

Attorneys for Cross-Defendant/Cross-Complainant, A.V. UNITED MUTUAL GROUP; and Cross-Defendants, ADAMS BENNETT INVESTMENTS, LLC; MIRACLE IMPROVEMENT CORPORATION dba GOLDEN SANDS MOBILE HOME PARK, aka GOLDEN SANDS TRAILER PARK, named as ROE 1121; ST. ANDREW'S ABBEY, INC., named as ROE 623; SERVICE ROCK PRODUCTS, L.P.; and SHEEP CREEK WATER COMPANY, INC.

Coordination Proceeding
Special Title (Rule 1550(b))

) Judicial Council Coordination
) Proceeding No. 4408

) Santa Clara Case No. 1-05-CV-049053
) Assigned to the Honorable Jack Komar
) Department 17C

**CROSS-DEFENDANT, SHEEP CREEK
WATER COMPANY, INC.'S
INFORMATION AND MATERIALS
RESPONSIVE TO DECEMBER 12, 2012
DISCOVERY ORDER FOR PHASE 4
TRIAL**

**Los Angeles County Waterworks District
No. 40 v. Diamond Farming Co.**
Superior Court of California, County of Kern,
Case No. S-1500-CV-254-348

Superior Court of California, County of
Riverside, consolidated actions, Case Nos. RIC
353 840, RIC 344 436, RIC 344 668

) For Court's Use Only:
) Santa Clara County
) Case No. 1-05-CV-049053
) (For E-Posting/E-Service Purposes Only)

AND RELATED ACTIONS.

1 TO ALL PARTIES AND TO THEIR ATTORNEYS OF RECORD:

2 Cross-Defendant, **SHEEP CREEK WATER COMPANY, INC.**, (“Sheep Creek”) by
3 and through its attorneys of record, Gresham Savage Nolan & Tilden, PC, by Michael Duane
4 Davis and Marlene L. Allen-Hammarlund, submits the following information and materials,
5 under penalty of perjury, in response to the December 12, 2012 Discovery Order for Phase 4
6 Trial, issued by the Honorable Jack Komar, Trial Judge.

7 Sheep Creek has made a good faith effort to fully and accurately respond to the
8 categories of information required by the *Discovery Order*. However, due to the shortness of
9 time between the issuance of the order and the degree of detail required by the *Discovery Order*,
10 Sheep Creek reserves the right to supplement its responses to the extent it requires, in as timely a
11 manner as possible.

12
13 **I. CLAIMS OF OVERLYING GROUNDWATER RIGHTS:**

14 **1. Property situated within Sheep Creek Water Company:**

15 **a. Location of Property [Service Area]:** The Sheep Creek Water
16 Company, Inc. (“Sheep Creek”) holds fee title to two parcels of real property totaling
17 approximately 2.35 acres located in the extreme eastern portion of the Area of Adjudication on
18 the Lost Angeles / San Bernardino County line (the “Los Angeles County Properties”) and which
19 are identified by Assessor’s Identification Number (“AIN”) as follows:

20 **i.** AIN 3089-012-004, acquired by grant deed on December 14, 2005.

21 **ii.** AIN 3089-012-008, acquired by grant deed on December 15, 2005.

22 The Sheep Creek service area is located entirely **outside** of the Area of Adjudication in a nine (9)
23 square mile area of the unincorporated Community of Phelan, County of San Bernardino.

24 **b. Ownership Information:** Sheep Creek is an active California mutual
25 benefit non-profit corporation, with an entity address of Post Office Box 291820, Phelan, CA
26 92329. It was formed on January 7, 1914. Its Agent for Service of Process is Ernest
27 Riffenburgh at 550 E. Hospitality Lane Ste. 300, San Bernardino, CA 92408. Its membership is

1 comprised of the owners of lots of varying sizes that are situated within its above-described
2 service area outside of the Area of Adjudication. Sheep Creek's 1,380 service connections
3 within the Community of Phelan served an approximate population of 3,175.

4 **c. Existence of Groundwater wells (2000 to 2004 and 2011 to 2012):** In
5 December 2005, prior to being joined in the present adjudication, Sheep Creek purchased the Los
6 Angeles County Properties described above with the intent of drilling a well for the purpose of
7 exporting groundwater to its service area in San Bernardino County pursuant to an entitlement of
8 3,000 AFY (explained below). Sheep Creek was later joined in the present groundwater
9 adjudication when it was served with the *Cross-Complaint of Municipal Purveyors For*
10 *Declaratory and Injunctive Relief and Adjudication of Water Rights*. Though Sheep Creek
11 drilled a well in April 2007 on one of its Los Angeles County parcels (AIN 3089-012-004)
12 located within the Area of Adjudication (the "Los Angeles County Well"), it has not produced
13 groundwater from the Los Angeles County Well for any purpose other than testing, including
14 exportation to its service area in San Bernardino County due to an earlier order of this court
15 prohibiting exportation of groundwater out of the Area of Adjudication.

16 **d. Operation of Groundwater wells (2000 to 2004 and 2011 to 2012):**
17 Sheep Creek did not operate the groundwater well described in I.1.c., above, during the years
18 2000 to 2004 and 2011 to 2012.

19 **e. Amount of Groundwater Produced:** Sheep Creek did not produce
20 groundwater from within the Area of Adjudication during the years 2000 to 2004 and 2011 to
21 2012.

- | | | | |
|----|-------------|--------------|---------------------------------------|
| 22 | i. | 2000: | None within the Area of Adjudication. |
| 23 | ii. | 2001: | None within the Area of Adjudication. |
| 24 | iii. | 2002: | None within the Area of Adjudication. |
| 25 | iv. | 2003: | None within the Area of Adjudication. |
| 26 | v. | 2004: | None within the Area of Adjudication. |
| 27 | vi. | 2011: | None within the Area of Adjudication. |

- vii. **2012 [1/1 – 11/30]:** None within the Area of Adjudication.
- f. **Uses of Groundwater Produced:** N/A.
- g. **Places of Groundwater Use:** None within the Area of Adjudication.
- h. **Uses of Parcels within Service Area:**
 - i. Sheep Creek originally purchased the two parcels within the Area of Adjudication described in I.1.a., above, with the intent to develop and operate groundwater wells for the provision of groundwater to its service area in San Bernardino County. In light of this court’s order prohibiting exportation of groundwater outside the Area of Adjudication, however, the Sheep Creek’s two parcels located within the Area of Adjudication remain vacant land.
 - ii. **Sheep Creek Intends to Import, Store, and Export Groundwater.** Sheep Creek does not intend to produce groundwater originating within the Area of Adjudication from the Los Angeles County Well or from any other source within the Area of Adjudication. However, Sheep Creek seeks to use the parcels of real property located within the Area of Adjudication to receive water from outside the Area of Adjudication, inject or spread and store that water imported from its Sheep Creek Canyon Well Field in an amount of up to 2,000 AFY (the “Imported Water”) pursuant Sheep Creek’s remaining annual entitlement under a 1926 court order explained below, and return that imported and stored water to its service area in Phelan, County of San Bernardino, in order to mitigate the effects of severe seasonal water shortages and provide a steady water supply to its members.
- i. **Crop Types:** None.
- j. **Basis for Claim of Groundwater Rights:**
 - i. **Sheep Creek’s 3,000 AFY Entitlement Pursuant to 1926 Court Order:** Sheep Creek was awarded an entitlement to pump up to 3,000 AFY pursuant to the State of California, Division of Water Rights, Department of Public Works Decision No. 3883 D-119, decided on August 24, 1926, which reads in pertinent part: “IT IS HEREBY ORDERED that

1 said application No. 3883 be approved for 3,000 acre feet per annum only and a permit be
2 granted to the applicant subject to such of the usual terms and conditions as may be appropriate.”
3 The Order is signed by Edward Hyatt, Jr., who was the Chief of Division of Water Works, on
4 August 24, 1926 (the “1926 Order”).

5 ii. **The 1931 Stipulation for Judgment:** Subsequent to the entry of
6 the 1926 Entitlement, the County of Los Angeles and other plaintiffs filed suit against Sheep
7 Creek concerning an old shaft that had been constructed by Sheep Creek. The parties to that
8 lawsuit, which was filed in Riverside County Superior Court as Case No. 15585, entered into an
9 Agreement of Parties in Connection with Stipulation for Judgment (the “Stipulation for
10 Judgment”), which was signed on September 24, 1931. That Judgment resulted in a line being
11 drawn extending east and west across Sheep Creek, with Sheep Creek being restricted to taking
12 water that flows out of Sheep Creek Canyon to the north of the line, and Los Angeles County
13 being restricted to taking water that flows to the south of the line. Despite this change to Sheep
14 Creek’s pumping location, Sheep Creek maintained its 3,000 AFY entitlement under the 1926
15 Entitlement.

16 iii. **Sheep Creek’s Current Production Outside the Area of**
17 **Adjudication Pursuant to Entitlement:** Sheep Creek currently produces water from its Sheep
18 Creek Canyon Well Field which is located outside of the Area of Adjudication in San Bernardino
19 County. Sheep Creek’s production from this facility ranges between 1,000 and 1,200 AFY.

20 k. **Amount of Groundwater Claim:** Pursuant to the 1926 Order, Sheep
21 Creek is entitled to produce an additional amount of between 1,800 and 2,000 AFY over its
22 current production level.

23 l. **Other Facts Supporting Claim:**

24 2. **Property Lease Information:**

25 a. **Lease of Property:** Sheep Creek leased no property during the years
26 2000 to 2004 and 2011 to 2012

27 b. **Name of Lessee:** N/A.

- 1 c. ATN/AINs: N/A.
- 2 d. Written Agreements Allocating Credits: N/A.
- 3 e. Lessee Delivery of Water: N/A.
- 4 f. Uses of Groundwater by Lessee: N/A.
- 5 3. Additional Requested Information and Materials:
- 6 a. Prima Facie Groundwater Production Materials:
- 7 i. See Sheep Creek Water Company “Attachment I.3.a.i.”
- 8 ii. Copy of the 1926 Entitlement.
- 9 iii. Copy of the 1931 Stipulation for Judgment.
- 10 iv. Copy of March 7, 2007 Well Permit Application for production
- 11 well on Los Angeles County AIN 3089-012-004.
- 12 v. Copy of April 28, 2007 Well Completion Report No. e052356.
- 13 vi. Copy of May 2007 Well Development materials provided by Farm
- 14 Pump and Irrigation, Co., Inc.
- 15 vii. Copy of April 4, 2007 and April 9, 2007 invoices from H2-0 To
- 16 Go for delivery of well development water used on AIN 3089-012-004.
- 17 viii. Copy of April 12, 2007 invoice from Desert Design General
- 18 Engineering Contractor for delivery of well development water used on AIN 3089-012-004.
- 19
- 20 b. Prima Facie Property Uses Materials:
- 21 i. See Sheep Creek Water Company “Attachment I.3.b.i.”
- 22 ii. Copy of December 14, 2005 Grant Deed conveying AIN 3089-
- 23 012-004 to Sheep Creek Water Company.
- 24 iii. Copy of January 31, 2006 Los Angeles County Recordation of
- 25 December 14, 2005 Grant Deed conveying AIN 3089-012-004 to Sheep Creek Water Company.
- 26 iv. Copy of December 15, 2005 Grant Deed conveying AIN 3089-
- 27 012-008 to Sheep Creek Water Company.

v. Copy of January 17, 2006 Los Angeles County Recordation of December 15, 2005 Grant Deed conveying AIN 3089-012-008 to Sheep Creek Water Company.

c. **Additional Materials:**

i. See Sheep Creek Water Company "Attachment I.3.c.i."

ii. California Secretary of State, Business Entity Detail (December 14, 2012).

iii. Copy of the Articles of Incorporation of the Sheep Creek Water Company, with Amendments dated December 5, 1913, October 11, 1956, March 25, 1969, July 10, 1969, and August 3, 1978, and February 26, 1980.

iv. Copy of State of California Department of Health Water Supply Permit No. 78-007 to furnish or supply water for domestic purposes to Phelan, California and vicinity (February 6, 1978).

v. Copy of the By-Laws of Sheep Creek Water Company.

II. **CLAIMS OF NON-OVERLYING GROUNDWATER RIGHTS:**

1. **Specifically Requested Non-Overlying Information:**

a. **Amount of Production:** None.

b. **ATN/AINs:** N/A.

c. **Well Information:** N/A.

d. **Amount of Water Produced:** N/A.

e. **Methodology Used to Quantify Claim:** N/A.

f. **Reports to State Water Resources Control Board (2000 to 2004):** N/A.

g. **Uses other than Municipal Supply (2000 to 2004 and 2011 to 2012):**

N/A.

h. **Water for Outdoor Irrigation:** N/A.

1 **III. CLAIMS OF RETURN FLOW CREDITS:**

2 **1. Specifically Requested Non-Overlying Information:**

3 **a. Amount of Pumping of Return Flows from Imported Water:** None.

4 **b. Amount of Return Flows Pumped:**

5 **i. 2000:** N/A.

6 **ii. 2001:** N/A.

7 **iii. 2002:** N/A.

8 **iv. 2003:** N/A.

9 **v. 2004:** N/A.

10 **vi. 2011:** N/A.

11 **vii. 2012 [1/1 – 11/30]:** N/A.

12 **c. Methodology Used to Quantify Claim:** N/A.

13 **d. Amount of Water Imported:** None.

14 **e. Water Quality Information:** N/A.

15 **f. Uses of Imported Water:** N/A.

16 **g. Dates of Importation of Water:** N/A.

17 **h. Geological Conditions Beneath Properties:** N/A.

18 **i. Depth of Aquifer and Soil Type Beneath Surface:** N/A.

19 **j. Time for Percolation to Aquifer:** N/A.

20 **k. Physical Evidence that Return Flows Augment Basin:** N/A.

21 **l. Geological Locations that Return Flows Augment Basin:** N/A.

m. Return Flows Entering Municipal Sewer System: N/A.

n. Locations of Return Flows Wastewater Augmenting Basin: N/A.

IV. FOR THE FEDERAL PARTIES: N/A.

V. FOR ALL RESPONDING PARTIES:

1. Person most qualified to testify to the facts and materials above:

a. Non-Expert Witness(es): Chris Cummings

b. Expert Witness(es):

2. Verification by Authorized Individual:

Declaration under Penalty of Perjury:

I, Chris Cummings am the General Manager of Sheep Creek Water Company and have personal knowledge of the facts set forth above.

If called to do so, I could and would competently testify to these facts under oath. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 20 day of December, 2012 at Phelan, CA.


CHRIS CUMMINGS

Respectfully submitted,

GRESHAM SAVAGE NOLAN & TIDEN, PC

By: 

MICHAEL DUANE DAVIS, ESQ.
MARLENE L. ALLEN-HAMMARLUND, ESQ.
Attorneys for CROSS-DEFENDANT / CROSS-
COMPLAINANT, A. V. UNITED MUTUAL GROUP;
and CROSS-DEFENDANTS, ADAMS BENNETT
INVESTMENTS, LLC, MIRACLE IMPROVEMENT
CORPORATION dba GOLDEN SANDS MOBILE
HOME PARK, aka GOLDEN SANDS TRAILER PARK
[ROE 1121], ST. ANDREW'S ABBEY, INC. [ROE
623], SERVICE ROCK PRODUCTS, L.P., and SHEEP
CREEK WATER COMPANY, INC.

SHEEP CREEK WATER COMPANY

Attachment I.3.a.i.

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STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD

CERTIFICATE 851
APPLICATION 3883
PERMIT
LICENSE
DECISION 119

I, Josh Fernandez having custody of the files and records of the State Water Resources Control Board, State of California, do hereby certify that the attached

TITLE(S)

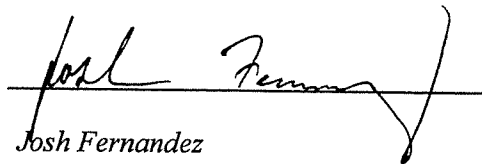
Decision No. 119 decided August 24, 1926 in the matter of Application No. 3883 of the Sheep Creek Water Company to Appropriate from surface and sub-surface flow of Sheep Creek.

Is a true correct copy of a public record on file in this office.

*WITNESS my hand and the seal of
The State of California on this day*

March 5, 2008

STATE WATER RESOURCES CONTROL BOARD

A handwritten signature in black ink, appearing to read "Josh Fernandez", is written over a horizontal line.

Josh Fernandez
Staff Services Analyst

BEFORE THE DIVISION OF WATER RIGHTS
DEPARTMENT OF PUBLIC WORKS
STATE OF CALIFORNIA

oOo

IN THE MATTER OF APPLICATION NO. 3883 OF THE
SHEEP CREEK WATER COMPANY TO APPROPRIATE FROM SURFACE
AND SUB-SURFACE FLOW OF SHEEP CREEK, TRIBUTARY
TO THE MOJAVE DESERT DRAINAGE AREA IN
SAN BERNARDINO COUNTY FOR
IRRIGATION AND DOMESTIC
PURPOSES

oOo

Decision No. 3883 D 119

Decided August 24, 1926

oOo

APPEARANCES AT HEARING HELD SEPTEMBER 22, 1925, FEBRUARY
5, 1926, AND MARCH 9-10, 1926

For Applicant:

Sheep Creek Water Company

Swing and Wilson
By Ralph E. Swing

For Protestants:

James M. Oliver, A. J. Wheeler,)
Sumner B. Wright, Kate S. Wright,)
Wrightwood Beneficial Owners,)
Pacific Southwest Trust & Savings Bank.)

Leonard, Surr & Hellyer
By Mr. Surr and
James M. Oliver

El Mirage Land Owners Ass'n.

Mrs. L. L. Whitlock
Donald M. Baker

County of Los Angeles

E. W. Mattoon
E. T. Bishop
Ernest Purdum

For Certain Interested Parties:

E. H. Hess and Linford E. Hess

Mrs. E. H. Hess

United States Forest Service

Geo. H. Cecil
H. P. Dechant

EXAMINER:

Edward Hyatt, Jr.
Chief of the Division of Water Rights

O P I N I O N

On June 12, 1917, the Sheep Creek Water Company filed application No. 12-718 for a certificate of diligence requesting that a time be prescribed for complete application of water to beneficial use.

Due consideration having been given to this application, a field investigation having been made, and the Water Commission having found that the project had merit and that a bona fide attempt had been made toward the completion of same, Certificate 12-5 was granted on September 19, 1918, allowing until December 21, 1921 for the complete application of the water to be applied to beneficial use.

Due to adverse conditions prevailing at that time, the Company was unable to complete the project within the time specified and a further extension was granted until September 1, 1923, the Company being advised that if it were unable to complete the project within the extended time, it would be advisable to file a new application under section 11 of the Water Commission Act and ask for the revocation of the former application.

The Company failed to complete construction work within the extended time and accordingly filed application No. 3883 on March 3, 1924.

Under application No. 3883 it is proposed to appropriate 4000 acre feet per annum throughout the entire year from Sheep Creek, surface and sub-surface flow, to be diverted at a maximum rate of 40 cubic feet per second, to storage in Horse Canyon Reservoir, which will have a capacity of 1300 acre feet. The surface waters of Sheep Creek will be diverted from a point in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 9, T 3 N, R 7 W, S.B.M. and the sub-surface waters from a tunnel in the E $\frac{1}{2}$ of Section 9 and NW $\frac{1}{4}$ Section 10, T 3 N, R 7 W, S.B.B. & M.

The water will be re-diverted from the Horse Canyon Reservoir at a point in SW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 35, T 4 N, R 7 W, S.B.B. & M. and used for the irrigation of 1920 acres of general crops owned by the stockholders of the Company and lying within Sections 12, 13 and 24, T 4 N, R 7 W, and Sections 7, 18 and 19, T 4 N, R 6 W, S.B.B. & M. The irrigation season will be from about March 1 to about September 30 of each year.

Application 12-718 sought to appropriate 18 cubic feet per second which is equivalent to 13,300 acre feet per annum, which is more than three times the amount of water named in application No. 3883.

The points of diversion named in the two applications are practically the same and the water was to have been used upon the same area of 1920 acres.

Application No. 3883 was completed in accordance with the Water Commission Act and the requirements of the Rules and Regulations of the Division of Water Rights and being protested was set for a public hearing at the law library of the Court House, San Bernardino, at 10:00 o'clock A.M. on September 22, 1925, re-convened and continued in room No. 818, Pacific Finance Building, Los Angeles, at 9:30 o'clock A.M. on February 5, 1926, and again re-convened and continued in room No. 818, Sun Finance Building, Los Angeles at 10:00 o'clock A.M. on March 9, 1926. Of the hearing, applicant and protestants were duly notified.

The protest of the Land Owners of El. Mirage Valley against application No. 3883 was filed October 21, 1924.

