meetings.** The Advisory Committee shall 1) meet
16 on a regular basis; 2) review Watermaster’s activities pursuant to this Judgment on at least a
17 semi-annual basis; and 3) receive and make advisory recommendations to Watermaster.
18 Advisory Committee Meetings shall be open to all members of the public. Edwards Air Force
19 Base and the State of California shall be ex officio members of the committee. The United States
20 may also appoint a DoD Liaison to the Watermaster pursuant to Joint Ethics Regulation 3-201.

21 **19.5 Subarea Advisory Management Committees.** Subarea Advisory
22 Management Committees will meet on a regular basis and at least semi-annually with the
23 Watermaster Engineer to review Watermaster activities pursuant to this Judgment and to submit
24 advisory recommendations.

25 **19.5.1 Authorization.** The Producers in each of the five Management
26 Subareas are hereby authorized and directed to cause committees of Producer representatives to
27 be organized and to act as Subarea Management Advisory Committees.

28 **19.5.2 Composition and Election.** Each Management Subarea
Management Advisory Committee shall consist of five (5) Persons who shall be called

1 Management Advisors. In the election of Management Advisors, every Producer shall be entitled
2 to one vote. In any election of advisors, the candidates receiving the highest number of
3 affirmative votes of the Producers are elected. Elections shall be held upon entry of this Judgment
4 and thereafter every third Year. In the event a vacancy arises, a temporary advisor shall be
5 appointed by unanimous decision of the other four advisors to continue in office until the next
6 scheduled election. Rules and regulations regarding organization, meetings and other activities
7 shall be at the discretion of the individual Subarea Advisory Committees, except that all meetings
8 of the committees shall be open to the public.

9 **19.5.3 Compensation.** The Subarea Management Advisory Committee
10 shall serve without compensation.

11 **19.5.4 Powers and Functions.** The Subarea Management Advisory
12 Committee for each subarea shall act in an advisory capacity only and shall have the duty to
13 study, review and make recommendations on all discretionary determinations made or to be made
14 hereunder by Watermaster Engineer which may affect that subarea.

15 **20. MISCELLANEOUS PROVISIONS.**

16 **20.1 Water Quality.** Nothing in this Judgment shall be interpreted as relieving
17 any Producer of its responsibilities to comply with State or Federal laws for the protection of
18 water quality or the provisions of any permits, standards, requirements, or orders promulgated
19 thereunder.

20 **20.2 Actions Not Subject to CEQA Regulation.** Nothing in this Judgment or
21 the Physical Solution, or in the implementation thereof, or the decisions of the Watermaster
22 acting under the authority of this Judgment shall be deemed a "project" subject to the California
23 Environmental Quality Act (CEQA). See e.g., *California American Water v. City of Seaside*
24 (2010) 183 Cal.App.4th 471, and *Hillside Memorial Park & Mortuary v. Golden State Water Co.*
25 (2011) 205 Cal.App.4th 534. Neither the Watermaster, the Watermaster Engineer, the Advisory
26 Committee, any Subarea Management Committee, nor any other Board or committee formed
27 pursuant to the Physical Solution and under the authority of this Judgment shall be deemed a
28 "public agency" subject to CEQA. (See Public Resources Code section 21063.)

1 **20.3 Court Review of Watermaster Actions.** Any action, decision, rule,
2 regulation, or procedure of Watermaster or the Watermaster Engineer pursuant to this Judgment
3 shall be subject to review by the Court on its own motion or on timely motion by any Producer
4 as follows:

5 **20.3.1 Effective Date of Watermaster Action.** Any order, decision or
6 action of Watermaster or Watermaster Engineer pursuant to this Judgment on noticed specific
7 agenda items shall be deemed to have occurred on the date of the order, decision or action.

8 **20.3.2 Notice of Motion.** Any Producer may move the Court for review
9 of an action or decision pursuant to this Judgment by way of a noticed motion. The motion shall
10 be served pursuant to Paragraph 20.7 of this Judgment. The moving Producer shall ensure that
11 the Watermaster is served with the motion under that Paragraph 20.7 or, if electronic service of
12 the Watermaster is not possible, by overnight mail with prepaid next-day delivery. Unless
13 ordered by the Court, any such petition shall not operate to stay the effect of any action or decision
14 which is challenged.

15 **20.3.3 Time for Motion.** A Producer shall file a motion to review any
16 action or decision within ninety (90) days after such action or decision, except that motions to
17 review assessments hereunder shall be filed within thirty (30) days of Watermaster mailing notice
18 of the assessment.

19 **20.3.4 De Novo Nature of Proceeding.** Upon filing of a motion to
20 review a decision or action, the Watermaster shall notify the Producers of a date for a hearing at
21 which time the Court shall take evidence and hear argument. The Court's review shall be *de*
22 *novo* and the Watermaster's decision or action shall have no evidentiary weight in such
23 proceeding.