The protest was signed by 23 individual protestants who claim that they are land owners overlying a basin of underground water supplied by Sheep Creek, all of the water of Sheep Creek percolating into the basin,

that their right is based upon use by pumping from the underground basin, the first well being drilled in 1910, increasing in number until at the present time, there are about 100 wells in El Mirage Valley from which source a domestic and an irrigation water supply is obtained for at least 500 acres of land.

The protest of James M. Oliver, A. J. Wheeler, Sumner B. Wright, and Kate S. Wright as Wrightwood Beneficial Owners and the Pacific Southwest Trust and Savings Bank, record holders of title as trustee for aforesaid Beneficial Owners, was filed October 23, 1924.

Protestants claim that they are owners of about 1000 acres of land which are riparian to Swartout Creek, a tributary of Sheep Creek; that they are entitled to the use of the waters of Swartout Creek under riparian and prescriptive rights for the irrigation of a large portion of these lands; that during each irrigation season since 1888, except in one or two years of extraordinary heavy rainfall, all of the waters flowing in Swartout Creek and Sheep Creek have been used by the protestants and their predecessors in interest for irrigation and domestic purposes, and that during most of the years, the water flowing in the stream has been insufficient to adequately irrigate the crops growing upon said lands; that at the present time, the protestants are making arrangements for extensive subdivision of said lands and have already subdivided a large portion thereof; that if the application was approved it would result in the construction of a permanent drain which would very substantially lower the water plane for a great distance in all directions from the head of the proposed tunnel, thereby draining into said tunnel waters which would otherwise enter the ditches of the protestant; that the proposed diversion

will divert water from the watershed of Sheep Creek, where it rightfully belongs, into another watershed.

The protest of the County of Los Angeles was submitted at the hearing on Sept. 22, 1925.

Protestant claims a riparian right to the use of the waters of Swartout Creek and rights under permits issued by the Division of Water Rights on applications 3868, 3869, 3870 and 3878 for use in a public park and recreation camp, and allege in effect that the proposed development and use of water by the applicant would result in such underground drainage and depletion of the natural storage supply as would materially lower the water plane, rendering the sources relied on by protestants unavailable and the supply required by protestants' needs for domestic purposes entirely inadequate.

Relative to the protest of the Mirage Valley Land Owners, it may be said that while upwards of 75,000 acres of land in Mirage Valley appear to have been taken up under Desert or Homestead entries, very little land has actually been irrigated, and practically no crops have been harvested, the little irrigation that has been practiced being that required to prove up on a desert land entry, after which the land has reverted to its original condition, little if any benefit being derived from the crops planted.

In the years 1917 and 1918, there appears to have been about 50 families residing in the valley and about 200 acres of land irrigated, but at the present time, there are about 1/3 as many families and a maximum irrigated area of about 17 acres. That many were holding on to their properties for speculative purposes only, hoping that some day transportation facilities would be available, was clearly brought out at the hearing.

While Sheep Creek may contribute something to the underground supply

of Mirage Valley, it is not the only source of supply. It appears as likely that Mirage Valley and its surrounding country receives also the runoff from a large area of the northerly slope of the Sierra Madres, the main drains of which aside from Swartout and Sheep Creeks being Boneyard Canyon, Le Montaine Creek, Mescat Creet, Deadmans Canyon and Bob Canyon.

Much stress was laid at the hearing by the protestants upon the fact that there is a divide which prevents the waters of Sheep Creek from reaching the lands of the applicant, and that any diversion made by the applicant would take water from the watershed tributary to Mirage Valley and carry it into a foreign watershed.

An inspection of the map which was made to accompany the Report of the Mojave River Commission would appear to indicate that the flow of Sheep Creek is in close proximity to the so-called natural divide between the two alleged watersheds, and as the underground flow of a stream has a tendency to spread out laterally from the stream itself, it is not at all unlikely that a portion of the underground waters of Sheep Creek finds its way northeasterly to feed an underground basin underlying the lands which the applicant proposes to irrigate. The entire country appears to be an alluvial fill made by an antecedent stream, and the fact that a low surface divide has been formed probably in recent years would not necessarily limit the easterly percolation of the underflow of Sheep Creek Canyon as it leaves the foothills.

Just what the actual conditions of flow of the underground waters are, can only be determined by a hydrographic survey. The fact remains, however, that there is water from sheep Creek during certain times of the

year which passes into the Mojave Desert, and which is either lost by evaporation or seeps underground and which is not being put to beneficial use, and as such is subject to appropriation.

There appears to be an uncertainty in the minds of many of the property holders in Mirage Valley as to whether or not they would be injured by the proposed diversion. This was made evident at the hearing by Mr. Joseph L. Greene, Vice President of the El Mirage Valley Landowners, who made the following statement:

".....I believe that the majority of the property owners out there feel that the Sheep Creek development would not interfere with the supply of our water,....."
(Transcript page 298).

In view of the above discussion, the protest of the Mirage Valley Landowners may be dismissed.

The real controversy is between the users of water in Swartout Valley and the applicant, and is over the proposed underground flow appropriation. They are not concerned with the waters which flow past them as surface waters, and admit that there are seasons when there is considerable surface water which passes down stream which no one uses.

Sheep Creek, just below its junction with Swartout Creek, flows over a gravel filled basin confined between bedrock on either side. This basin varies in width from about one-quarter of a mile to about one mile and extends for a distance of about four miles northerly from the junction of the two streams to where Sheep Creek debouches on to the Mojave Desert.

In the spring of 1917, the Sheep Creek Water Company sunk a vertical shaft which for the sake of identification we will call "Shaft B", through the Sheep Creek wash to a depth of 177 feet below the surface of the canyon, at which level the surface of the ground water was encountered and in the

fall of the same year, the surface of the ground water lowered about 5 feet which enabled the shaft to be extended to a depth of 182 feet. The shaft is located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 9, T 3 N, R 7 W, S.B.M. about 1000 feet from the stream bed of Sheep Creek and about 1200 feet from the proposed point of surface diversion named in application No. 3883.

Fifteen feet above the bottom of this shaft, a tunnel was driven upstream in a general southwesterly direction for a distance of about 440 feet, but has since been temporarily abandoned, the Company having considered that in order to intercept the ground water flow at bedrock, another tunnel should be driven further south which would penetrate the gravels at a greater depth. A flow of 13 $\frac{1}{2}$ inches of water was intercepted by the abandoned tunnel.

Work on the new tunnel was commenced in the fall of 1923, starting with an open cut at a point in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 3, T 3 N, R 7 W, S.B.M. and extending in a general southerly direction toward "Shaft B". About 500 feet of open cut has been made and about 2000 feet of tunnel driven, it being the intention of the applicant to continue the tunnel until the underflow is intercepted, even extending it, if need be, about 1000 feet further to "Shaft B" at which point it will be 120 feet below the bottom of the present shaft, or a total depth of approximately 300 feet below the natural surface of the canyon. The Company appears to be satisfied, however, that bedrock will be encountered before the tunnel has been driven to this point.

The tunnel follows up the Creek as near as it was possible for it to be constructed through material consisting of boulders and cobbles interspersed with fines brought down by the wash from Swartout Creek on a grade of 3 feet in 1000.

A short distance to the north and west of the entrance to the cut or tunnel, another shaft had previously been sunk to a depth of 197 feet which had two feet of water in it. This shaft will be designated as "Shaft D".

The difference in elevation between the ground water surface as located by the sinking of Shafts B & D is approximately that of the difference in elevation of the canyon floor at their two points or about 200 feet, which would appear to indicate that the gradient of the surface of the underground flow between the two shafts is about 200 feet in 3800 feet. Mr. Hinckley estimated that the percentage of voids through which the underground water would travel was about 20%.

Although the exact amount of under flow is not determinable, there would appear to be an underground flow flowing down Sheep Creek Canyon which is pretty well defined between the walls of the canyon, the depth to bedrock being unknown, but approximately 200 feet in depth. Mr. Lippincott estimates that the top width of the underflow from wall to wall is about 660 feet and the depth 170 feet below the water level at a point apposite the present heading of the tunnel. This cross-sectional area would of course vary at different points along the canyon.

The interested parties, both applicant and protestants, all agree that at the lower end of Swartout Valley there is a closely packed formation, or debris cone, the voids of which are filled with fine materials acting as a binder or cement which forms a natural impervious barrier or dam across the Swartout Canyon just above the junction of Swartout and Sheep Creeks. That this natural barrier causes the ground water to rise to the surface is shown by the testimony presented at the hearing which indicated that between the pumping plant of the protestant S. B. Wright, which is located about a mile and a quarter above the junction of the two streams near the center of Section 8, T 3 N, R 7 W, S.B.M., and the intake to the upper Heath Ditch, about three quarters of a mile below the pumping plant, there is an increase in the flow of the creek and that at times the valley

fill above this impervious barrier becomes water logged during a wet season.

Below this debris cone the surface of the underground water appears to drop and is no longer in contact with the surface water at the intake of the lower Heath Ditch which is located near the junction of the two streams.

The shaft designated as "Shaft B" to which the tunnel will be driven, if occasion demands, is a little over a mile from the point of rising water and between these two points the exact surface of the underground water is not definitely known, but facts would indicate that the underflow of Swartout Creek flows over the debris cone through rather coarse material for some distance from the pumping plant and then plunges at a very steep slope into the gravels below the junction of the two streams.

The amount of water which the applicant would be able to develop from the underground source is indeterminable. The quantity, however, would probably be small and unless the impervious dike or debris cone near the junction of Swartout and Sheep Creeks is penetrated, the effect of the diversion would be negligible on the level of the underground waters in Swartout Valley, west of the point of increasing surface flow which lies somewhere between the Wright Pumping Plant and the junction of the two streams, depending upon the season of rainfall and runoff.

Below the point of maximum surface flow, the testimony presented at the hearing indicated a gradual lowering of the underground water plane below the creek bed and it may be that the applicant's underground diversion would have a tendency to lower the plane through this section still further but it would result in no appreciable injury to the protestants, the only

effect being that it might increase the seepage in the lower Heath Ditch.

It is not the intention of the applicant to penetrate the impervious dike at the mouth of the canyon, but if this should be done and the taking of the underground water would result in injury to the protestants, the protestants would have adequate recourse thru the courts. The burden of safeguarding the present legal rights of the protestants in this matter is upon the applicant.

The property of the County of Los Angeles lies at the upper end of Swartout Valley and is so far removed from the proposed underground diversion that in our opinion no injury would result to them.

The protestants claim that the underground waters which the applicant is seeking to appropriate are percolating waters over which the Division of Water Rights has no jurisdiction.

According to Section 42 of the Water Commission Act,

"..... Whenever the terms stream, stream system, lake or other body of water occurs in this act, such term shall be interpreted to refer only to surface water, and to subterranean streams flowing through known and definite channels....."

From the testimony presented at the hearing, it would appear that the underground flow passes through a known and definite channel and although the rate of the flow may be very slow and may be said to "percolate" through the gravels, it is nevertheless flowing toward the desert through a definite channel formed by the walls of the canyon on either side, the surface of this flow being located through a certain portion of the canyon by the sinking of the two shafts.

Percolating waters may or may not be subject to appropriation depending whether or not they are flowing through a known and definite channel.

Percolating water as defined in the case of Vineland Irrigation District vs. Azusa Irrigating Company, et al., (126 Cal. 486) at page 494, would not come within the jurisdiction of the Division of Water Rights. In the decision, Justice Henshaw makes the following statement:

"..... It is essential to the nature of percolating waters that they do not form part of the body or flow, surface or subterranean, of any stream. They may either be rain waters which are slowly infiltrating through the soil, or they may be waters seeping through the banks or beds of a stream, which have so far left the bed and the other waters as to have lost their character as part of the flow....."

Percolating waters which form a part of the subterranean flow of a stream, however, do come within the jurisdiction of the State Water Commission as defined in the case of Los Angeles vs. Pomeroy, 124 Cal. 597, decided in 1899. The character of the water in the case may best be described by the following headnotes as taken from this case:

Headnote 10

Percolating Water - Subterranean Flow of River - Value of Land - Percolating water which forms part of the subterranean flow of the Los Angeles River, and which is moving in the same direction with it, through the lands sought to be condemned, does not belong to the owner of the soil, and cannot be taken and conveyed away by him to other lands for sale: and where the supply of percolating water which might be so removed is of slight value, and might be wholly interfered with by drainage on adjoining lands, a verdict fixing the value of the land at its market value for agricultural purposes will not be disturbed upon appeal.

Headnote 11

Percolation not inconsistent with Stream - Defined Channel - The fact of percolation is not inconsistent with the idea of a stream, when it is caused by the waters of a subterranean stream passing through the voids of loose, permeable, matured filling, or partially obstructing the channel of the stream, and when the material through which the water forces itself, fills a well defined channel with impervious sides and bed.

Headnote 12

Diversion of Underflow or Percolating Water - The owners of

Headnote 12, con'd.

the soil cannot divert any part of the underflow of subterranean water forming part of the stream, whether such water would or would not reach the surface stream of the river; nor can he divert percolating water if the effect would be to cause the water of the stream to leave its bed to fill the void caused by such diversion.

Headnote 14

Rules of Surface Streams applicable - Subterranean streams flowing through known and definite channels are governed by the same rules that apply to surface streams.

Headnote 15

"Defined" and "known" Channels - Reasonable Inference - The channel of a subterranean stream is "defined" when it is contracted and bounded though the course of the stream may be undefined to human knowledge; and its course is sufficiently "known" when it is the subject of reasonable inference.

Headnote 16

Inference as to channel - Submission to Jury - Where the boundaries of the channel and the existence and course of a subterranean stream in the lands sought to be condemned are not defined or known, otherwise than by inference from the evidence, and it might reasonably be inferred therefrom that the channel was bounded and defined by the sloping sides of hills meeting underground, and that there was a subsurface flow in that channel through such lands, corresponding with the known surface flow of the river outward through the gap, the court was justified in submitting to the jury whether the subsurface flow in such lands was a part of the stream.

Quoting from page 631 of the report of said case:

"The difference between counsel and the superior court at this point seems to be that to them all, water passing through sand, gravel and boulders is percolating water, and the mere fact of percolation is inconsistent with the idea of a stream, while to the court there is no such inconsistency when the material through which the water forces itself fills a well defined channel with impervious sides and bed, through which a considerable body of water flows from its source to its resting place"

The underground waters of the Swartout Valley and Sheep Creek, in our opinion, are similar to the waters as described in the last named case

and therefore come within the jurisdiction of this office.

Owing to the inavailability of runoff records of Sheep Creek over an extended period of time, various attempts have been made by engineers to compute the probable runoff from the estimated rainfall and comparison with the runoff of similar streams. The results of these various estimates are set forth in the following table:

Engineer	Drainage Area	Total Average Runoff in A. F. per annum	Runoff A. F. per annum	
			Surface	Underground
E. Hyatt, Jr.	: 11.75 sq.mi. :	11,000	: 5,500 :	5,500 :
J. G. Van Zandt	: 11.8 " :	14,756	: 6,324 :	8,432 :
Mr. Gillelen	: :	12,000	: :	:
E. A. Rowe	: 10.4 " :		: 4,848 :	:
Mr. Lippincott	: 10.4 " :		: 3,640 :	:

Mr. Lippincott did not believe that more than 1,100 or 1,200 acre feet per annum could be developed by the tunnel.

It would appear that the use of water in Swartout Valley had been very small. Less than 100 acres of land have been irrigated and together with stock watering and domestic use the requirements of the valley are very small.

That there is considerable runoff during certain times of the year is admitted by all the interested parties. Most of the runoff occurs during the winter months when it is not utilized by the water users in Swartout Valley and during the summer months there are occasional cloudbursts which flood the valley. This winter flow and occasional summer floods can only be utilized by means of storage, there being little or no unappropriated water during the irrigation season.

It has been the practice of the Division of Water Rights to limit the amount of proposed diversion to the capacity of the applicants diversion works. As the capacity of the proposed reservoir is only 1300 acre feet, it would appear

reasonable to assume that a total diversion of 3000 acre feet per annum would be as much as could be put to beneficial use in any one year from a reservoir of that size. This amount would not only be sufficient to allow a 100% replenishment but would be sufficient to care for evaporation and other losses. Testimony presented at the hearing indicated that the average use of the applicant would be even less than 3,000 acre feet per annum (Transcript page 115).

Although the amount of proposed diversion should be limited to 3,000 acre feet per annum the season of diversion should be throughout the entire year as stated in the application in order that the applicant may avail itself of the opportunity of collecting the flood flows which may occur at any time.

The use to which the water is to be put is a highly beneficial one and is absolutely necessary to the production of crops on the lands of the Company, and as we have seen, there is undoubtedly unappropriated water during certain seasons of the year, which is subject to appropriation, and which the applicant can put to beneficial use. There is, therefore, no reason why the application should not be approved for 3,000 acre feet per annum.

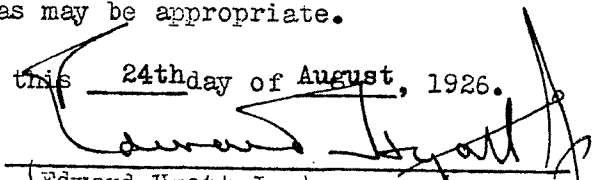
O R D E R

Application No. 3883 for a permit to appropriate water having been filed with the Division of Water Rights as above stated, protests having been filed, a public hearing having been held, and the Division of Water Rights now being fully informed in the premises:

IT IS HEREBY ORDERED that said application No. 3883 be approved for 3000 acre feet per annum only and a permit be granted to the applicant subject to such of the usual terms and conditions as may be appropriate.

Dated at Sacramento, California, this 24th day of August, 1926.

WES:CC


(Edward Hyatt, Jr.)

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF RIVERSIDE

PACIFIC SOUTHWEST TRUST &
SAVINGS BANK, a corporation,
et al

Plaintiffs

vs.

SHEEP CREEK WATER COMPANY,
a corporation,

Defendant

No. 15583
AGREEMENT OF PARTIES IN
CONNECTION WITH STIPULATION
FOR JUDGMENT.

This agreement made and entered into in duplicate this
24th day of September, 1931, by and between the Security-First
National Bank of Los Angeles, a national banking association, suc-
cessor to Pacific-Southwest Trust & Savings Bank, a corporation,
and the County of Los Angeles, a body politic and corporate,
plaintiffs in the above entitled action, and parties of the first
part herein, and Sheep Creek Water Company, a corporation, defen-
dant in said action and party of the second part herein witnesseth:

That Whereas, the above entitled action is pending in the
Superior Court of the State of California in and for the County
of Riverside and there is in force a temporary injunction issued
in the above entitled proceedings wherein and whereby defendant
herein, its officers, agents and employees, and all persons acting
in aid of them or any of them are enjoined and restrained from con-
structing or driving the tunnel referred to and described in the
complaint in said action, to a point south of a line drawn east
and west across Sheep Creek Canyon through the old shaft construc-
ted by defendant in Sheep Creek, which said shaft is approximately
3800 feet south of the portal of said defendant's tunnel, and from
lowering said shaft and connecting same with said tunnel, and
whereby said defendant is permitted to construct and drive said
tunnel along and in said Sheep Creek to a point as far south as,
but not beyond a line drawn east and west across Sheep Creek

1 Canyon through said old shaft; and

2 Whereas, it is desired by all the parties hereto that said
3 litigation shall be now and forever terminated; and

4 Whereas, it is desired by all the parties hereto that
5 the water rights and water interests of the parties hereto shall
6 be for all time settled and determined for themselves and for their
7 successors as far as such water rights and interests of the first
8 parties as against the second parties and the second parties against
9 the first parties are concerned;

10 NOW THEREFORE it is agreed between the parties hereto that
11 in order to accomplish the aforesaid settlement ~~the~~ the final decree
12 of the above court in this action may be entered in accordance with
13 the attached stipulation and that in pursuance of said decree of
14 the court the second party herein may erect, such works, drive and
15 construct such shafts, drifts, tunnels, ditches, and dams and do
16 such things as it may deem convenient, necessary or expedient in
17 the premises, to take any and all water it may desire from the lands
18 lying and being in San Bernardino County, State of California, and
19 lying generally within that portion of the area of Sheep Creek Valley
20 lying below the point on Sheep Creek designated in the temporary
21 injunction.

22 The Security-First National Bank of Los Angeles aforesaid,
23 agrees that it will not bore any wells nor sink any shafts, tunnels
24 drifts or other excavations within the area embraced within and
25 more particularly described as follows: The northwest quarter ($\frac{1}{4}$)
26 of the southwest quarter ($\frac{1}{4}$), of Section Ten (10), the east one-half
27 ($\frac{1}{2}$) of the northeast one quarter ($\frac{1}{4}$), of the southeast one fourth
28 ($\frac{1}{4}$) of Section Nine (9), the south one - half ($\frac{1}{2}$), of the
29 south one - half ($\frac{1}{2}$) of section Nine (9), excepting there-
30 from the west one - half ($\frac{1}{2}$), of the south-west one quarter ($\frac{1}{4}$)
31 of the southwest one quarter ($\frac{1}{4}$) of section nine (9), the north
32

1 one-half ($\frac{1}{2}$) of the northeast one quarter ($\frac{1}{4}$) of section sixteen
2 (16) and the east one-half ($\frac{1}{2}$) of the northeast one quarter ($\frac{1}{4}$)
3 of the northwest one quarter ($\frac{1}{4}$) of section sixteen (16), Township
4 three (3), North Range Seven (7) West, San Bernardino S. & M.,
5 for the purpose of obtaining or interfering with or that inter-
6 fere with the flow of any underground waters and the said bank
7 does hereby grant and convey to the Sheep Creek Water Company,
8 a corporation, an easement and right-of-way to construct, operate
9 and maintain a submerged dam and bulkhead with drain or tunnel
10 across the channel of Sheep Creek and Sheep Creek Valley at Station
11 36 / 75 in the present tunnel of the said Sheep Creek Water Company,
12 said point being approximately 175.03 feet north of the center of
13 the shaft referred to in said injunction, together with the necessary
14 right of ingress or egress along, underneath, or across the channel
15 of Sheep Creek for the purposes of construction, operation and main-
16 tenance of said works, all as set forth in the accompanying state-
17 ment entitled "Outline of Development Plan of Sheep Creek Water
18 Company" and the drawing thereto attached headed "Approximate
19 Cross-Section of Underground Channel of Sheep Creek At Station
20 36 / 75, Showing Proposed Plan of Development by the Sheep Creek
21 Water Company, February 1951," hereto attached.

22 TO HAVE AND TO HOLD unto the said Sheep Creek Water Company,
23 a corporation, its successors or assigns forever.

24 In consideration of the premises and the payment to it of
25 the sum of Ten Dollars (\$10.00) in hand paid, the receipt whereof
26 is hereby admitted and other valuable considerations, the said City
27 of the second part hereby waives any and all claims which it may
28 or might hereafter have against the parties of the first part
29 and each of them for any and all use of water by the said parties
30 or either of them in the San Gabriel Valley and within its watershed
31 lying above the point designated in the temporary injunction
32 the point beyond which the party of the second part shall

1 perform any work or continue its tunnel. The said party of the
2 second part hereby recognizes the full ownership, title and right
3 of the said parties of the first part and each of them to their
4 respective water rights within the Swartout Valley and its water-
5 sheds whether acquired by riparian ownership, user or otherwise,
6 and except as otherwise herein above provided, agrees that the
7 parties of the first part or either of them may erect such works,
8 drive and construct such shafts, drifts, tunnels, ditches and dams
9 and do such things as they may deem necessary, convenient or expedient
10 in the premises to take for use only within the watershed of Swart-
11 out Valley any and all water they may desire from the lands in
12 either San Bernardino or Los Angeles Counties lying within Swart-
13 out Valley or its watershed, located southerly and westerly of the
14 line designated in the temporary restraining order entered in the
15 above entitled action, said line extending east and west across
16 Sheep Creek Canyon through the old shaft constructed by the party
17 of the second part in Sheep Creek, said shaft being approximately
18 3800 feet south of the portal of the tunnel constructed by the
19 party of the second part.

20 The said party of the second part hereby further waives
21 any and all claim that it may now have or which may hereafter
22 accrue to it by reason of the development of water by the parties
23 of the first part, or either of them, in any portion of Swartout
24 Valley lying westerly of the easterly line of Section 2, T3N. R8W
25 S.B.M., and hereby consents to the conveyance, diversion or use
26 of all of the water so developed or produced westerly of said line
27 outside of and beyond the watershed of said Swartout Valley.
28 Provided, however, and not withstanding anything to the
29 contrary hereinabove contained, the second party shall have the per-
30 petual right to take, divert and use all surface water flowing in

1 Sheep Creek below the confluence of said Sheep Creek with Swartout
2 Creek and may construe such diversion dams and barriers as shall
3 be necessary to divert the same into a ditch or conduit, and may
4 maintain such ditches and conduits as shall be necessary to divert
5 and carry away such water for use by said second party;

6 Provided further, however, that the right of second party
7 to take said surface water in Sheep Creek shall be subsequent and
8 subordinate to the rights of first parties or either or both of same
9 to and the use of the waters hereinabove set forth and said right of
10 second party shall not be construed as in any way minimizing or res-
11 tricting the rights to and the use of the waters flowing in Sheep
12 Creek and Swartout Creek as hereinabove set forth by first parties
13 or either or both of same.

14 IT IS UNDERSTOOD AND AGREED that the foregoing Agreement is
15 binding upon the heirs, successors and assigns of the respective
16 parties and that the covenants herein contained shall be construed
17 as covenants running with the land of the respective parties.
18

19 IN WITNESS WHEREOF the said parties have caused these premises

STATE OF CALIFORNIA, }
County of Los Angeles, } ss.

ON THIS 7th day of December A. D. 1931, before me,
L. E. LAMPTON, County Clerk and Clerk of the Superior Court in and for the County
of Los Angeles, State of California, residing therein, duly commissioned and sworn.

STATE OF CALIFORNIA,
County of San Bernardino }

On this 8th day of January, in the year nineteen hundred and thirty-two A. D.,
before me, Grace E. Garrett, a Notary Public in and for the said County of
San Bernardino State of California, residing therein, duly commissioned and sworn, personally
appeared A. E. Johnson

president and A. A. Johnson, known to me to be the
secretary of Sheep Creek Water Company, known to me to be the
the Corporation which executed the within and annexed instrument, and acknowledged
to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal
in said county the day and year in this certificate first above written.

Grace E. Garrett
Notary Public in and for San Bernardino County, State of California.

1 Sheep Creek below the confluence of said Sheep Creek with Swartout
2 Creek and may construct such diversion dams and barriers as shall
3 be necessary to divert the same into a ditch or conduit, and may
4 maintain such ditches and conduits as shall be necessary to divert
5 and carry away such water for use by said second party;

6
7 Provided further, however, that the right of second party
8 to take said surface water in Sheep Creek shall be subsequent and
9 subordinate to the rights of first parties or either or both of same
10 to and the use of the waters hereinabove set forth and said right of
11 second party shall not be construed as in any way minimizing or res-
12 tricting the rights to and the use of the waters flowing in Sheep
13 Creek and Swartout Creek as hereinabove set forth by first parties
14 or either or both of same.

15 IT IS UNDERSTOOD AND AGREED that the foregoing Agreement is
16 binding upon the heirs, successors and assigns of the respective
17 parties and that the covenants herein contained shall be construed
18 as covenants running with the land of the respective parties.

19 IN WITNESS WHEREOF the said parties have caused these premises

CORP. 3

STATE OF CALIFORNIA, } ss.
County of Los Angeles.

ON THIS 7th day of December A. D., 1931, before me,
L. E. LAMPTON, County Clerk and Clerk of the Superior Court in and for the County
of Los Angeles, State of California, residing therein, duly commissioned and sworn,
personally appeared Henry M. Wright, Chairman Board
of Supervisors and Marie B. Bently, Deputy

known to me to be the person whose name is subscribed to the within
instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal
the day and year in this Certificate first above written.

L. E. LAMPTON, County Clerk.

By Alice Bents Deputy.

30 Attest: Deputy

31 H.A. Johnson
Secretary

SHEEP CREEK WATER COMPANY,
BY H.A. Johnson
President

1 Sheep Creek below the confluence of said Sheep Creek with Swartout
2 Creek and may construct such diversion dams and barriers as shall
3 be necessary to divert the same into a ditch or conduit, and may
4 maintain such ditches and conduits as shall be necessary to divert
5 and carry away such water for use by said second party;

6 Provided further, however, that the right of second party
7 to take said surface water in Sheep Creek shall be subsequent and
8 subordinate to the rights of first parties or either or both of same
9 to and the use of the waters hereinabove set forth and said right of
10 second party shall not be construed as in any way minimizing or res-
11 tricting the rights to and the use of the waters flowing in Sheep
12 Creek and Swartout Creek as hereinabove set forth by first parties
13 or either or both of same.

14 IT IS UNDERSTOOD AND AGREED that the foregoing Agreement is
15 binding upon the heirs, successors and assigns of the respective
16 parties and that the covenants herein contained shall be construed
17 as covenants running with the land of the respective parties.

18 to be executed by the said parties have caused these premises
19 to be executed by their respective attorneys thereunto duly authorized
20



21 NATIONAL BANK OF LOS ANGELES
22 By J. McHugh
23 Vice-President
24
25 E. B. Cant
26 Asst. Secretary
27

28 COUNTY OF LOS ANGELES
29 By Henry H. Knight
30 Chairman of its Board of
31 Supervisors

32 L. E. LAMPTON, County Clerk and
ex-officio Clerk of the Board
of Supervisors.
33 By Wm. B. Beatty
34 Deputy
35 Attest: W. B. Johnson
36 Secretary

37 SHEEP CREEK WATER COMPANY
38 BY A. E. Johnson
39 President

This must be filed to be
"CERTIFIED COPY"
of this certificate attached
to be a full, true and correct copy
of the original on file and of record in my
office and year first above written.

23 Superior Court of California
24 County of Riverside
25
26
27
28
29
30
31

Dated: 5/30/07
Attest: W. B. Johnson
"CERTIFIED COPY"

Engineering Office
W. P. Ross
725 "G" Street

San Bernardino, Calif.

OUTLINE OF DEVELOPMENT PLAN OF SHEEP CREEK WATER COMPANY

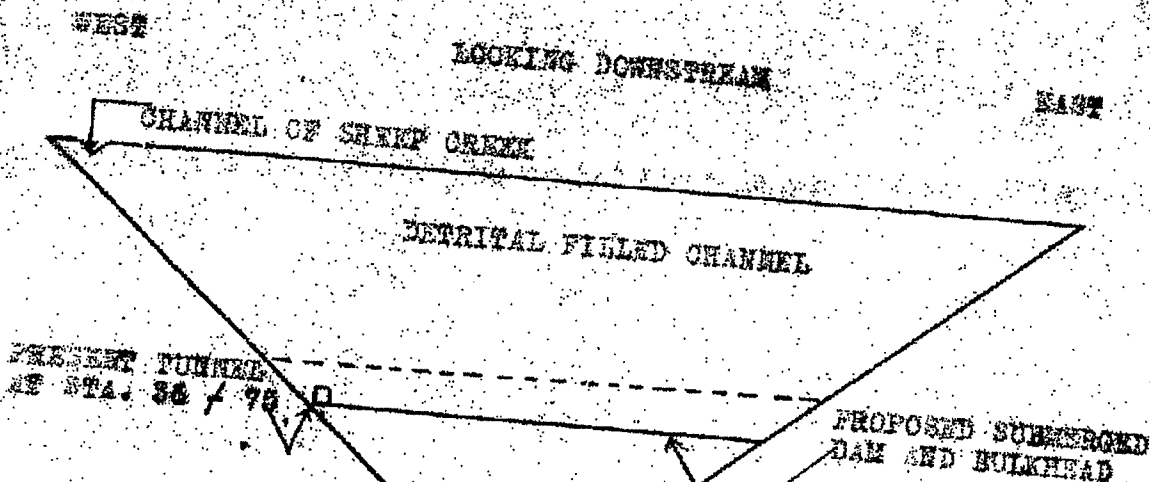
The present tunnel of the Sheep Creek Water Company, as to Station 36 / 50.63 as shown on the map of the survey made by the County surveyor's office of Los Angeles County in February 1926, entitled "Map of Survey Showing Improvements of Sheep Creek Water Company -- E.B. 98 pages 28 to 40", which map shall be referred to whenever any station numbers are mentioned hereafter. At station 56 / 75 on this map, the bedrock west wall of the underground channel of Sheep Creek was encountered by the tunnel. It is now proposed to follow the bedrock easterly by means of a tunnel at right angles to the channel of Sheep Creek, until the bottom of the trough is reached and then to continue the tunnel up to the easterly bedrock wall of the underground channel of Sheep Creek, until an elevation equal to the tunnel is reached. It is then proposed to stop out the material overlying this tunnel and construct an impervious dam in its place, so that on completion of the work there will be a submerged dam cutting off the escape of the underground waters of Sheep Creek which are below the present level of the tunnel at Station 36 / 75. If conditions warrant, it is proposed to extend this submerged dam upward as far as economically possible and cause it to act as a bulkhead.

In order to carry out this plan, it may require that the land of the Wrightwood Corporation be entered by the underground tunnel and dam referred to before and by means of shafts or other works. The Sheep Creek Water Company would like a right-of-way from the Wrightwood Company, or any company legally empowered to grant this right-of-way for the construction of this tunnel, submerged dam and appurtenant works. The accompanying sketch shows

the proposed plan of development.

APPROXIMATE CROSS-SECTION
OF
UNDERGROUND CHANNEL OF SHEEP CREEK
AT
STATION 34+75
SHOWING PROPOSED PLAN OF DEVELOPMENT BY
SHEEP CREEK WATER CO.
FEB. 1951.

SCALE 1" = 200'



1 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
2 IN AND FOR THE COUNTY OF RIVERSIDE
3 -----

4 PACIFIC SOUTHWEST TRUST & SAVINGS
5 BANK, a corporation, et al,

6 Plaintiffs,

No. 15583

7 -vs-

8 SHEEP CREEK WATER COMPANY,
9 a corporation,
10 Defendants

J U D G M E N T

11 -----
12 This matter coming on regularly to be heard before the
13 Court without a jury, the respective parties named in the attached
14 stipulation being present or represented by counsel; and said
15 stipulation having been presented to the Court, and findings of
16 fact and conclusions of law having been waived;

17 NOW THEREFORE, in accordance with said stipulation, --

18 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the contract
19 attached to said stipulation and said stipulation be and the same
20 are hereby approved and the same are hereby made a part of this
21 judgment; and,

22 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the tempor-
23 ary injunction herein be and the same is hereby made final, except
24 as modified by the said agreement, and said defendant be and it is
25 hereby permitted to resume work upon the tunnel referred to in the
26 complaint and to carry on said work in the manner herein and in
27 said contract provided, and may extend said tunnel to a point
28 approximately 3800 feet south of the portals of such tunnel, and
29 may do each and all of the other things authorized to be done in
30 said contract and said defendant is the owner of the right to take,
31 divert and use all of the water developed by it in and by said
32 tunnel and in or by any and all works done, performed or con-
structed by it under said contract, and is also the owner of the
right to take, divert and use any and all surface water flowing

G. L. MURFORD
ATTORNEY AT LAW
RIVERSIDE, CALIFORNIA

1 or that may hereafter flow in Sheep Creek below thefluence
2 of said Sheep Creek with Swartout Creek and may consist such
3 diversion dams and barriers as shall be necessary to divert
4 the same into a ditch or conduit, and may maintain switches
5 and conduits as shall be necessary to divert and carry away
6 such water for use by said second party;

7 Provided further however, that the right of second party
8 to take said surface water in Sheep Creek shall be subsequent
9 and subordinate to the rights of first parties or either of both
10 of same to and the use of the waters hereinabove set forth and
11 said right of second party shall not be construed as in anyway
12 minimizing or restricting the rights to and the use of the
13 waters flowing in Sheep Creek and Swartout Creek as hereinabove
14 set forth by first parties or either or both of same.

15 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
16 defendant is the owner of the right to extend its tunnel in the
17 manner provided in said contract to a point approximately 3800
18 feet south of the portals thereof and do the work and make the
19 excavations and improvements authorized to be made by defendant
20 in said contract; and plaintiffs, their officers, agents, em-
21 ployees, successors and assigns are enjoined from interfering
22 with defendant performing any of said work or from doing or
23 performing any of the acts or things authorized to be done
24 in and by said contract, and from interfering in any manner with
25 the doing and/or performing of any of the things authorized to
26 be done in and by this judgment.

27 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant,
28 its officers, agents, employees, successors and assigns be and
29 they are hereby enjoined and restrained from doing or performing
30 any act or thing not herein authorized to be done or performed
31 which may interfere with any of the rights or privileges herein
32

C. L. McFARLAND
ATTORNEY AT LAW
EUREKA, CALIFORNIA

1 adjudicated to the plaintiffs.

2 The bond of plaintiffs given in re temporary restraining
3 order is exonerated.

4 Each of the parties hereto shall pay its own costs.
5 Done in open Court this 27th day of January, 1967.

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W. A. Reiman
Judge

This must be in red to be a
"CERTIFIED COPY"

Each document to which this certificate is attached
is certified to be a full, true and correct copy of the
original on file and of record in my office.

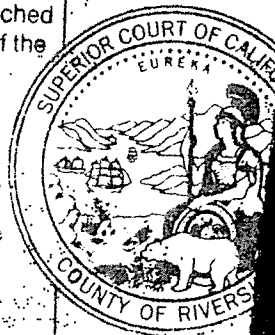
Superior Court of California
County of Riverside

By: _____

DEPUTY

Dated: _____

5/30/67



Certification must be in red to be a
"CERTIFIED COPY"

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF RIVERSIDE

PACIFIC SOUTHWEST TRUST &
SAVINGS BANK, a corporation,
et al.

Plaintiffs,

vs.

No. 15583

SHEEP CREEK WATER COMPANY,
a corporation,

STIPULATION

Defendant,

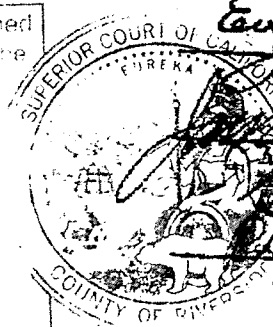
It is hereby stipulated and agreed by and between the Security-First National Bank of Los Angeles, a national banking association, successor to the Pacific-Southwest Trust & Savings Bank, a corporation, and the County of Los Angeles, a body politic and corporate, plaintiffs herein; and Sheep Creek Water Company, a corporation, defendant herein, through their respective counsel;

That whereas, the said parties have entered into an agreement respecting the subject matter of this action, such agreement being attached hereto and made a part of this stipulation by reference, and whereas, such agreement has disposed of all matters of dispute between the parties as to their respective rights other than those matters contained in the temporary injunction herein,

Now it is hereby stipulated that the temporary injunction issued in this action may be made permanent by the decree of this court, and that the final decree of this court may be entered herein upon this stipulation without findings of fact or conclusions of law, and shall consist only in making the said temporary injunction permanent, except as modified by the attached agreement.

"CERTIFIED COPY"

Everett H. Mattson
Attorney for Plaintiffs named
James H. Wilson
Attorneys for Defendant



IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA,
IN AND FOR THE COUNTY OF RIVERSIDE.

oooooooooooo

PACIFIC SOUTHWEST TRUST &
SAVINGS BANK, a corporation,
at al;

Plaintiffs

-vs-

SHEEP CREEK WATER COMPANY,
a corporation,

Defendant.

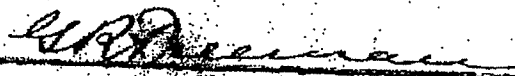
ORDER OF TEMPORARY INJUNCTION.

The above entitled matter coming on regularly to be heard upon the order to show cause heretofore issued herein, ordering and directing the defendant to be and appear before this Court and show cause why a temporary injunction should not be issued against it, as prayed for in the complaint; and the matter having been continued until this time; and the parties hereto being present and represented by their respective counsel; and affidavits having been submitted in support of the contention of the parties hereto; and it appearing to the satisfaction of the Court that the restraining order heretofore issued should be modified, and that said defendant should be permitted to resume work upon the tunnel referred to in the complaint herein, and that said main tunnel can be extended and driven southerly as far as the old south shaft in said Sheep Creek (said shaft being approximately 3800 feet southerly from the portal of said tunnel), without penetrating any of the barriers and without materially injuring or in any wise jeopardizing the rights of said plaintiffs;

NOW THEREFORE, IT IS HEREBY ORDERED and this is the command and order that, pending the final judgment herein, the said defendant, its officers, agents and employees and all persons acting in aid of them, or either, or any of them, be and they are hereby enjoined and restrained from constructing or driving the tunnel referred to and described in plaintiffs' complaint to a point south of a line

1 drawn east and west across Sheep Creek Canyon through the old shaft
2 constructed by defendant in Sheep Creek, which said shaft is
3 approximately 3800 feet south of the portal of said defendant's
4 tunnel, and from lowering said shaft and connecting same with said
5 tunnel, and said defendant is permitted to construct and drive
6 said tunnel along and in said Sheep Creek to a point as far south
7 as, but not beyond, a line drawn east and west across Sheep Creek
8 Canyon through said old shaft.