24 **20.3.5 Decision.** The decision of the Court in such proceeding shall be
25 an appealable supplemental order in this case. When the Court's decision is final, it shall be
26 binding upon Watermaster and the Producers.

27 **20.4 Multiple Production Rights.** A Party simultaneously may be a member
28 of the Small Pumper Class and hold an Overlying Production Right by virtue of owning land

1 other than the parcel(s) meeting the Small Pumper Class definition. The Small Pumper Class
2 definition shall be construed in accordance with Paragraph 3.5.44 and 3.5.45.

3 **20.5 Payment of Assessments.** Payment of assessments levied by
4 Watermaster hereunder shall be made pursuant to the time schedule developed by the
5 Watermaster, notwithstanding any motion for review of Watermaster actions, decisions, rules or
6 procedures, including review of assessments implemented by the Watermaster.

7 **20.6 Designation of Address for Notice and Service.** Each Party or Producer
8 shall designate a name and address to be used for purposes of all subsequent notices and service
9 herein, either by its endorsement on this Judgment or by a separate designation to be filed within
10 thirty (30) days after judgment has been entered. A Party or Producer may change its designation
11 by filing a written notice of such change with Watermaster. A Party or Producer that desires to
12 be relieved of receiving notices of Watermaster activity may file a waiver of notice in a form to
13 be provided by Watermaster. At all times, Watermaster shall maintain a current list of Parties or
14 Producers to whom notices are to be sent and their addresses for purpose of service. Watermaster
15 shall also maintain a full current list of said names and addresses of all Parties or Producers or
16 their successors, as filed herein. Watermaster shall make copies of such lists available to any
17 requesting Person. If no designation is made, a Party's or Producer's designee shall be deemed
18 to be, in order of priority: (1) the Party's or Producer's attorney of record; (2) if the Party or
19 Producer does not have an attorney of record, the Party or Producer itself at the address on the
20 Watermaster list; (3) for Non-Pumper and Small Pumper Class Members, after this Judgment is
21 final, the individual Non-Pumper and Small Pumper Class Members at the service address
22 maintained by the Watermaster.

23 **20.7 Service of Documents.** Unless otherwise ordered by the Court, delivery
24 to or service to any Party or Producer by the Court or any Party or Producer of any document
25 required to be served upon or delivered to a Party or Producer pursuant to this Judgment shall be
26 deemed made if made by e-filing on the Court's website at www.scefiling.org. All Parties or
27 Producers agree to waive service by mail if they receive notifications via electronic filing at the
28 above identified website.

1 **20.8 No Abandonment of Rights.** In the interest of the Basin and its water
2 supply, and the principle of reasonable and beneficial use, no Party or Producer shall be
3 encouraged to Produce and use more water in any Year than is reasonably required. Failure to
4 Produce all of the Groundwater to which a Party or Producer is entitled shall not, in and of itself,
5 be deemed or constitute an abandonment of such Party's or Producer's right, in whole or in part,
6 except as specified in Paragraph 15.

7 **20.9 Intervention After Judgment.** Other than Non-Pumper Class Members,
8 any Person who is not a Party or successor to a Party and who proposes to Produce Groundwater
9 from the Basin, to store water in the Basin, to acquire a Production Right or to otherwise take
10 actions that may affect the Basin's Groundwater is required to seek to become a Party subject to
11 this Judgment through a noticed motion to intervene in this Judgment prior to commencing
12 Production. Prior to filing such a motion, a proposed intervenor shall consult with the
13 Watermaster Engineer and seek the Watermaster's stipulation to the proposed intervention. A
14 proposed intervenor's failure to consult 27 with the Watermaster Engineer may be grounds for
15 denying the intervention motion. Thereafter, if approved by the Court, such intervenor shall be
16 a Party bound by this Judgment.

17 **20.10 Judgment Binding on Successors, etc.** Subject to specific provisions
18 hereinbefore contained, this Judgment applies to and is binding upon, and inures to the benefit
19 of the Parties to this Action and all their respective heirs, successors-in-interest and assigns.

20 **20.11 Costs.** Except subject to any existing court orders, each Party shall bear
21 its own costs and attorneys fees arising from the Action.

22 **20.12 Headings; Paragraph References.** Captions and headings appearing
23 in this Judgment are inserted solely as reference aids for ease and convenience; they shall not be
24 deemed to define or limit the scope or substance of the provisions they introduce, nor shall they
25 be used in construing the intent or effect of such provisions.

26 **20.13 No Third Party Beneficiaries.** There are no intended third party
27 beneficiaries of any right or obligation of the Parties.

28 **20.14 Severability.** The provisions of this Judgment are severable.

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20.15 Cooperation; Further Acts. The Parties or Producers shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Judgment.

20.16 Exhibits and Other Writings. Any and all exhibits, documents, instruments, certificates or other writings attached hereto or required or provided for by this Judgment, if any, shall be part of this Judgment and shall be considered set forth in full at each reference thereto in this Judgment.

Dated:

JUDGE OF THE SUPERIOR COURT