9 Done in open Court.

10
11 
12 JUDGE

04/03 TUE 11:02 FAX
WELL PERMIT APPLICATION

ML & Rural / Water & Sewage Program - L.A. County DHS / Environmental Health
5050 Commerce Drive, Baldwin Park, CA 91706-1423
TEL (626)430-4380 FAX (626)813-3016

PRODUCTION WELL

002

DATE:

<input checked="" type="checkbox"/> NEW WELL CONSTRUCTION	<input type="checkbox"/> PRIVATE DOMESTIC	<input type="checkbox"/> PUBLIC DOMESTIC
<input type="checkbox"/> RECONSTRUCTION OR RENOVATION	<input type="checkbox"/> IRRIGATION	<input type="checkbox"/> Small System
<input type="checkbox"/> DECOMMISSIONING	<input type="checkbox"/> INDUSTRIAL	<input type="checkbox"/> Large System
<input type="checkbox"/> OTHER:	<input type="checkbox"/> GRAVEL PACK	<input type="checkbox"/> Other:

WELL LOCATION	SITE ADDRESS APN 2089-012-004		CITY LLANO		ZIP CODE
	Township SN	Range 8W	Section 24	Map Book Page/ Grid	
	GPS LOCATION: (To be completed after the final seal) N 34° 30' 750 W 117° 39' 734"				

WELL CONSTRUCTION	Type and Size of Production Casing	16" x 312 WALL STEEL
	Sanitary / Annular Sealing Material	50' 105X QMT SAND
	Depth of Sanitary / Annular Seal	50'
	Conductor Casing Seal	50'

Company	
Contact Person	
Address	
City, State Zip	
Telephone	

OWNER/DRILLER INFORMATION	Well Owner	SHEEP CREEK WATER COMPANY
	Address	4200 SUNNYSLOPE ROAD BOX 291820 PHELAN CA 92329-1820
	City / Zip Code	PHELAN 92329-1820
	Telephone	760-868-3755
	Well Driller	FARM PUMP & IRRIGATION
	Address	535 N. SHAFTER AVE
	City / Zip Code	SHAFTER CA 93263
	Drill License No.	602148
Telephone	661-589-6901	

IF WELL AND GEOLOGIC CONDITIONS ENCOUNTERED IN THE FIELD ARE FOUND TO DIFFER FROM THE SCOPE OF WORK PRESENTED TO THIS OFFICE, WORK PLAN MODIFICATIONS MAY BE REQUIRED.

DISPOSITION OF PERMIT (Department Use Only)
THIS PERMIT IS CONSIDERED COMPLETE WHEN THE WORK PLAN IS APPROVED, A FINAL INSPECTION CONDUCTED BY THIS DEPARTMENT, AND THE RECEIPT OF A WELL COMPLETION LOG. NO WELL CONSTRUCTION OR DECOMMISSIONING CAN BE INITIATED WITHOUT THE WORK PLAN APPROVAL FROM THIS DEPARTMENT.

Date	3/7/01
Condition	Comply w/ Wild life Biological Per

THIS PERMIT (1) 48HR NOTICE PRIOR TO SEAL
(2) SEAL WITHIN 14 days AFTER DRILLING.
(3) MAINTAIN BORE HOLE CAPPED OR PROTECTED FROM CONTAMINATION (4) PROVIDE LOG WITHIN 30 DAYS OF Well Development. FAXED TO: 760-868-2174 SHEEP CREEK WATER CO.

THE PLACEMENT OF THE ANNULAR SEAL MUST BE WITNESSED BY THIS DEPARTMENT. CONTACT THIS OFFICE AND ARRANGE FOR AN APPOINTMENT.

FINAL INSPECTION

Date	REHS
------	-------------

PERMIT ISSUED
The well log must be submitted to this Department prior to issuance of the final approval.

Date	REHS
------	-------------

THE COMPLETED WELL MUST BE PROPERLY DISINFECTED AND MEET BACTERIOLOGICAL STANDARDS PRIOR TO USE

WATER QUALITY	
The water from the well must meet bacteriological standards prior to domestic use	
Date	REHS

I hereby agree to comply in every respect with all the regulations of the County Environmental Health Division and with all ordinances and laws of the County of Los Angeles and the State of California pertaining to well construction, reconstruction and decommissioning. Upon completion of the well and within thirty days thereafter, I will furnish the Environmental Health office with a completion log of the well giving date drilled, depth of the well, perforations in the casing, and any other data deemed necessary by County Environmental Health Division.

Mike Mylton
Applicant's Signature

Applicant Name: (PRINT)
Telephone no

MIKE MYLTON

76-666-66
11.13 (Rev. 02/00)

FAX 661-746-1510

FAX 661-80 08:49 FAX 10/00/00

ORIGINAL
File with DWR

Page 1 of 1

Owner's Well No. LLANO 1

Date Work Began 4/5/07, Ended 4/25/07

Local Permit Agency LA COUNTY

Permit No. _____ Permit Date 3/3/07

WELL COMPLETION REPORT

STATE OF CALIFORNIA
Refer to Instruction Pamphlet

No. **e052355**

DWR USE ONLY - DO NOT FILL IN	
STATE WELL NO / STATION NO.	
LATITUDE	LONGITUDE
APN/TRS/OTHER	

ORIENTATION (%)			GEOLOGIC LOG	
			DRILLING METHOD <u>REVERSE</u>	FLUID WATER
			DESCRIPTION	
			Describe material, grain, size, color, etc.	
DEPTH FROM SURFACE	FL	TO FL		
0	7		BROWN SANDY TOP SOIL	
7	65		MEDIUM BROWN SAND	
35	166		COARSE BROWN SAND & GRAVEL	
156	255		MEDIUM BROWN SAND TRACE CLAY	
255	275		BROWN GRITTY CLAY	
275	412		MEDIUM BROWN SAND & CLAY	
412	437		BROWN CLAY	
437	590		BROWN CLAY & SMALL ROCKS	
590	620		BROWN CLAY	
620	691		BROWN CLAY & SMALL ROCKS	
691	722		BROWN GRITTY CLAY	
722	855		BROWN GRITTY CLAY & ROCKS	
855	985		BROWN CLAY	
985	978		GREY CLAY	
978	993		X-HARD GRANITE	

WELL OWNER	
Name <u>SHEEP CREEK WATER COMPAN</u>	
Mailing Address <u>P.O. BOX 29120</u>	
<u>PHELAN</u>	CA <u>92329</u>
CITY	STATE ZIP
WELL LOCATION	
Address <u>HYW 18 & 283rd St. E.</u>	
City <u>LLANO CA 92329</u>	
County <u>LOS ANGELES</u>	
APN Book <u>3089</u> Page <u>012</u> Parcel <u>004</u>	
Township <u>6 N</u> Range <u>8 W</u> Section <u>24</u>	
Latitude <u>34</u> <u>30</u> <u>7</u> N <u>117</u> <u>39</u> <u>34</u> W	
DEG. MIN. SEC. DEG. MIN. SEC.	
LOCATION SKETCH	
NORTH	
WEST	
EAST	
SOUTH	
Illustrate or Describe Distance of Well from Roads, Railroads, Fences, Rivers, etc. and attach a map. Use additional paper if necessary. PLEASE BE ACCURATE & COMPLETE.	

TOTAL DEPTH OF BORING 993 (Feet)
TOTAL DEPTH OF COMPLETED WELL 850 (Feet)

WATER LEVEL & YIELD OF COMPLETED WELL	
DEPTH TO FIRST WATER <u>?</u> (FL) BELOW SURFACE	
DEPTH OF STATIC WATER LEVEL _____ (FL) & DATE MEASURED _____	
ESTIMATED YIELD _____ (GPM) & TEST TYPE _____	
TEST LENGTH _____ (Hrs.) TOTAL DRAWDOWN _____ (FL)	
May not be representative of a well's long-term yield.	

DEPTH FROM SURFACE			BORE-HOLE DIA. (Inches)	CASING (S)					DEPTH FROM SURFACE		ANNULAR MATERIAL						
				TYPE (✓)				MATERIAL / GRADE			INTERNAL DIAMETER (Inches)	GAUGE OR WALL THICKNESS	SLOT SIZE IF ANY (Inches)	TYPE			
FL	to	FL	BLANK	SCREEN	CON- JUNCTION	PIPE								FL	to	FL	CE- MENT (✓)
0		50	42			✓		STEEL	30"	250		0		60			
0		340	28	✓				STEEL	18"	312		60		870			
140		850	28	✓				STEEL	18"	312	070 X 32						

ATTACHMENTS (%)	
✓	Geologic Log
—	Well Construction Diagram
—	Geophysical Log(s)
—	Soil/Water Chemical Analysis
—	Other
ATTACH ADDITIONAL INFORMATION, IF IT EXISTS.	

CERTIFICATION STATEMENT	
I, the undersigned, certify that this report is complete and accurate to the best of my knowledge and belief.	
NAME <u>Fern Pumps and Irrigation</u>	
(PERSON, FIRM, OR CORPORATION) (TYPED OR PRINTED)	
P.O. Box <u>1477</u>	
ADDRESS	
Signature <u>[Signature]</u>	Shafter CA <u>93263</u>
WELL DRILLER AUTHORIZED REPRESENTATIVE	CITY STATE ZIP
DATE SIGNED <u>04/28/07</u>	STATE <u>CA</u> ZIP <u>902148</u>
	C-57 LICENSE NUMBER



Farm Pump and Irrigation, Co., Inc.
F.P.I. Traveling Water Screens Co., Inc.
F.P.I. Water Well Drilling Co., Inc.

535 N. Shafter Ave., Shafter, California 93263
P. O. Box 1477, Shafter, California 93263

RECEIVED MAY 25 2007

5-24-2007

Sheep Creek Water
Attn: Chris

By fax

New Well Step Test 5-15-2007

Static Water Level @ 352 ft.

1774 gpm @ 560 ft.

1526 gpm @ 532 ft.

1353 gpm @ 510 ft.

5 minute recovery @ 375 ft.

Recommend pump be designed to produce approximately 1200 gpm @ anticipated head of 560 to 600 ft. TDH. This will allow for a drop in the water table without losing efficiency in the pump. This would require a 200 HP motor and service.

Should you have any questions, don't hesitate to contact me.

Thank you,



John Gargan

Contractors State License #602148
(661) 589-6901 • (661) 746-3376 • FAX (661) 746-1510
Internet: fpi-co.com

Farm Pump & Irrigation Co. Inc.

535 N. Shafter Ave. Shafter CA 93263 (661) 746-3376 Fax (661) 746-1510
15449 Ave. 280 Visalia CA 93292 (559) 747-0755 Fax (559) 747-3881

Well Development Report

Customer Shafter Creek Date: 5-9-07 Job # 402186
Location 1 mi North of Hwy 18 on West Side 263 Rd
Well # 10 - New Developer Ralph Engine Volvo 621
Pump Setting 600 Ft. Discharge Dia. 10"
Airline Depth 595 Ft. Flow Measuring device Manometer/Airline
Gearhead Ratio 4X5

Time	Pump RPM	GPM	Static Level	Pumping Level	Draw Down	Yield	Comments
12:00			345'				Hyd Colon on Stand
12:30	1440	450		535			" "
1:00	1440	450		542			" "
1:30	1440	450		546			" "
1:50	1440	450		551			" "
2:00	1440	450		557			" " Surges 1X
2:30	1440	450		535			" "
2:50	1440	450		537			" " Surges 1X
3:00	1560	600		572			" "
3:30	1560	600		574			" " Surges 1X
3:50	1560	650		574			" " Surges 1X
4:00							

5 MIN. RECOVERY = 313 FT.

SAND TEST STARTED

MIN. AFTER SURGE AT

GPM

SAND TEST

ML

MIN. OF TEST

=

P.P.M.

TOTAL HRS. DEVELOPMENT THIS DATE:

5.5

3.5 HRS @ 450 = 94,500 gal
1 HR @ 600 = 36,000 gal
1 HR @ 650 = 39,000 gal
169,500 gal

Farm Pump & Irrigation Co. Inc.

535 N. Shafter Ave. Shafter CA 93263 (661) 746-3376 Fax (661) 746-1510
15449 Ave. 28th Visalia CA 93292 (559) 747-0755 Fax (559) 747-3881

Well Development Report

Customer SHARP CREEKDate: 5-10-07 Job # 407186

Location _____

Well # 10 - NEWDeveloper RalphEngine Volvo 621Pump Setting 600

Fl.

Discharge Dia. 1.0"Airline Depth 59.5

Ft.

Flow Measuring device _____

Gearhead Ratio 4X5Manometer Airline

Time	Pump RPM	GPM	Static Level	Pumping Level	Draw Down	Yield	Comments
9:15A			357				Very Color
9:30	1560	650		572		9,750	" " Surge 2X
10:00	1560	750		570		22,500	STARTING TO BRACKEN 11 2X
10:30	1560	850		565		25,500	Very Color " 2X
11:00	1560	900		556		27,000	" " " 2X
11:30	1560	950		558		28,500	" " " 2X
12:00P	1560	950		558		28,500	" " " 2X
12:30	1560	1000		556		30,000	" " " 2X
1:00	1560	1000		549		30,000	DOWN BACK COLOR 10 min to 10 min of " 2X
1:30	1620	1100		572		33,000	STARTING TO CLARIFY 2X
2:00	1620	1100		572		34,500	cloudy " 2X
2:30	1620	1200		572		36,000	5 min of color " 5X
3:00	1620	1200		570		36,000	STARTING TO CLARIFY
3:30							POUR IN 30 gals. Surgen
4:00							Thin & Surges
						341,250	

5 MIN. RECOVERY = 376 FT.

SAND TEST STARTED _____

MIN. AFTER SURGE AT _____

GPM

SAND TEST _____

ML

MIN. OF TEST _____

= _____ P.P.M.

TOTAL HRS. DEVELOPMENT THIS DATE: 7

Farm Pump & Irrigation Co. Inc.

535 N. Shafter Ave. Shafter CA 93263 (661) 746-3376 Fax (661) 746-1510
15449 Ave. 280 Visalia CA 93292 (559) 747-0755 Fax (559) 747-3881

Well Development Report

Customer Shafter Creek Date: 5-11-07 Job # 407180
Location 1 mi No of Hwy 18 - Westside of 263 Rd
Well # 10 - New Developer Ralph Engine Volvo 621
Pump Setting 600 Ft. Discharge Dia. 10"
Airline Depth 595 Ft. Flow Measuring device Manometer/Airline
Gearhead Ratio 4x5

Time	Pump RPM	GPM	Static Level	Pumping Level	Draw Down	Yield	Comments
9:00 AM			348				Hwy Colon
9:30	1620	1050		570			Hwy Colon Surge 3K
10:00	1620	1100		570			" " 9 and w Colon 3K
10:30	1620	1150		568			Pool in Colon 3K
11:00	1620	1200		563			Pool in Colon 3K
11:30	1620	1250		565			13.1 PPS SAND TEST 3K
12:00	1620	1250		565			3K
12:30	1620	1250		563			13.1 PPS Sand Test 3K
1:00	1620	1300		558			3K
1:30	1620	1300		556			3K
2:00	1620	1350		551			Surge to clear 3K
2:30	1620	1350		553			Surge 3K
3:00	1620	1350		553			3K
3:30	1620	1400		553			3K
4:00	1680	1500		561			Pool in 30 and Super
4:30							Thin + Surge in
5:00							

5 MIN. RECOVERY = 318 FT.

SAND TEST STARTED _____ MIN. AFTER SURGE AT _____ GPM

SAND TEST _____ ML _____ MIN. OF TEST = _____ P.P.M.

TOTAL HRS. DEVELOPMENT THIS DATE: 8

Farm Pump & Irrigation Co. Inc.

535 N. Shafter Ave. Shafter CA 93263 (661) 746-3376 Fax (661) 746-1510
15449 Ave. 280 Visalia CA 93292 (559) 747-0755 Fax (559) 747-3881

Well Development Report

Customer Sheep Creek Date: 5-12-07 Job # 402182

Location _____

Well # 10 New Developer Ralph Engine Volvo 6.21

Pump Setting 6000 Ft. Discharge Dia. 10"
Airline Depth 595 Ft. Flow Measuring device _____
Gearhead Ratio 4X5 Manometer Airline

Time	Pump RPM	GPM	Static Level	Pumping Level	Draw Down	Yield	Comments
9:00 A			<u>352</u>				<u>Any Color</u>
9:30	<u>1680</u>	<u>1300</u>		<u>567</u>			<u>4 min Any Color Surge</u> 3X2
10:00	<u>1680</u>	<u>1400</u>		<u>567</u>			<u>11</u> 2X21
10:30	<u>1680</u>	<u>1500</u>		<u>563</u>			<u>Most Color - Cloudy</u> 11 1X
11:00	<u>1680</u>	<u>1500</u>		<u>565</u>			<u>10 SPTS Sand Test</u> 11 3X
11:30	<u>1680</u>	<u>1530</u>		<u>560</u>			<u>11</u> 3X2X
12:00	<u>1680</u>	<u>1550</u>		<u>563</u>			<u>11</u> 2X
12:30	<u>1680</u>	<u>1550</u>		<u>565</u>			<u>10 SPTS Sand Test</u> 11 3X3
1:00	<u>1680</u>	<u>1600</u>		<u>558</u>			<u>2 min Any Color</u> 11 2X3
1:30	<u>1680</u>	<u>1600</u>		<u>558</u>			<u>10 min + 30 sec Clear</u> 11 2X2X
2:00	<u>1680</u>	<u>1650</u>		<u>560</u>			<u>11</u> 1X
2:30	<u>1680</u>	<u>1650</u>		<u>563</u>			<u>9.5 SPTS Sand Test</u>
3:00							<u>Pour in 30 gals Surge</u>
3:30							<u>Thin + Surge</u> 11

5 MIN. RECOVERY = 351 FT.

SAND TEST STARTED _____ MIN. AFTER SURGE AT _____ GPM

SAND TEST _____ ML _____ MIN. OF TEST = _____ P.P.M.

TOTAL HRS. DEVELOPMENT THIS DATE: _____

Farm Pump & Irrigation Co. Inc.

535 N. Shafter Ave. Shafter CA 93263 (661) 746-3376 Fax (661) 746-1510
15449 Ave. 280 Visalia CA 93292 (559) 747-0755 Fax (559) 747-3881

Well Development Report

Customer

Shady Creek

Date: 5-14-07

Job #

407184

Location

Weil #

10 Nord

Developer

Ralph

Engine

Voww 621

Pump Setting

LEAD

Ft

Discharge Dia.

10.

Airline Depth

575

Ft.

Flow measuring device

Manömetre / Airline

Gearhead Ratio

4K5

[illegible]

5 MIN. RECOVERY = 375 FT.

SAND TEST STARTED

MIN. AFTER SURGE AT

GPM

BAND TEST

ML

MIN. OF TEST

P.P.M.

TOTAL HRS. DEVELOPMENT THIS DATE:

55

Farm Pump & Irrigation Co. Inc.

535 N. Shafter Ave. Shafter CA 93263 (661) 746-3376 Fax (661) 746-1510
15440 Ave 180 W. Holt, CA 93222 (661) 746-3376

15449 Ave.280 Visalia CA 93292 (559) 747-0755 Fax (559) 747-3881

Well Development Report

Customer Sherry Chase

Date: 5-15-07 Job # 407186

Location

Well# 10 - NEW

Developer FAK

Engine Volvo 621

Pump Setting 6.00

Fl

Discharge Dia. 10"

Airline Depth 545

Ft.

Flow Measuring device

Gearhead Ratio 4x5

Manometer/ Airline

[illegible]

MIN. RECOVERY = 375 FT.

SAND TEST STARTED

MIN. AFTER SURGE AT	GPM
1	100
2	100
3	100
4	100
5	100
6	100
7	100
8	100
9	100
10	100
11	100
12	100
13	100
14	100
15	100
16	100
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86	100
87	100
88	100
89	100
90	100
91	100
92	100
93	100
94	100
95	100
96	100
97	100
98	100
99	100
100	100

SAND TEST ML MIN. OF TEST = P.P.M.

TOTAL HRS. DEVELOPMENT THIS DATE:

H2-O TO GO



P.O. Box 290520

Phelan, CA 92329-0520

Office: (760) 868-8585

Fax: (760) 868-8525

4622

RECEIVED APR 26 2007

Start Date 4-9-2007

CUST. P.O. #:

BILL TO (RENTER)

ADDRESS SHEEP CREEK WATER

CITY 4200 SUNNYSLOPE RD

STATE CA ZIP 92329

JOB NAME LOCATION REMARKS WATER TRUCK RENTAL

PHONE (868) 3755

JOB SUPT. Mike

JOB PHONE ---

DRIVER Rich

EQUIPMENT NO. #1 4000 GAL

HOURLY RATE \$55.00

AMOUNT 1,925.00

DESCRIPTION OF WORK

TRAVEL TIME

HOURS WORKED

LOADS

LOCATION SERVICES

FILL TANK

TOTAL

\$1,925.00

CALIFORNIA PRELIMINARY NOTICE

YOUR ATTENTION IS DIRECTED TO SECTION 3097, 3098 AND 3111, CALIFORNIA CIVIL CODE WHICH REQUIRES US TO NOTIFY YOU THAT IF BILL ARE NOT PAID IN FULL FOR LABOR, SERVICES, EQUIPMENT OR MATERIAL FURNISHED, OR TO BE FURNISHED, THE IMPROVED PROPERTY (WHICH IS DESCRIBED HEREIN) MAY BE SUBJECT TO MECHANICS' LIEN* (THIS STATEMENT IS APPLICABLE TO PRIVATE WORK ONLY.)

Worked as Directed: We make deliveries inside curb line and on the lot at customer's risk only, and accept no responsibility whatever for damages resulting from such deliveries. Not Responsible for damages to underground facilities within the boundaries of excavation, when such facilities are not marked prior to start of work.

In the event of customer failure to pay the above equipment rental, labor and/or material customer agrees to pay reasonable attorneys' fees, costs and interest for collection: Minimum of one hour travel time will be charged. The renter agrees to hold harmless H2-O To Go and its employees from any and all liability, claims or experience arising out of work performed hereunder at renter's direction, whether written or oral.

Payments received thirty days after invoice is subject to 2% late fee.

Thank you

ACCEPTED AS SATISFACTORY BY

H2-O TO GO

Total Gallons
Hauled 112,000



4621

P.O. Box 290520

Phelan, CA 92329-0520

Office: (760) 868-8585

Fax: (760) 868-8525

RECEIVED APR 26 2007

Start Date 4-4-2007

CUST. P.O. #:

BILL TO (RENTER)

ADDRESS SHEEP CREEK WATER

CITY 4200 SUNNYSLOPE RD

STATE CA ZIP 92329

JOB NAME LOCATION REMARKS WATER TRUCK RENTAL

PHONE (868) 3755

JOB SUPT. Mike

JOB PHONE ---

DRIVER Rich

EQUIPMENT NO. #1 4000 GAL

HOURLY RATE \$385.00

AMOUNT \$385.00

DESCRIPTION OF WORK

TRAVEL TIME

HOURS WORKED

LOADS

LOCATION SERVICES

FILL TANK

TOTAL

\$385.00

CALIFORNIA PRELIMINARY NOTICE

YOUR ATTENTION IS DIRECTED TO SECTION 3097, 3098 AND 3111, CALIFORNIA CIVIL CODE WHICH REQUIRES US TO NOTIFY YOU THAT IF BILL ARE NOT PAID IN FULL FOR LABOR, SERVICES, EQUIPMENT OR MATERIAL FURNISHED, OR TO BE FURNISHED, THE IMPROVED PROPERTY (WHICH IS DESCRIBED HEREIN) MAY BE SUBJECT TO MECHANICS' LIEN* (THIS STATEMENT IS APPLICABLE TO PRIVATE WORK ONLY.)

Worked as Directed: We make deliveries inside curb line and on the lot at customer's risk only, and accept no responsibility whatever for damages resulting from such deliveries. Not Responsible for damages to underground facilities within the boundaries of excavation, when such facilities are not marked prior to start of work.

In the event of customer failure to pay the above equipment rental, labor and/or material customer agrees to pay reasonable attorneys' fees, costs and interest for collection: Minimum of one hour travel time will be charged. The renter agrees to hold harmless H2-O To Go and its employees from any and all liability, claims or experience arising out of work performed hereunder at renter's direction, whether written or oral.

Payments received thirty days after invoice is subject to 2% late fee.

Thank you

ACCEPTED AS SATISFACTORY BY

DESERT DESIGN

GENERAL ENGINEERING CONTRACTOR

Lic. # 659946

8627 Valle Vista • Phelan, CA 92371

(760) 868-3700 • Fax (760) 868-0508

1949

SERVICE INVOICE

DATE OF ORDER 4-12-07			
CUSTOMER'S ORDER NO.	PHONE	HELPER	DATE
BILL TO Sheep Creek Water Co.		ORDER TAKEN BY Steve	
ADDRESS			

CITY / STATE / ZIP

JOB NAME AND LOCATION

Goss to Well #10

WORK ORDERED BY

Chris

DESCRIPTION OF WORK

4-13 FRI 11 HRS	Total Gallons
4-14 SAT 12 HRS	Water Hauled
4-15 SUN 12 HRS	99,120 Gallons
4-16 MON 12 HRS	
4-17 TUE 11 HRS	
4-18 WED 12 HRS	
4-19 THUR 4 HRS	
WATER TRUCK 74 HRS	

TOTAL MATERIALS	
TOTAL LABOR	
TAX	
NO ONE HOME	DATE COMPLETED
TOTAL AMOUNT \$ 4,810.00	

I HEREBY ACKNOWLEDGE THE SATISFACTORY
COMPLETION OF THE ABOVE DESCRIBED WORK

X

SIGNATURE

Total amount
due for above
work; or

Total billing to
be mailed
after
completion
of work

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SHEEP CREEK WATER COMPANY

Attachment I.3.b.i.

GRESHAM | SAVAGE
ATTORNEYS AT LAW
3750 UNIVERSITY AVE.
STE. 250
RIVERSIDE, CA 92501-3335
(951) 684-2171

RECORDING REQUESTED BY
UNITED TITLE COMPANY

AND WHEN RECORDED MAIL TO:
SHEEP CREEK WATER COMPANY
P.O. BOX 291820
PHELAN, CA 92329

06 0224419

50514672-63

A.P.N.: 3089-012-004

Order No.: 50514672-63

Space Above This Line for Recorder's Use Only

Escrow No.: 6-6170-BS

lb

GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY \$ 22.00
☒ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale,

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,
GLORIA M. HENRY, SURVIVING TRUSTEE OF THE HENRY REVOCABLE TRUST

hereby GRANT(S) to **SHEEP CREEK WATER COMPANY . A MUTUAL CORPORATION**

the following described property in the UNINCORPORATED AREA, County of LOS ANGELES State of California;

THE NORTH 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 14, TOWNSHIP 1 NORTH, RANGE 8 WEST, LYING SOUTH OF THE NORTH 258.7 FEET OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SD section.

Document Date: December 14, 2005

**GLORIA M. HENRY, SURVIVING TRUSTEE OF
THE HENRY REVOCABLE TRUST**

By: Gloria M. Henry
GLORIA M. HENRY, SURVIVING TRUSTEE

GRANT DEED CONTINUED ON NEXT PAGE

Mail Tax Statements to: SAME AS ABOVE

1/31/06

3

A.P.N.: 3089-012-004

CONTINUATION OF GRANT DEED

STATE OF ~~CALIFORNIA~~ ^{NEW} MEXICO
COUNTY OF BERNARD

)SS

On DECEMBER 23 2005 before me, KAREN GRIFFIN A Notary Public

personally appeared Gloria M. Henry

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Karen Griffin

This area for official notarial seal.



OFFICIAL SEAL
KAREN GRIFFIN
NOTARY PUBLIC
STATE OF NEW MEXICO

My Commission Expires: APRIL 4, 2008

06 0224419

This page is part of your document - DO NOT DISCARD

06 0224419

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA
01/31/06 AT 08:00am

TITLE(S) :

DEED



L E A D S H E E T

FEE

D.T.T.

FEE \$10	W
2	

CODE
20CODE
19CODE
9

NOTIFICATION SENT \$4

Assessor's Identification Number (AIN)

To be completed by Examiner OR Title Company in black ink.

Number of AIN's Shown

3089 - 012 - 004

001

THIS FORM IS NOT TO BE DUPLICATED

RECORDING REQUESTED BY
UNITED TITLE COMPANY
AND WHEN RECORDED MAIL TO:
SHEEP CREEK WATER COMPANY
P.O. BOX 291820
PHELAN, CA 92329

2
06 0101045

A.P.N.: 3089-012-008

Order No.: 50514691-63

Space Above This Line for Recorder's Use Only

Escrow No.: 6-6184-BS

lb

80
GRANT DEED

THE UNDERSIGNED GRANTOR(s) DECLARE(s) THAT DOCUMENTARY TRANSFER TAX IS: COUNTY \$ 22.00
☒ computed on full value of property conveyed, or
☐ computed on full value less value of liens or encumbrances remaining at time of sale,

FOR A VALUABLE CONSIDERATION, Receipt of which is hereby acknowledged,
MELVIN W. WINGLER and MARGIE WINGLER, HUSBAND AND WIFE AS JOINT TENANTS

hereby GRANT(S) to **SHEEP CREEK WATER COMPANY**, a Mutual Corporation

the following described property in the **UNINCORPORATED AREA**, County of **LOS ANGELES** State of California;
THE SOUTH 1/2 OF THE SOUTH 1/2 OF THE SOUTH 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4
OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 5 NORTH, RANGE 8 WEST, SAN BERNARDINO
BASE AND MERIDIAN.

Document Date: December 15, 2005

Melvin W. Wingler
MELVIN W. WINGLER

Margie Wingler
MARGIE WINGLER

GRANT DEED CONTINUED ON NEXT PAGE

Mail Tax Statements to: SAME AS ABOVE

20

1/11/08

3

A.P.N.: 3089-012-008

CONTINUATION OF GRANT DEED

STATE OF CALIFORNIA Oregon
COUNTY OF Jackson) SS

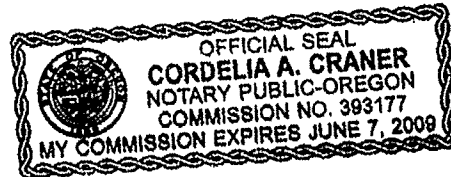
On January 5, 2006 before me, Cordelia A. Craner Notary Public
personally appeared Melvin W. Winger and Margie Winger

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Cordelia A. Craner



This area for official notarial seal.

06 0101045

This page is part of your document - DO NOT DISCARD

RECEIVED FEB 08 2006

06 0101045

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA

01/17/06 AT 08:00am

TITLE(S) : DEED



FEE

FEE \$10 M
2

CODE
20

CODE
19

CODE
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SURVEY, MONUMENT FEE \$10. CODE 9⁹

D.T.T.

NOTIFICATION SENT-\$4

Assessor's Identification Number (AIN)

To be completed by Examiner OR Title Company in black ink.

Number of AIN's Shown

3089-012-008

001

THIS FORM IS NOT TO BE DUPLICATED

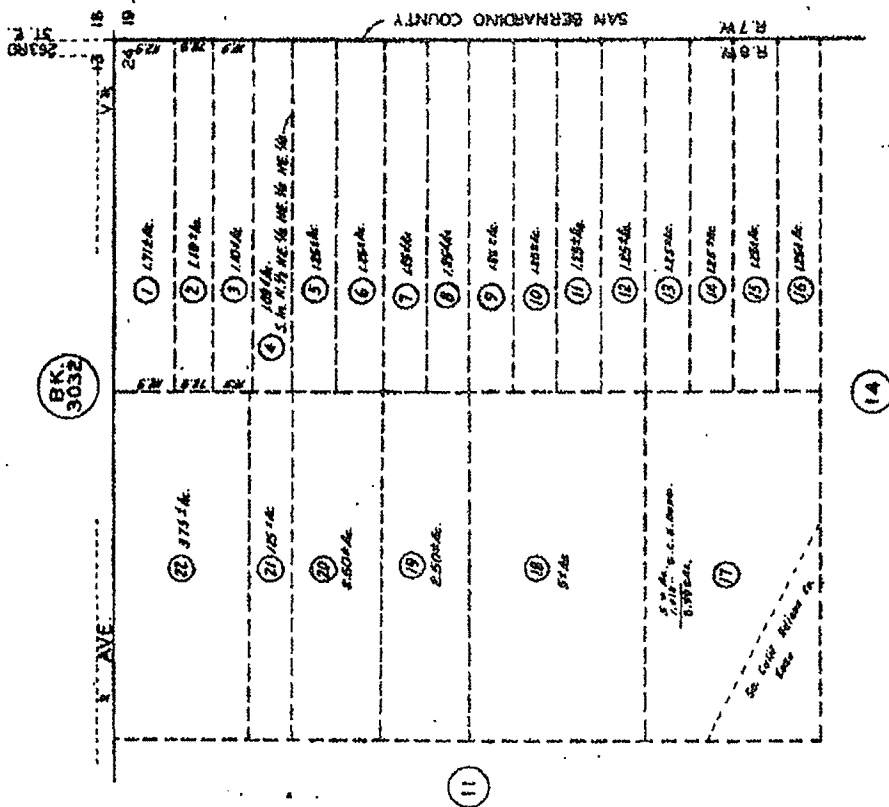
SCALE 1" = 200'

7-21-1973

FOR PREV. ASSAY SEE:
1024 - 22

T. 522.8.32

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.



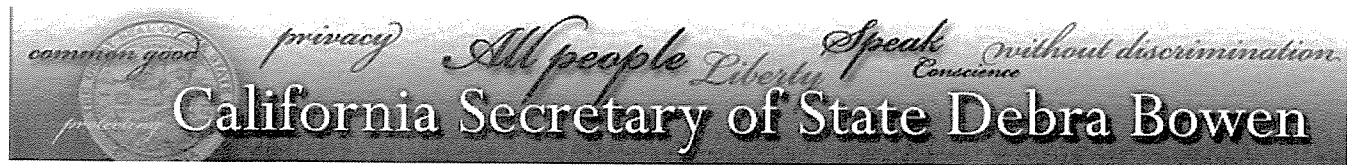
SHEEP CREEK WATER COMPANY

Attachment I.3.c.i.

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GRESHAM | SAVAGE
ATTORNEYS AT LAW
3750 UNIVERSITY AVE.
STE. 250
RIVERSIDE, CA 92501-3335
(951) 684-2171

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Data is updated weekly and is current as of Friday, December 14, 2012. It is not a complete or certified record of the entity.

Entity Name:	SHEEP CREEK WATER COMPANY
Entity Number:	C0075552
Date Filed:	01/07/1914
Status:	ACTIVE
Jurisdiction:	CALIFORNIA
Entity Address:	PO BOX 291820
Entity City, State, Zip:	PHELAN CA 92329
Agent for Service of Process:	ERNEST RIFFENBURGH
Agent Address:	600 N ARROWHEAD AVE
Agent City, State, Zip:	SAN BERNARDINO CA 92401

* Indicates the information is not contained in the California Secretary of State's database.

- If the status of the corporation is "Surrender," the agent for service of process is automatically revoked. Please refer to California Corporations Code [section 2114](#) for information relating to service upon corporations that have surrendered.
- For information on checking or reserving a name, refer to [Name Availability](#).
- For information on ordering certificates, copies of documents and/or status reports or to request a more extensive search, refer to [Information Requests](#).
- For help with searching an entity name, refer to [Search Tips](#).
- For descriptions of the various fields and status types, refer to [Field Descriptions and Status Definitions](#).

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State of California
Secretary of State



I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 39 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

APR 06 2009

DEBRA BOWEN
Secretary of State

Best Copy Available

FILED

In the office of the Secretary of State
OF THE STATE OF CALIFORNIA

JAN 7 - 1914

FRANK C. JORDAN

Frank C. Jordan Secretary of State
Deputy

Exempt

Recorded in book
310 at page 163

Best Copy Available

2098
B.K.
9.10

Department of State
Corporation Number
75552

Articles of Incorporation
of the
Sheep Creek Water Company.

Dated December 1913.

(Endorsed)

DEC 13 1913
CLARA B. HENRY

CURTIS & McNABB
ATTORNEYS-AT-LAW
Room 206-11 Main Block SAN BERNARDINO, CAL.

ARTICLES OF INCORPORATION
of the
SHEEP CREEK WATER COMPANY.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, a majority of whom are Citizens and residents of the State of California, have this day voluntarily associated ourselves together for the purpose of forming a Corporation under the laws of the State of California.

AND WE HEREBY CERTIFY,

First. That the name of said Corporation shall be the
S H E E P C R E E K W A T E R C O M P A N Y.

Second. That the purposes for which it is formed are to acquire water, water rights, reservoirs, ditches, and other conduits for water, by appropriation, purchase or other means, for the purpose of supplying water for irrigation and domestic use to its stockholders; also to buy and sell real estate and personal property necessary for said purpose.

Third. That the place where the principal business of said Corporation is to be transacted is Victorville, in the County of San Bernardino, State of California.

Fourth. That the term for which said Corporation is to exist is fifty years, from and after the date of its Incorporation.

Fifth. That the number of Directors or Trustees of said Corporation shall be six and that the names of the Directors or trustees, who are appointed for the first year, and to serve until the election and qualification of such officers, are as follows, to-wit:

Names.	Whose residence is at
Alfred E. Johnson	Victorville, California.
Alexis Lemonton	Little Rock, California.
Arthur Roux	Victorville, California.
Henry A. Johnson	El Monte, California.
Frank L. Johnson	San Gabriel, California.
William P. Johnson	Victorville, California.

(2)

Sixth. That the amount of the Capital Stock of said Corporation is Ten Thousand Dollars, and the number of Shares into which it is divided is One thousand of the par value of Ten Dollars, each.

Seventh. That the amount of said Capital Stock which has been actually subscribed is Sixty Dollars, and the following are the names of the persons by whom the same has been subscribed, to wit:

Name of subscribers.	No. of Shares.	Amount.
Alfred E. Johnson	One	\$10.00
Alexis Lemonton	One	\$10.00
Arthur Roux	One	\$10.00
Henry A. Johnson	One	\$10.00
Frank L. Johnson	One	\$10.00
William P. Johnson	One	\$10.00

IN WITNESS WHEREOF, we have herunto set our hands and seals, this 5th day of December, 1913.

Alfred E. Johnson
Alexis Lemonton
Arthur Roux
Henry A. Johnson
Frank L. Johnson
William P. Johnson

State of California,
County of San Bernardino. (ss)

On this 5th day of December, 1913, before me John G. Turner, a Notary Public in and for the said county, residing therein duly commissioned and sworn, personal appeared Alfred E. Johnson, Alexis Lemonton, Arthur Roux and William P. Johnson, known to me to be the persons whose names are subscribed to the within and foregoing instrument and they severally

(3)

acknowledged to me that they each executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said county, the day and year in this certificate first above written.

(Notarial seal)

John C. Turner

Notary Public in and for the
County of San Bernardino,
State of California.

State of California,
(ss
County of Los Angeles.

On this 8th day of December, 1913, before me _____
Charles Soward a Notary Public in and for the said county,
residing therein duly commissioned and sworn, personally appeared
Henry A. Johnson, known to me to be the person whose name is
subscribed to the within and foregoing instrument and acknowledged
to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
my official seal at my office in said county, the day and year
in this certificate first above written.

(Notarial Seal)

Charles Soward

Notary Public in and for the
County of Los Angeles,
State of California.

State of California,
(ss
County of San Bernardino.

On this 8th day of December, 1913, before me John C. Turner
a Notary Public in and for said county, residing therein, duly
commissioned and sworn, ~~existing~~ personally appeared FRANK L.
JOHNSON, known to me to be the person whose name is subscribed to
the within and foregoing instrument and acknowledged to me that
he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
my official seal at my office in said county, the day and year
in this certificate first above written.

(Notarial seal)

John C. Turner

Notary Public in and for the
County of San Bernardino,
State of California.

State of California, }
County of San Bernardino } ss.

I CHARLES POST, County Clerk and ex-officio Clerk of the Superior Court of said County, do hereby certify the foregoing to be a full, true and correct copy of the

Articles of Incorporation of
the Sheep Creek Valley Co.

on file in my office, and that I have carefully compared said copy with the original.

In Witness Whereof, I have hereunto set my hand and affixed my official seal

this 12th day of December 1913

Charles Post Clerk

By Clara Post
Deputy Clerk

SUNN & HELLYER
ATTORNEYS AT LAW
SAN BENITO, CALIFORNIA

1 AMENDED ARTICLES OF INCORPORATION

2 OF

3 SHEEP CREEK WATER COMPANY

4 (1956)

5 KNOW ALL MEN BY THESE PRESENTS:

6 That we, the undersigned, citizens and residents of
7 the State of California, have this day voluntarily associat-
8 ed ourselves together for the purpose of forming a capital
9 stock corporation under the laws of the State of California
10 and pursuant to the provisions of Division 1 of Title 1
11 of the Corporations Code of said State commonly known as
12 The General Corporation Law; and

13 WE DO HEREBY CERTIFY that:

14 First: The name of said corporation shall be
15 SHEEP CREEK WATER COMPANY.

16 Second: The specific business in which the corpora-
17 tion proposes primarily and initially to engage is the
18 service of water to its shareholders at cost.

19 Third: The general purposes of the corporation are to
20 procure, furnish, supply and distribute water at cost to
21 and for its stockholders only for domestic, irrigation, and
22 all other useful purposes in proportion to the number of
23 shares of stock held by them respectively.

24 In carrying out said purposes, the corporation shall
25 have and may exercise and enjoy each and every power, priv-
26 ilege, right and immunity now or hereafter authorized or
27 permitted by law to a corporation organized and existing
28 pursuant to the General Corporation Law of the State of

1 California, and all amendments thereto or substitutions
2 therefor, or continuations thereof, and in particular may
3 exercise each or any power provided for in, or authorized
4 by Sections 801 and 802 of the Corporations Code of the
5 State of California.

6 Without in any way limiting the foregoing powers,
7 the corporation shall among others, have the following
8 particular powers:

9 (a) To define and prescribe by By-Law and in the
10 absence thereof, by the Board of Directors, and from time
11 to time change either or both of (1) the district within
12 which delivery of water will be made; and (2) the district
13 within which the water supply by the corporation shall be
14 used or put to beneficial use, and also to withhold delivery
15 of water from any shareholder because of use of water or
16 threatened use of water without such district;

17 (b) To levy and collect from the shareholders water
18 service charges (which as to each class of service shall
19 operate uniformly) and to withhold delivery of water while
20 any such charges are delinquent; and to make such charges
21 a lien against the shares and to withhold transfer of any
22 shares while subject to the lien of any unpaid charges;

23 (c) To adopt, repeal, modify, from time to time
24 change, and enforce, by and through its Board of Directors
25 all as may be provided in the By-Laws all rules and regula-
26 tions which the Board of Directors may deem advisable for
27 carrying out any and all of the foregoing purposes and
28 powers, including the right to provide and determine when,

1 where and in what manner delivery of water is to be made
2 and the amount thereof and for waiver of the right to have
3 delivery made and also the right to provide for and enforce
4 the imposition of penalties for violation of such rules and
5 regulations, as well as to discontinue the delivery of water
6 for such violations or for failure to pay any charges, tolls,
7 or assessments.

8 All of the foregoing purposes and powers are subject
9 to the express limitation and condition that the corporation
10 shall not carry on the business of any public utility.

11 Fourth: The principal office for the transaction
12 of the business of the corporation is to be located in the
13 County of San Bernardino, State of California.

14 Fifth: The number of directors of said corporation
15 shall be five (5); provided that said number may be changed
16 from time to time by amendment of the Articles of said
17 corporation, or by a by-law duly adopted by the shareholders
18 of said corporation.

19 Sixth: The names and addresses of the persons who
20 are appointed to serve as the first directors are:

21	<u>NAMES OF DIRECTORS</u>	<u>ADDRESSES</u>
22	ALFRED E. JOHNSON	Victorville, California
23	ALEXIS LEMONTON	Little Rock, California
24	ARTHUR ROUX	Victorville, California
25	HENRY A. JOHNSON	El Monte, California
26	FRANK L. JOHNSON	San Gabriel, California
27	WILLIAM P. JOHNSON	Victorville, California
28		

Seventh: The amount of capital stock which has been actually subscribed is \$60.00, and the following are the names of the persons by whom the same has been subscribed, to-wit:

<u>NAME OF SUBSCRIBER</u>	<u>NO. OF SHARES</u>	<u>AMOUNT</u>
ALFRED E. JOHNSON	1	\$10.00
ALEXIS LEMONTON	1	10.00
ARTHUR ROUX	1	10.00
HENRY A. JOHNSON	1	10.00
FRANK L. JOHNSON	1	10.00
WILLIAM P. JOHNSON	1	10.00

Eighth: The corporation is authorized to issue shares of stock which shall be of one class only. The total number of shares which may be issued is one thousand (1,000), each of which is and shall be of the par value of \$10.00 and the aggregate par value of all shares of the corporation shall be \$10,000.00.

Ninth: Authority is expressly conferred upon the corporation to levy assessments upon and against all of the shares issued by the corporation; and the Board of Directors shall have power by majority vote of its members to levy assessments upon all the issued shares of the corporation at such time or times and from time to time and in such amounts as shall to them appear necessary or expedient; provided, the assessment levied at any particular time shall be for the same amount against each share then issued and outstanding, and each assessment shall be a lien upon the shares assessed from the time of the adoption of the resolu-

SURR & KELLY
ATTORNEYS AT LAW
SAN FRANCISCO, CALIFORNIA

tion levying such assessment until paid or until their sale or forfeitures.

In the event of nonpayment of any assessment, the corporation may sell or forfeit the shares against which the assessment was levied in the manner now or as may hereafter be provided by the laws of the State of California.

Notwithstanding any other provision in these Articles, it is intended to organize and incorporate as a capital stock corporation under and pursuant to the provisions of The General Corporation Law of said State and said corporation is not organized as a membership corporation under The Non-profit Corporation Law of said State and shall have no power to issue certificates of membership or to admit members but this corporation shall operate on a non-profit basis.

Tenth: The term for which said corporation is to exist is unlimited and said corporation shall have perpetual existence unless and until dissolved in the manner now or hereafter provided by law.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 5th day of December, 1913.

ALFRED E. JOHNSON

ALEXIS LEMONTON

ARTHUR ROUX

HENRY A. JOHNSON

FRANK L. JOHNSON

WILLIAM P. JOHNSON

SURR & HELLYER
ATTORNEYS AT LAW
SAN BERNARDINO, CALIFORNIA

1 STATE OF CALIFORNIA }
2 COUNTY OF SAN BERNARDINO } ss

3 On this 5th day of December, 1913, before me,
4 JOHN C. TURNER, a Notary Public in and for said County,
5 residing therein, duly commissioned and sworn, personally
6 appeared ALFRED E. JOHNSON, ALEXIS LEMONTON, ARTHUR ROUX
7 and WILLIAM P. JOHNSON, known to me to be the persons whose
8 names are subscribed to the within and foregoing instrument,
9 and they severally acknowledged to me that they each
10 executed the same.

11 IN WITNESS WHEREOF, I have hereunto set my hand and
12 affixed my official seal, at my office in said County, the
13 day and year in this certificate first above written.

14 JOHN C. TURNER
15 Notary Public in and for
16 the County of San Bernardino,
State of California.

17 STATE OF CALIFORNIA }
18 COUNTY OF LOS ANGELES } ss.

19 On this 8th day of December, 1913, before me,
20 CHARLES SOWARD, a Notary Public in and for said County,
21 residing therein, duly commissioned and sworn, personally
22 appeared HENRY A. JOHNSON, known to me to be the person
23 whose name is subscribed to the within and foregoing
24 instrument, and acknowledged to me that he executed the
25 same.

26 IN WITNESS WHEREOF, I have hereunto set my hand and
27 affixed my official seal, at my office in said County, the
28 day and year in this certificate first above written.

SURR & MELLVER
ATTORNEYS AT LAW
SAN BERNARDINO, CALIFORNIA

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CHARLES SOWARD
Notary Public in and for the
County of Los Angeles,
State of California.

STATE OF CALIFORNIA }
COUNTY OF SAN BERNARDINO } ss.

On this 5th day of December, 1913, before me, JOHN
C. TURNER, a Notary Public in and for said County, residing
therein duly commissioned and sworn, personally appeared
FRANK L. JOHNSON, known to me to be the person whose name is
subscribed to the within and foregoing instrument, and
acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal, at my office in said County, the
day and year in this certificate first above written.

JOHN C. TURNER
Notary Public in and for the
County of San Bernardino,
State of California. "

75552

CERTIFICATE OF AMENDING ARTICLES OF INCORPORATION

OF

SHEEP CREEK WATER COMPANY

1 0 1 0

We, the undersigned being the President and Secretary respectively of the hereinafter named corporation, do hereby certify and declare that:

1. At and during all times herein mentioned

(a) SHEEP CREEK WATER COMPANY, (hereinafter referred to as the "Corporation") was and is a corporation organized and existing under the laws of the State of California and having its principal office for the transaction of business in the County of San Bernardino;

(b) Alfred E. Johnson was and is the President and Henry A. Johnson was and is the Secretary of said corporation;

(c) The authorized number of persons constituting the Board of Directors of said corporation was and is six (6) (said number being changed by the amendment herein mentioned to five (5));

(d) The total number of issued and outstanding shares of the corporation was 1,000 all of which were and are of one class and of equal voting power and all of which shares were and are entitled to vote on or to consent to amendments to the Articles of Incorporation of said corporation, including the amendment herein referred to.

2. Attached to this certificate marked "Exhibit A" is a form of written "Consent of Shareholders of Sheep Creek Water Company to Amending Articles of Incorporation" (hereinafter called "Written Consent") which includes the copy of "Amended Articles of Incorporation"

FILED
in the Office of the Secretary of State
of the State of California

OCT 15 1956

FRANK M. JOHAN, Secretary of State

Ralph H. M. [Signature]
Deputy

of Sheep Creek Water Company (1956)"which is also attached to this certificate and to said written consent at the rear of said written consent. Said copy of Amended Articles is hereinafter referred to as "Copy of Amended Articles".

Said Written Consent and said copy of Amended Articles are hereby expressly referred to and made a part hereof.

3. A special meeting of said Board of Directors was duly and regularly held on July 27, 1956. Five of the members of said Board attended said meeting and there voted in favor of the Resolution hereinafter referred to. All members of said Board consented in writing to the holding of said meeting and to the adoption of the Amended Articles hereinafter referred to.

4. At said meeting there was adopted by affirmative vote of all of said directors present at said meeting, a resolution of which a true copy is hereinafter set forth, except for convenience of reference, that portion of said resolution therein denominated as "Amended Articles of Incorporation" has been transposed so as to follow this portion of the Certificate and the Written Consent of Shareholders mentioned below. The vote in favor of the adoption of said resolution was as hereinbefore set forth. Said resolution established the wording of the Amended Articles by providing that said Articles should be amended to read as therein set forth in full. The following is a copy of said resolution, to wit:

WHEREAS, it appears desirable to amend the Articles of Incorporation of this corporation, SHEEP CREEK WATER COMPANY, by revising such Articles to read as hereinafter set forth,

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED (subject to the approval of the shareholders as provided by law) that the Articles of Incorporation of this corporation as existing immediately prior to the amendments now provided for and ordered, shall be and the same are hereby amended to read, and the same shall read and provide as follows:

5. Thereafter, the shareholders of the corporation holding and owning 710 shares of the stock of the corporation, and being more than a majority of the issued and outstanding shares of stock of the corporation, severally gave their approval, by written consent, to the resolution that the Articles of Incorporation of the corporation should be amended to the form set forth in said Amended Articles, and to the Amendment of the Articles of Incorporation to said form. Said Consents have been and now are filed with the Secretary of the Corporation, and were and are in the form of said Written Consent attached hereto, and to each such Consent was attached a copy of said Amended Articles.

6. By reason of the proceedings aforesaid, the Articles of Incorporation of said Corporation have been amended to read and provide, and the same do now read and provide as in said resolution set forth, and the Amended Articles of Incorporation of said Corporation are in the language and are as set forth in said copy of Amended Articles attached hereto.

IN WITNESS WHEREOF, the undersigned as such officers have hereunto set their respective names and said Secretary has affixed the seal of said Corporation this 11th day of October, 1956.

Henry A. Johnson
Henry A. Johnson, Secretary

Alfred E. Johnson
Alfred E. Johnson, President

STATE OF CALIFORNIA }
COUNTY OF SAN BERNARDINO } ss.

ALFRED E. JOHNSON and HENRY A. JOHNSON, being first severally duly sworn, each for himself, deposes and says:

That ALFRED E. JOHNSON is the President and HENRY A.

JOHNSON is the Secretary of SHEEP CREEK WATER COMPANY, the corporation named in the foregoing Certificate; that he has read the said Certificate and knows the contents thereof and that the same is true of his own knowledge, and that the signatures of the President and Secretary to said Certificate are the genuine signatures of said President and Secretary respectively.

Alfred E. Johnson
(Alfred E. Johnson)

Henry A. Johnson
(Henry A. Johnson)

Subscribed and sworn to before
me this 11th day of October, 1956.

E. S. Goble
Notary Public in and for said
County and State.

75552

AB7516

FILED

In the office of the Secretary of State
of the State of California

JUL 30 1969

FRANK J. JORDAN, Secretary of State

[Signature]
Deputy

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
SHEEP CREEK WATER COMPANY

The undersigned, Everett M. Brummett and William DeBoer, do hereby certify that they are, respectively, the duly elected and acting President and Secretary of SHEEP CREEK WATER COMPANY, a California Corporation, and further that:

ONE: At an annual meeting of the Board of Directors of said corporation duly held at its principal office for the transaction of business at 10:00 A.M. on the 25th day of March, 1969, at which meeting there was at all times present and acting a quorum of the members of said Board, the following resolution was duly adopted:

WHEREAS, it is deemed by the Board of Directors of this corporation to be to its best interests and to the best interests of its shareholders that its Articles of Incorporation be amended as hereinafter provided:

NOW, THEREFORE, BE IT RESOLVED, that Articles Eighth of the Articles of Incorporation of this Corporation be amended to read as follows:

"EIGHTH. The corporation is authorized to issue shares of stock which shall be one class only. The total number of shares which may be issued is Two Thousand (2000) each of which is and shall be of the par value of Five Dollars (\$5.00) and the aggregate of par value of all shares of the corporation shall be Ten Thousand Dollars (\$10,000).

"The effect of this amendment is to accomplish a stock split. Each share of the outstanding stock of this corporation shall be surrendered and two shares shall be issued to the holders thereof for each share surrendered. The aggregate par value of all shares of the corporation shall not be affected by this amendment. The aggregate voting rights of each of the share-

holders shall not be affected by this amendment."

RESOLVED FURTHER, that the Board of Directors of this corporation hereby adopts and approves said amendment of its Articles of Incorporation; and

RESOLVED FURTHER, that the President and Secretary of this corporation be and they are hereby authorized and directed to procure the adoption and approval of the foregoing amendment by the vote or written consent of the shareholders of this corporation holding at least a majority of the voting power, and thereafter to sign and verify by their oaths and to file a certificate in the form and manner required to Section 3672 of the California Corporations Code and in general to do any and all things necessary to affect said amendment in accordance with said Section 3672.

TWO: At an annual meeting of the shareholders of said corporation duly held at said principal office for the transaction of business at 10:00 A.M. on March 25, 1969, the shareholders duly adopted the following resolution:

WHEREAS, the Board of Directors at an annual meeting held on the 25th day of March, 1969, at the principal office of this corporation, adopted and approved by resolution of said Board an amendment of the Articles of Incorporation of this corporation, amending Article Eighth of said Articles to read as follows:

"EIGHTH: The Corporation is authorized to issue shares of stock which shall be one class only. The total number of shares which may be issued is Two Thousand (2000) each of which is and shall be of the par value of Five Dollars (\$5.00), and the aggregate of par value of all share of the corporation shall be Ten Thousand Dollars (\$10,000.00).

"The effect of this amendment is to accomplish a stock split. Each share of the outstanding stock of this corporation shall be surrendered and two shares shall be issued to the holders thereof for each share surrendered. The aggre-

gate par value of all share of the corporation shall not be affected by this amendment. The aggregate voting rights of each of the shareholders shall not be affected by this amendment."

NOW, THEREFORE, BE IT RESOLVED that the foregoing amendment of the Articles of Incorporation of this corporation be and the same is hereby adopted and approved by the shareholders of this corporation, and that Article Eighth of the Articles of Incorporation of this corporation be amended to read as herein set forth.

THREE: The foregoing amendment was adopted and approved at said shareholders' meeting by a total vote of 565½ shares.

FOUR: The total number of shares of this corporation entitled to vote upon or consent to the adoption of such amendment is 992 shares, all of which are common shares.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Amendment this 10th day of July, 1969.

Ernest M. Brummett President

William A. DeBoer Sec.

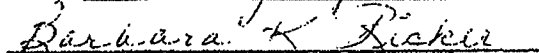
STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

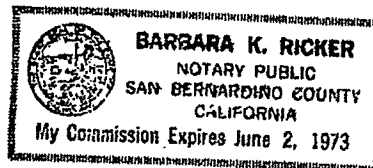
EVERETT M. BRUMMETT, being first duly sworn, deposes and says:

That EVERETT M. BRUMMETT is, and was at all of the times mentioned in the foregoing Certificate of Amendment, the President of SHEEP CREEK WATER COMPANY, a California corporation, therein mentioned, that he has read said Certificate and that the statements therein made are true of his own knowledge, and that the signature purporting to be the signature of said President thereto is the genuine signature of said President.


EVERETT M. BRUMMETT, President

Subscribed and sworn to before me,
this 23rd day of July, 1969.


Notary Public in and for said
County and State



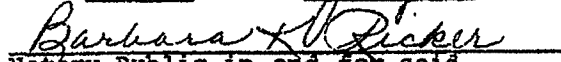
STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

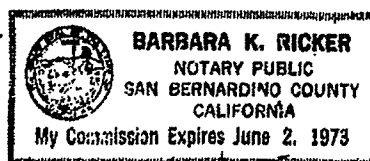
WILLIAM DEBOER, being first duly sworn, deposes and says:

That WILLIAM DEBOER, is, and was at all of the times mentioned in the foregoing Certificate of Amendment, the Secretary of SHEEP CREEK WATER COMPANY, a California corporation, that the statements therein made are true of his own knowledge, and that the signature purporting to be the signature of said Secretary thereto is the genuine signature of said Secretary.


WILLIAM DEBOER, Secretary

Subscribed and sworn to before me
this 25th day of July, 1969.


Notary Public in and for said
County and State



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FILED
In the office of the Secretary of State
of the State of California

NOV 20 1978

MARGARET J. HILL, Secretary of State

Deputy

CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION OFSHEEP CREEK WATER COMPANY

William DeBoer and John Lovett certify that:

1. They are the President and the Secretary of Sheep Creek Water Company, a California corporation.
2. Article Eighth of the Articles of Incorporation of said corporation shall be amended to read as follows:

"Eighth: The corporation is authorized to issue shares of stock which shall be one class only. The total number of shares which may be issued is Four Thousand (4,000) each of which is and shall be of the par value of Two and 50/100 Dollars (\$2.50) and, the aggregate par value of all shares of the corporation shall be Ten Thousand Dollars (\$10,000.00).

"The effect of this amendment is to accomplish a stock split. Each share of the outstanding stock of this corporation shall be surrendered and Two (2) shares shall be issued to the holders thereof for each share surrendered. The aggregate par value of all shares of the corporation shall not be affected by this amendment. The aggregate voting rights of each of the shareholders shall not be affected by this amendment."

3. The amendment has been approved by the Board of Directors.

4. The corporation has only one class of shares outstanding. The amendment effects only a stock split, as that term as defined in Section 188 of the California Corporations Code, and is an amendment that may be adopted with approval by the Board alone pursuant to Section 902(c) of the California Corporations Code.

EXECUTED on this 3 day of August, 1978.William A. De Boer
WILLIAM DeBOER, PresidentJohn Lovett
JOHN LOVETT, Secretary

Each of the undersigned declares under penalty of perjury, that the matters set forth in the foregoing Certificate are

true and correct of his own knowledge and, that this declaration
was executed on August 3, 1978 at Phelan, California.

William P. DeBoer
WILLIAM DeBOER

John Lovett
JOHN LOVETT

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A216725

FILED
In the office of the Secretary of State
of the State of California

CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION OF

APR 4 1980

SHEEP CREEK WATER COMPANY

MASON FONG EU, Secretary of State

Deputy

William DeBoer and John Lovett certify that:

1. They are the President and the Secretary of
Sheep Creek Water Company, a California corporation.

2. Article Eighth of the Articles of Incorporation
of said corporation shall be amended to read as follows:

2
"Eighth: The corporation is authorized
to issue shares of stock which shall be
one class only. The total number of
shares which may be issued is
eight thousand (8,000) each of which is
and shall be of the par value of One and
25/100 Dollars (1.25) and, the
aggregate par value of all shares of the
corporation shall be Ten Thousand
Dollars (\$10,000.00).

"The effect of this amendment is to
accomplish a stock split. Each share of
the outstanding stock of this corporation
shall be surrendered and two (2) shares
shall be issued to the holders thereof
for each share surrendered. The
aggregate par value of all shares of the
corporation shall not be affected by this
amendment. The aggregate voting rights
of each of the shareholders shall not be
affected by this amendment."

3. The amendment has been approved by the Board of
Directors.

4. The corporation has only one (1) class of shares
outstanding. The amendment effects only a stock split, as that
term is defined in Section 188 of the California Corporations
Code, and is an amendment that may be adopted with approval by
the Board alone pursuant to Section 902(c) of the
California Corporations Code.

EXECUTED on this 26th day of February, 1980.

William A. DeBoer
William DeBoer, President

John R. Lovett
John Lovett, Secretary

Each of the undersigned declares under penalty of perjury,
that the matters set forth in the foregoing Certificate are

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true and correct of his own knowledge and, tha. this
declaration was executed on February 26, 1980 at Phelan,
California.

William A. DeBoer
William DeBoer

John R. Lovett
John Lovett



STATE OF CALIFORNIA

DEPARTMENT OF HEALTH

Water Supply Permit

The State Department of Health Hereby Grants Permission To

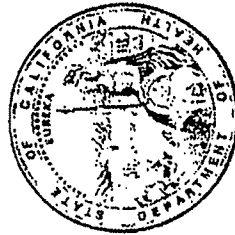
SHEEP CREEK MUTUAL WATER COMPANY

To Furnish or Supply Water for Domestic Purposes To

PIEHLAN AND VICINITY

This Permit Becomes Effective FEBRUARY 6, 1978

*and is granted subject to the provisions of Division 5, Part 1, Chapter 7
of the Health and Safety Code of the State of California and the
Department of Health letter of* FEBRUARY 6, 1978



Water Permit No. 78-007

James L. Jones
Deputy Director
H. J. O'Connell
State Sanitary Engineer

Sheep Creek Water Company

Mailing Address:

P.O. Box 291820
Phelan, CA 92329

Physical Address:

4200 Sunnyslope Road
Phelan, CA 92371

(760) 868-3755—Office
(760) 868-2174—Fax
E-mail: sheepcreek@verizon.net

BY-LAWS

**Sheep Creek
Water Company**



Phelan, California

2009

Revised to 2009

Sheep Creek Water Company

Mailing Address:

P.O. Box 291820
Phelan, CA 92329

Physical Address:

4200 Sunnyslope Road
Phelan, CA 92371

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BY-LAWS

**Sheep Creek
Water Company**



Phelan, California

2009

Revised to 2009

Notes



Sheep Creek Water Company

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Sheep Creek Water Company

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Sheep Creek Water Company

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By-Laws

The Secretary of the Company in office at any time shall be deemed the Agent and Attorney in Fact of the respective shareholders to assign the certificates and shares evidenced thereby, and to cause their transfer on the books of the Company, when and if transfers should be made in accordance with the provisions of these By-Laws.

No liability shall be incurred by the Secretary, or by the officers of the Company for transferring any shares or for refusing to transfer any shares as long as such Secretary or other officer acts in good faith and according to what is deemed the rights of the parties; and the shares shall be deemed of no value apart from the buildings to which they are attached, (for the purposes of this paragraph) and each shareholder and other person expressly waive the benefit of all provisions of law imposing a penalty upon an officer of a corporation for wrongfully transferring or failing to transfer shares of the corporation, and agrees the only remedy of such party is for actual damages, if any.

Sheep Creek Water Company

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Sheep Creek Water Company

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By-Laws

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Sheep Creek Water Company

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By-Laws

It is not intended to make the shares appurtenant to land by complying with the provisions of Section 330.24 of the California Civil Code, but it is intended that such shares shall be attached to principal buildings to the extent and for the purposes herein stated and provided for as a matter of contract and regulation.

Section 9.03 Shares Pass With Buildings. Whenever the legal title of any principal building or buildings within the District shall be transferred, whether voluntarily or involuntarily, there shall automatically pass to and vest in the new owner of such building or buildings, the shares attached thereto, if any, unless the transferor expressly reserves such shares with the consent or approval of the Board of Directors.

The Board of Directors shall have power to determine the number and identity of shares passing with any building and cause the same to be transferred upon the records of the company and its determination shall be conclusive.

Section 9.04 Hypothecation of Shares. Attached shares may be hypothecated or encumbered only when the building to which the shares are attached is hypothecated or encumbered for the same obligation.

Section 9.05 Custody of Share Certificates. To assure against loss of any share certificates and to facilitate transfer of the shares upon the records of the Company, all share certificates shall be retained by the Company and there shall be issued by each shareholder a receipt for the certificate evidencing the shares of such shareholder. The receipt shall be signed by the Secretary or such officer or officers as the Board shall direct and be of such form as the Board determines. The receipt shall be non-negotiable, but when required by the Board or the officers charged with the duty of transferring the shares, shall be surrendered to the Company before voluntary transfer of the shares evidenced by the certificate received for.

Sheep Creek Water Company

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By-Laws

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Sheep Creek Water Company

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ARTICLE I General Provisions

Section 1.01 Definitions.

"Company" means the above named corporation.

"Board" means the board of directors of company.

"General Corporation Law" means the general corporation law as defined in Section 100 of the Corporations Code of California, and as set forth in Division 1 of said Code.

"Articles of Incorporation" includes amendments and means the articles of incorporation as last amended.

The singular includes the plural and the masculine pronoun includes the other genders.

Section 1.02 Amendments. Except as otherwise hereinafter provided, these By-Laws may be repealed or amended or new By-Laws adopted by (a) the vote of the shareholders entitled to exercise a majority of the voting power at a meeting of shareholders, or (b) the written assent of shareholders entitled to exercise a majority of the voting power, filed with the Secretary, or (c) unanimous vote of all the members of the Board, to be ratified by a majority of the voting power at the first meeting of the shareholders, or by written assent of the shareholders entitled to exercise a majority of the voting power. This Section may only be amended or repealed by the shareholders.

ARTICLE II Shareholders

Section 2.01 Provisions of the General Corporation Law Applicable. Except in those particulars and to the extent hereinafter expressly provided for, all of the provisions (whether mandatory or permissive) of Chapter 2 of

therein, entitling him to its present possession, whether as co-tenant, joint tenant, purchaser under an executory agreement of sale, lessee, or otherwise.

Section 9.02 Shares Attached to Buildings. For purposes of pressure service and transfer, at least one share of stock shall be attached to each principal building. The Board may further require as to any particular class of principal buildings (which by reason of the design or the use made customarily thereof, uses more water per building than is normally required by the average single-family residence in the District) that more than one share per principal building shall be attached to the buildings in such class as a condition to pressure service being furnished thereto of therefor. Such attachment may be made by written direction of a stockholder to the Company so providing, and if any pressure service be rendered to or for any principal building at the request or with the consent or acquiescence of the owner or owners of such building, an attachment to such building by the owner or owners thereof of the share or shares required to entitle such building to pressure service again from the Company shall be deemed to have been made to the extent that such owner or owners may own unattached stock.

Attached shares pass with the principal buildings to which they are attached, and are incapable of severance therefrom, either voluntarily or involuntarily, except upon a sale or forfeiture for delinquent assessments, or except with the consent of the Board of Directors, or except if the principal building to which any share or shares is or are attached shall be removed from the District or destroyed; and in the event of such removal or destruction, the shares formerly attached to the destroyed or removed building shall belong to the person or persons who own such building upon destruction or removal.

With the consent of the Board, shares may be detached and thereafter attached to other buildings.

ARTICLE I General Provisions

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Attached shares pass with the principal buildings to which they are attached, and are incapable of severance therefrom, either voluntarily or involuntarily, except upon a sale or forfeiture for delinquent assessments, or except with the consent of the Board of Directors, or except if the principal building to which any share or shares is or are attached shall be removed from the District or destroyed; and in the event of such removal or destruction, the shares formerly attached to the destroyed or removed building shall belong to the person or persons who own such building upon destruction or removal.

With the consent of the Board, shares may be detached and thereafter attached to other buildings.

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Section 8.09 At Least One Share Per Service. No share shall entitle a consumer to service at more than one place or through more than one service connection.

Section 8.10 Number of Directors. The number of directors shall be five and a quorum shall consist of three directors. (*Amended: 19__? - to 6 directors with quorum of 4; 2008—to 5 directors with quorum of 3.*)

ARTICLE IX

Shares Attached to Buildings for Pressure Service

Section 9.01 Definitions. Terms and expressions are used in these By-Laws with the following meanings:

(a) "Principal Building" means any building or structure within the "District" and in which building or structure water is designed to be used or consumed or is being used or consumed, or to which a water service connection exists; excepting, however, any garage, stable, shed or other outbuilding which is subsidiary and accessory to and is designed to be, and is used, solely for the convenience of occupants or users of a dwelling, commercial building or other main structure within the "District" and which main structure is then entitled to water service from this Company;

(b) "Persons" includes corporation, partnership or association;

(c) "Pressure Service" means the delivery of water under pressure to a shareholder of the Company or an assignee of a shareholder;

(d) "An assignee" of a shareholder is one who as purchaser, lessee, licensee, or assignee of such shareholder is entitled to receive (for a limited period) the water deliverable in respect of one or more shares of which the shareholder is a record holder;

(e) "A consumer" is one receiving or entitled to receive water service from the Company; and

(f) "An owner" (of land or building) includes one having an estate

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Part 5 of The General Corporation Law, as now or hereafter existing, are approved, adopted and made applicable to the Company; and whenever no express provision is contained herein with respect to any matter authorized to be regulated, fixed, or established by or in the By-Laws, it is intended to adopt and approve the provisions in said Chapter 1 of Part 5 pertaining thereto and regulating or providing for the same.

Section 2.02 Annual Meeting. Subject to change by the Board, as provided in Section 2.03, a meeting of shareholders to be known as the "annual meeting" shall be held each year on the date and at the hour specified in the Articles of these By-Laws entitled "Special Provisions," for the purpose of electing directors, and other purposes.

Section 2.03 Changing Time of Annual Meeting. The Board may advance or postpone (and thereby change), the time of any annual meeting (as fixed elsewhere in these By-Laws) by not more than sixty days whenever it shall appear to the Board that such change is necessary or desirable. Such change shall be effected by resolution duly adopted by majority vote of the Board or by written assent of a majority of the members, filed with the Secretary, prior to giving notice of the meeting, and thereupon the time for the annual meeting shall be that so fixed by the Board, and notice of the meeting shall be given accordingly.

Section 2.04 Special Meetings. Special meetings of the shareholders, for any purpose or purposes whatsoever, may be held at any time upon call, which shall be made by (a) the President, or (b) the Board by resolution adopted by majority vote, or (c) written assent of a majority of all the acting directors filed with the Secretary, or (d) written assent filed with the Secretary signed by one or more shareholders having not less than one-fifth of the voting power of the Company.

Section 2.05 Place of Meeting. Unless some other place shall be appointed in any instance or instances, as hereinafter provided, meetings of shareholders, both annual and special, shall be held at the principal office of the Company.

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Authority is hereby conferred upon the Board, by resolution adopted by majority vote of all its members, or by written assent of a majority of such members, filed with the Secretary, to fix or designate (and from time to time change) the place for any shareholders' meeting, or meetings, one or more, or all, whether annual or special. Any place so designated shall be within seventy-five miles of the principal office, and in such instance said meeting, or meetings, shall be held at the place so fixed or designated.

Section 2.06 Notice of Meeting. Written notice of each meeting of shareholders, whether annual or special, shall be given to each shareholder entitled to notice, not more than thirty (30) days, nor less than five (5) days, before the meeting in any of the following ways:

First: By delivering such notice personally; or

Second: By mailing such notice, charges prepaid, addressed to such shareholder at his address appearing on the books of the Company. If no address appears on the books of the Company, then the notice shall be addressed to the shareholder at the city or community where the principal office of the Company is situated.

Whenever a shareholder shall in writing give the Company an address for the purpose of notice, the same shall be deemed the shareholder's "address appearing on the books of the Company," as such term is herein used. One method of service may be used as to some shareholders and the other as to other shareholders.

Section 2.07 Form of Notice and Statement of Purpose. Notice of any meeting shall specify the place, the day and the hour of the meeting. In the case of special meetings, the general nature of the business to be transacted shall be stated in the notice, but in the case of the annual meeting need not be stated; provided, however, the provisions of Section 2201 of the Corporations Code requiring notice to the shareholders of special proposals shall always be observed.

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Section 8.05 Change of District. The District may be changed from time to time so to include land not a part of the District immediately prior to the change and/or exclude lands constituting a part of the District immediately prior to such change.

Section 8.06 How Change Effected. The change provided for in the preceding Section may be made by resolution of the Board of Directors and approved by the vote or written consent of shareholders entitled to exercise a majority of the voting power of the Company; provided no lands constituting a part of the District at any time may be excluded from the District without the consent of the owner or owners of such excluded lands (which consent shall be given or manifested in such manner as the Board shall prescribe), while such owner or owners shall also be a shareholder or shareholders of this Company.

Section 8.07 Use Restricted to District. All water received from and delivered by the Company at any time shall be used solely and exclusively within the District as the same subsists at such time.

No shareholder or other person shall transport or take or have any right to transport or take water supplied by the Company without the District for use upon lands lying without the District or for use without the District, (otherwise than by tanks or other portable containers), and the Company may withhold delivery of any water because of its use or threatened use contrary to the provisions of this Section.

Section 8.08 Apportionment of Water. The water of the Company available for delivery shall be deemed apportioned among the shares so that during the given period of time each share shall be entitled to receive the same amount of water as every other share; but if any consumer fails to draw the full amount apportioned to the share furnishing the service of that consumer, the right to any apportioned water not drawn shall be waived and any such water may be taken by the consumers, subject always to payment of tolls and the rules of this Company.

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without the consent of the Board of Directors; and the Board shall, at all times, be the exclusive judge of the necessity and expediency of constructing, enlarging, changing and extending the water distribution system or other appliances of the Company and such expediency and necessity shall, at all times, be determined by and subject to the sole and uncontrolled discretion of the Board.

ARTICLE VIII Special Provisions

Section 8.01 Annual Meeting. The annual meeting shall be held in each year on the date and at the hour here stated, viz: The first Saturday in May at the hour of 10:00 A.M. Not later than thirty (30) days following the annual meeting, a copy of the minutes shall be mailed to each stockholder.

Section 8.02 Cumulative Voting. Cumulative voting shall not be allowed in any meeting or election.

Section 8.03 Fractional Shares. A share may not be divided, and no fractional share may be issued, or certificate issued therefor.

Section 8.04 District Defined. As used in these By-Laws, the expression "District" refers to and means all that certain land area situated in the County of San Bernardino, California, described as follows:

Beginning at the Northwest corner of Section 23 T5N, R7W, thence East 4 miles to the Northeast corner of Section 20, T5N, R6W, thence South 9 miles to the Southeast corner of Section 32, T4N, R6W, thence Westerly 4 miles to the Southwest corner of Section 35, T4N, R7W, thence Northerly 9 miles to the point of beginning,

unless and until the District shall be changed as herein provided, in which case it shall refer to and mean such altered area. (*Description Amended: 1985.*)

Section 2.08 Shareholders Entitled to Notice. All notices of any meeting shall be mailed on the same day and at the same time. Where notice of any shareholders' meeting is to be mailed, notice shall be given to those who appear from the stock records as record holders at 5:00 P.M. on the day immediately preceding the day of mailing; and 5:00 P.M. on the day immediately preceding the day of mailing is the record date and time for the determination of shareholders entitled to notice of the meeting.

Section 2.09 Shareholders Entitled to Vote. Unless otherwise hereinafter provided, 5:00 P.M. on the fifth day next preceding the day first appointed for a shareholders' meeting is hereby fixed as the time for the close of stock books, and the determination of those entitled to vote at the meeting; and, subject to the provisions of law, only persons in whose names the shares stand on the stock records of the Company at the close of stock books as aforesaid shall be entitled to vote at that meeting or any adjournment thereof. No transfer of shares shall be made on the stock records of the Company during the period elapsing between said close of stock books and adjournment of the meeting on the day first appointed therefor. If a meeting be adjourned to a subsequent date, the stock books shall open upon adjournment so as to permit transfer, but not so as to affect the right of voting, determined as above provided.

Section 2.10 Business to be Transacted. At the annual meeting, directors to the number authorized shall be elected, reports of the affairs of the Company shall be considered, and any other business may be transacted which is within the powers of the shareholders, including the amendment, repeal and adoption of By-Laws, the approval and ratification of amendments to the Articles of Incorporation, and action upon or with respect to any or all questions and matters requiring the vote, consent, or approval of the shareholders, or with respect to which the shareholders are permitted to act, subject, however, to the provisions of said Section 2201 of the Corporations Code. At a special meeting, any business may be transacted of the general nature specified in the notice thereof, but not otherwise.

without the consent of the Board of Directors; and the Board shall, at all times, be the exclusive judge of the necessity and expediency of constructing, enlarging, changing and extending the water distribution system or other appliances of the Company and such expediency and necessity shall, at all times, be determined by and subject to the sole and uncontrolled discretion of the Board.

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unless and until the District shall be changed as herein provided, in which case it shall refer to and mean such altered area. (*Description Amended: 1985.*)

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Section 2.10 Business to be Transacted. At the annual meeting, directors to the number authorized shall be elected, reports of the affairs of the Company shall be considered, and any other business may be transacted which is within the powers of the shareholders, including the amendment, repeal and adoption of By-Laws, the approval and ratification of amendments to the Articles of Incorporation, and action upon or with respect to any or all questions and matters requiring the vote, consent, or approval of the shareholders, or with respect to which the shareholders are permitted to act, subject, however, to the provisions of said Section 2201 of the Corporations Code. At a special meeting, any business may be transacted of the general nature specified in the notice thereof, but not otherwise.

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Section 2.11 Manner of Voting at Shareholders' Meeting. At meetings of shareholders, all questions, other than an election of directors, or except as otherwise expressly provided by statute, or by these By-Laws, shall be determined by majority vote of the shares represented at the meeting, and all voting shall be viva voce, unless a majority in voting power of the shares represented shall demand a vote by written ballot.

Section 2.12 Election of Directors. If there have been nominated for the office of director more than the number to be elected, or if voting by mail has been provided for, the election shall be by written ballot, otherwise it shall be by voice vote.

The entire number of directors to be elected at any meeting or time shall be elected upon a single vote or ballot. At any election of directors, cumulative voting shall be allowed unless it shall be provided otherwise in said "Special Provisions". If cumulative voting shall be allowed, a shareholder shall have a number of votes equal to the number of shares held by him multiplied by the number of directors to be elected, and may cast all of his votes in favor of one or more candidates not exceeding the number to be elected.

Section 2.13 Directors Elected at Special Meeting. Whenever, for any reason, no election of directors has been had for more than one year, a Board of Directors may be elected at a special meeting of the shareholders called for that (in addition to any other) purpose, by the person or persons, in the manner and upon the notice in these By-Laws provided for calling and noticing special meetings of shareholders.

The terms of directors elected at a special meeting shall expire at the same time as though they had been elected at the annual meeting next preceding such special meeting.

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The entire number of directors to be elected at any meeting or time shall be elected upon a single vote or ballot. At any election of directors, cumulative voting shall be allowed unless it shall be provided otherwise in said "Special Provisions". If cumulative voting shall be allowed, a shareholder shall have a number of votes equal to the number of shares held by him multiplied by the number of directors to be elected, and may cast all of his votes in favor of one or more candidates not exceeding the number to be elected.

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distributing, measuring and diversion appliances, and over all water until it shall have been actually released or delivered to the shareholder.

Section 7.06 Control of Deliveries. The Board shall have power to provide, determine and fix, at such time or times and in such manner as the Board shall determine, and to change, any or all of the following with respect to delivery of water, to wit:

(a) The amount of water available for distribution to the shareholders, and the amount apportioned for and to be delivered to each share for any season, year, or period of time. In making such determination, the Board shall take into consideration all factors by them deemed relevant, and their determination, in good faith, shall be conclusive upon each and every shareholder;

(b) The time when delivery shall begin and end each season or year;

(c) The times during the season when delivery is to be made, and for delivery in heads upon recurring periods, and the amount delivered at any time, and the minimum and maximum number of shares in respect of which delivery will be made at one place or at one time;

(d) The notice required for and conditions under which delivery is to be made;

(e) That any shareholder not taking the water allotted to his shares at the time provided therefor shall forfeit or lose his right to the delivery of that water.

Section 7.07 Extension of Distributing System. The Board may provide and determine the place or places where, and the points to which, the water distributing system, or any other system, service, or appliances of the Company shall be located or extended. The holding of shares of the Company shall confer no right upon the shareholder to have any pipe line, water conduit, or other appliance of the company enlarged or extended

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when delinquent, and for the payment of: 1) interest on past due tolls, charges and accounts at the rate of not to exceed ten percent (10%) per annum; and 2) for the payment of a delinquency fee equivalent to five percent (5%) of the total of past due tolls, charges and accounts in addition to the payment of the interest. (*Amended: 1985: \$50; 2009: 5%*)

Section 7.03 Penalties. The Board may provide for the imposition and enforcement of a penalty for violation of the rules and regulations of the Company, not exceeding in any instance the sum of Twenty-five Dollars (\$25.00).

Section 7.04 Suspension of Service. The Board may provide for the suspension of water service and for discontinuance of water delivery for violation of the rules and regulations, or for failure to pay any charges, tolls, assessments, costs, interest, penalties or other sums payable to the Company, and the time when and the conditions upon which such delivery or service shall be resumed.

Section 7.05 Measuring and Diversion Devices. The Board may provide for, determine and fix the location and installation of the measuring gates, hydrants, weirs, and meters for turning out or measuring the water to which the respective shareholders may be entitled, and may provide that no gate, hydrant, weir or meter shall be installed or changed without the consent and approval of the Board, and that each such gate, hydrant, weir or meter shall be installed and/or maintained at the expense of the shareholder or shareholders using or supplied through the same. Any such appliance shall be under the control of the Company, and be deemed a part of the Company's distributing system.

No shareholder, by virtue of the ownership of shares shall be entitled to connect with the distributing system used by the Company for delivery of water, or so take water therefrom except with the consent and upon and subject to the rules and regulations of the Company pertaining thereto; and the Company reserves and shall have full control over all storing,

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Section 2.14 Inspectors of Elections. Inspectors or an inspector of elections may be appointed in the manner and with the effect provided for in the General Corporation Law, and shall have and exercise the powers and authority there provided subject to the provisions of law, the By-Laws, and the rules and regulations.

The Board may make and from time to time change rules and regulations for the conduct of elections or any election, and for voting upon or with respect to any question or matter submitted to the shareholders for vote, consent or assent.

The Board may by rule or resolution prescribe the form of ballots and may provide ballots for use of the shareholders at elections or any election or in taking any vote; and may, in the case of ballots to be used in an election of directors, provide for printing thereon the name or names of candidates or nominees, and may also provide for voting by mail and for the nomination of directors prior to the election.

Such rules may in addition to any other matters provide for the time or times and the method of filing proxies, casting ballots and the tabulation and certification of votes. All such rules and regulations shall operate impartially, fairly and equally.

Whenever the filing of proxies is limited to a time prior to the meeting, and whenever in an election of directors the polls are to open or close at a specified time, notice of such limitation, opening or closing shall be stated in the notice of such meeting.

Section 2.15 Quorum of Shareholders. The presence in person or by proxy of the holders of forty percent of the shares entitled to vote at any meeting shall constitute a quorum for the transaction of business, including the election of directors, unless some other percentage shall be hereinafter stated.

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ARTICLE III Directors

Section 3.01 Provisions of The General Corporation Law. Except in those particulars and to the extent hereinafter expressly provided for, all provisions (whether mandatory or permissive) of Part 3 of the General Corporation Law, as now or hereafter existing, are approved, adopted and made applicable to the Company and whenever no express provisions are contained herein with respect to any matter authorized or permitted to be regulated, fixed or established by or in the By-Laws, it is intended to adopt and approve the provisions in said Part 3 pertaining thereto and regulating or providing for the same.

Section 3.02 Qualifications and Term. A director need not be a shareholder unless hereinafter otherwise stated. The term of office of a director shall begin immediately upon his election; and each director so elected shall hold office until his successor is elected, or until he resigns or is removed from office, whichever shall first transpire. A director cannot be the Company manager during his/her term of office. (*Amended: 1985: Insert of last sentence.*)

Section 3.03 Organization Meeting. A meeting of the Board (to be known as the "organization meeting"), shall be held immediately following adjournment of the shareholders meeting at which elected, for the purpose of organizing, electing and appointing officers. Any other business may also be transacted at such meeting. No notice of such organization meeting need be given.

If not held at the time appointed, or if reorganization be not effected or completed at such meeting, the business or reorganization shall be transacted or completed at the first regular or special meeting held thereafter, and if not then completed, then at any meeting, regardless of when held.

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Section 6.03 Registration of Pledge. Upon satisfactory evidence of a pledge, the Company shall note the transaction (with the name of the pledgee) on its books or on the share certificate. One or more pledges may be so registered, their priority being indicated by the expressions "First pledgee", "Second pledgee" and so forth.

Section 6.04 Effect of Registration of Pledge. When any pledge has been so registered, the record holder shall be deemed the shareholder as regards the Company, and as such, shall represent the shares and exercise all rights, vote, consent and assent in respect to the shares, and be entitled to all benefits thereunder except that any dividends, whether liquidating or otherwise, shall be paid or delivered to the first pledgee.

ARTICLE VII Water Service Provisions

Section 7.01 Tolls and Assessments. The Board shall have power to fix, and from time to time change, the charges or tolls payable for water furnished, or other service rendered; and to levy, collect and enforce assessments against the shares of stock.

It shall lie within the power of the Board of Directors to determine what part of the revenue of the Company shall be raised by assessments and what part by tolls or rates, and what amount or items shall be charged to current operating expense and what to permanent additions or betterments.

A fee of One Dollar (\$1.00) per share shall be charged to the shareholder for administrative costs when shares are loaned or assigned.

Expenditures for capital improvements exceeding \$10,000.00 shall require approval from the shareholders. (*Amended: 1985: Insert of third and fourth paragraphs.*)

Section 7.02 Delinquency and Interest. The Board shall have the power to provide the time when tolls, charges and accounts shall be due and

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faithful performance of the duties of his office, and for the restoration to the Company, in case of death, resignation, retirement or removal from office, or all books, papers, vouchers, money and other properties of whatever kind in his possession or under his control belonging to the Company.

Section 5.06 Duties of Officers May be Delegated. In case of the absence of any officer of the Company, or for any other reason that the Board may deem sufficient, the Board may delegate, for the time being, the powers or duties, or any of them, of such officer to any other officer or to any Director, provided a majority of the entire Board concur therein.

ARTICLE VI

Certificates and Transfers of Shares

Section 6.01 By Whom Signed. Certificates for shares shall be signed by the President or Vice-President and the Secretary, or an Assistant-Secretary.

Section 6.02 Form. Subject to the provisions of law and these By-Laws, certificates for shares shall be of such form and device as the Board of Directors may direct.

The person to whom issued shall be denominated therein as the "record holder", or by such other designation as shall be ordered by the Board pursuant to any provisions of law.

A voluntary encumbrance of the shares is herein called a "pledge".

The person in whose name a pledge of shares may be registered may be known as the "registered pledgee".

Each certificate shall be issued and held upon and subject to all of the conditions and provisions thereon stated, all of which shall be binding upon the record holder, the registered pledgee (if any) and any transferee or person claiming any interest in the shares, or any of them, evidenced thereby.

With the consent of all the directors, such organization meeting may be held at any time. Attendance shall be deemed such consent. The consent of any director not present or participating shall be written and filed with the Secretary and made a part of the minutes, either before or after the holding of the meeting.

Section 3.04 Regular Meetings. Meetings of the Board, to be known as "regular meetings", shall be held without call at a time appointed therefor by resolution adopted by majority vote of the Board. It shall not be necessary to give notice of regular meetings, nor of the business to be transacted; provided, if the time for holding regular meetings be changed, written notice of that fact shall be given to those directors who were absent at the time of the adoption of the resolution effecting the change. If the time appointed for a regular meeting falls upon a legal holiday, it shall be held at the same hour on the next succeeding business day.

Section 3.05 Special Meeting. Special meetings of the Board may be held from time to time upon call by the President, or if he be absent or be unable or refuse to act, by any Vice-President; and it shall be the duty of the President, or, if he be absent or be unable or refuse to act, then of any Vice-President, to call a special meeting upon the written request of two directors, specifying the purpose; and in the event neither the President nor Vice-President shall call such meeting upon said request, then the same may be called by said two directors. The call in any instance, shall be delivered to the Secretary or person whose duty it is to give notice.

Section 3.06 Notice of Special Meeting. Notice of special meetings of the Board specifying the time and place of meeting, shall be given each director not later than on the day next before the day of the meeting, in any one of the following ways, to wit:

First: By personal delivery of written notice of the meeting; or,

faithful performance of the duties of his office, and for the restoration to the Company, in case of death, resignation, retirement or removal from office, or all books, papers, vouchers, money and other properties of whatever kind in his possession or under his control belonging to the Company.

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First: By personal delivery of written notice of the meeting; or,

Second: By sending written notice of the meeting by mail or telegram; provided, said written notice shall be mailed or sent in sufficient time to permit its receipt on the day next before the meeting, in the ordinary course of transmission; or

Third: By leaving written notice of the meeting at the residence or place of business of the director to be served, with some person residing or regularly employed there; or

Fourth: Verbally or by word of mouth, including therein telephoning, directly and personally to the director to be notified from and by the person whose duty it is to give notice, when intended as notice of meeting by the person giving the same.

Section 3.07 Place of Directors' Meetings. Meetings of the Board, whether regular or special, shall be held at such place within the State of California as has been designated from time to time by resolution of the Board, or by written consent of all members of the Board; and, in the absence of such designation, shall be held at the principal office of the Company.

Section 3.08 Waiver of Notice and Consent to Meetings. Each director may waive as to himself any and all provisions of law and/or these By-Laws, in respect of call, notice and place of meeting, or any of them, and may consent to the holding of any meeting, without call and notice, or either of them, and without regard to the place where held.

Any regular or special meeting of Directors, held with or upon the unanimous consent or approval of all the members of the Board (and attended by not less than a quorum) shall be valid without regard to call and notice, or either of them, and without regard to the place where held, and the proceedings of any such meeting shall be valid and constitute the act, or acts, of the Board as fully and conclusively as though taken and had at a meeting duly called and noticed and held at the place appointed therefor.

Section 5.04 Secretary. The Secretary shall:

(a) Attend all sessions of the Board and all meetings of the shareholders, and record all votes and minutes of all proceedings in a book to be kept for that purpose, and perform like duties for any standing committees when required;

(b) Keep the corporate seal of the Company and books of blank certificates of stock, fill up and counter-sign all certificates issued, and affix the corporate seal to all papers requiring a seal;

(c) Keep proper account books and such records and books pertaining to the issuance and transfer of shares as may be required by law or these By-Laws, or as the Board shall prescribe, and discharge such other duties as pertain to his office, or which may be required by law, or by these By-Laws, or by the Board.

Section 5.05 Treasurer. The Treasurer shall:

(a) Have custody of the corporate funds and securities and keep full and accurate accounts of receipts and disbursements in books belonging to the Company and deposit all moneys and other valuable effects in the name and to the credit of the Company, in such depositories as may be designated by the Board;

(b) Disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements and render to the President and Board, at the regular meeting of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial conditions of the Company; provided the Board may prescribe the manner in which funds shall be withdrawn from and paid out by any depositary;

(c) Give the Company a bond if required by the Board of Directors in a sum, and with one or more sureties satisfactory to the Board, for the

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officers as they deem desirable for the transaction of the business of the Company. Except as may be provided otherwise in the "Special Provisions" hereof, none of said officers need be members of the Board of Directors. Any two or more of said offices, except those of President and Secretary, may be held by the same person. Regular officers shall be elected annually at the organization meeting of the Board, or whenever the Board shall determine; provided, they may always be elected whenever a vacancy exists. Other officers may be elected at any meeting of the Board. Unless sooner removed by the Board of Directors, or unless they resign or become or be disqualified, all of the officers shall hold office until their successors are chosen and qualified. Any officer, whether elected or appointed by the Board of Directors, may be removed at any time by the affirmative vote of a majority of the whole Board of Directors, and each officer shall take and hold office subject to the right of removal by the Board of Directors.

Section 5.02 The President. The President shall be the chief executive officer of the Company, and as such shall:

(a) Preside at all meetings of the shareholders and Directors unless otherwise hereinafter provided. Such shall not prevent him from voting, either at shareholders' meeting, or as Director at a Directors' meeting upon any question;

(b) Unless otherwise directed by the Board, sign as President all deeds and all other instruments in writing which have been first approved or authorized by the Board;

(c) Have power to cause the orders and resolutions of the Board to be carried into effect, and at such times as there shall be no General Manager of the Company, shall have, subject to the advice and control of the Board, general and active supervision of the business and affairs of the Company.

Section 5.03 Vice-President. The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President.

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Attendance at and participation in the proceedings of any meeting (attended and participated in by not less than a quorum), without objection to the regularity or sufficiency of, or lack of, call and notice, or either, or place where held, shall constitute and be a waiver in respect of such matters and an irrevocable consent to the holding of such meeting on the part of and by each director so attending and participating without objection.

Such herein authorized or referred to waiver and consent or either, of any director not present at such meeting, may be made and evidenced in any of the following ways, to wit:

(a) In writing, filed with the Secretary, either before, during or after the meeting;

(b) Subscribing at the foot of the minutes of such meeting an approval of such minutes;

(c) Approval, without objection, of the minutes of such meeting at a subsequent meeting of the Board, attended by the director who was absent from the first mentioned meeting and whose waiver or consent is to be secured.

Section 3.09 Vacancies. Any vacancy in the office of director, however created or arising, may be filled by a majority of the remaining directors, though less than a quorum; and the shareholders may fill any vacancy existing at any time and not filled by the directors.

Section 3.10 Quorum. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business; and, unless otherwise required by law or these By-Laws, every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board.

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Attendance at and participation in the proceedings of any meeting (attended and participated in by not less than a quorum), without objection to the regularity or sufficiency of, or lack of, call and notice, or either, or place where held, shall constitute and be a waiver in respect of such matters and an irrevocable consent to the holding of such meeting on the part of and by each director so attending and participating without objection.

Such herein authorized or referred to waiver and consent or either, of any director not present at such meeting, may be made and evidenced in any of the following ways, to wit:

(a) In writing, filed with the Secretary, either before, during or after the meeting;

(b) Subscribing at the foot of the minutes of such meeting an approval of such minutes;

(c) Approval, without objection, of the minutes of such meeting at a subsequent meeting of the Board, attended by the director who was absent from the first mentioned meeting and whose waiver or consent is to be secured.

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Section 3.11 Business to be Transacted. It shall not be necessary to state in any notice, whether of a regular or special meeting, the nature of the business to be transacted thereat, and any business that the Board may have transacted at a regular meeting may be transacted with like effect at a special meeting, unless otherwise provided by law.

Section 3.12 Compensation of Directors. Unless another method of determining the compensation of Directors shall be hereinafter specified, each Director shall be paid such sums as may be fixed by the shareholders from time to time at any meeting, or if at any time or times there shall not be in effect any provisions for compensation as established by the shareholders, then such sums as may be fixed from time to time by vote of at least two-thirds of the Board. A Director may be allowed fair remuneration to be fixed or approved by the Board for services other than attending meetings when no compensation therefor has been fixed. A Director shall be allowed his reasonable expenses when engaged in the business of the Company to be audited, allowed and paid as other claims against the Company.

Section 3.13 Powers of Board. The Board, subject to restrictions of law, the Articles of Incorporation and these By-Laws, shall exercise all of the powers of the Company, and without prejudice to or limitation upon its general powers, it is hereby expressly provided that the Board shall have and it is hereby given, full power and authority, in its unlimited discretion (to be exercised by resolution adopted by majority vote of all the members of the Board, whether denominated a rule or regulation, or otherwise), in respect of the matters, and as hereinafter set forth, to wit:

Section 3.14 Seal. To adopt, use, and at will alter, a corporate seal of form and device approved by the Board; provided there shall be set forth on said seal, the name of the Company and the State and date of incorporation. Said seal shall be affixed to the share certificates and such other instruments as the Board shall direct.

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If the time has arrived when the person charged with the duty desires to give notice, and the Board has failed to determine any of the above, the same shall then be determined by such person; and the power reserved to and conferred upon the Board, as above stated, shall be exercised and the determination made, by the person giving the notice.

Section 4.05 No Notice to Person Giving the Same. Where the person giving any notice shall belong to the class entitled to notice, no notice need be mailed to or otherwise served upon such person, and it shall be conclusively presumed that service of the notice has been made personally upon that person.

Section 4.06 Actual Receipt of Notice. Whenever any person (whether shareholder, director or other) shall be entitled to any notice, actual receipt by such person of any writing intended as a special or specific notice to such person, or of any written or printed notice used, or intended for use, generally, as or for notice to the class of which the person is a member, shall constitute and be notice of the contents of such writing, and due and sufficient service of such notice, regardless of how or in what manner served, or how or in what manner, or by whom delivery was made, or how or in what manner or from whom it was received; and no other or further notice need be given or service made, and such person shall be deemed to have waived any irregularity or omission in respect of such notice and service, unless written protest specifying the grounds of insufficiency or the nature of the omission be immediately filed with the Company.

ARTICLE V Officers

Section 5.01 Number of Officers. The officers of the Company (herein called "regular officers") shall be elected by the Directors, and shall be a President, a Vice-President, a Secretary and a Treasurer. The Board may also appoint one or more additional Vice-Presidents, one or more Assistant-Secretaries, one or more Assistant-Treasurers, and such other

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Section 4.03 Where Notice is To Be Mailed. When resort is had to giving any notice by mail, such notice shall be deposited in the United States Post Office in the city or community in which the principal office of the Company is situated, or in a United States Post Office within not more than fifty (50) miles from said principal office, with postage thereon prepaid, and directed to the person to be served at the address of such person, if such address appears on the records of the Company; and if same does not appear on such records, then addressed to such person at the city or community in which the principal office of the Company is situated. The notice shall be deemed to have been deposited in such Post Office if delivered to a letter carrier making mail deliveries from such Post Office, or when deposited in a letter box, or other mail receptacle from which mail is regularly collected for such Post Office.

Section 4.04 Method, Publication and Form. The Board shall have power, subject to provisions of law, or of these By-Laws specifically regulating the matter, from time to time and at any time, to determine and order, with respect to notices, or any notice, as follows:

- (a) Where two or more methods are available, which method shall be used, and use of one method as to one or more persons to be served, and another method, or methods, as to others;
- (b) The newspaper in which publication is to be made;
- (c) The date, or dates, or publication;
- (d) The form and contents of the notice; and
- (e) The date of mailing of the notice.

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- (e) The date of mailing of the notice.

Section 3.15 Share Register. To prescribe the form and provide for keeping a share register and records pertaining to the issuance, registration and transfer of shares.

Section 3.16 Financial Reports. To prescribe the form and provide for making and giving financial statements and reports to the shareholders. Unless provided to the contrary in the "Special Provisions," no report provided for by Section 3006 of the Corporations Code of the State of California need be sent to the shareholders, and the provisions of said section are expressly dispensed with.

Section 3.17 Rules and Regulations. To adopt, repeal, modify, from time to time change, and enforce, all rules and regulations not inconsistent with the laws of the State of California, or with the Articles of Incorporation, or with these By-Laws, by the Board deemed essential or desirable for the management or conduct of the Company's business and affairs, or the exercise of the Board's powers. Said rules and regulations may, in addition to any other things, provide for and regulate any of the matters in this Article referred to and authorized to be determined by the Board.

Section 3.18 Transfer Fee. To provide for the payment of a transfer fee to be fixed by the Board, for the transfer of shares upon the books of the Company, provided, that such transfer fee shall not exceed eighteen dollars (\$18.00) for each new certificate issued. (*Amended: 1985—\$15.00; 2009—\$18.00*)

Section 3.19 Fractional Shares. To regulate and control the division of shares into fractions, subject to any provision of these By-Laws relative thereto.

Section 3.20 Compulsory Exchange of Certificates. To require the respective holders of outstanding share certificates, or of any of such certificates, to surrender and exchange them for new certificates within a

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period to be fixed by the Board, not less than thirty (30) days from the giving of notice, whenever the Articles of Incorporation have been amended in any way affecting the statements contained in the outstanding share certificates, or whenever it becomes desirable for any reason, in the discretion of the Board, to cancel any outstanding share certificate and issue a new certificate therefor conforming to the rights of the holder. In any order requiring such surrender and exchange, the Board may provide that no holder of any such certificate ordered to be surrendered shall be entitled to vote or to exercise any of the rights or be entitled to any of the benefits or privileges of a shareholder of record until he shall have complied with such order, but such order shall only operate to suspend such rights after notice and until compliance. Notice of such order shall be given in the manner prescribed in these By-Laws for notice of meetings of shareholders. Such duty of surrender may also be enforced by action at law; and any shareholder having the ability, or other person having the possession and control, refusing or failing to surrender and exchange any certificate in accordance with the order of Board shall be liable to the Company for all damages incurred by it from such refusal or failure, including reasonable attorney's fees incurred by the Company in enforcing such duty.

Section 3.21 Dismissal of Employees. To dismiss any employee (whether regular or temporary) and terminate his employment, regardless of the period of employment, whether express or implied, without liability on the Company, other than for compensation for services actually performed to the time of dismissal and pro-rated (if that be necessary) at the rates provided for in the contract, or otherwise agreed upon or payable; and regardless of whether so stated in the contract, or at the time of hiring, the power of the Board to dismiss an employee, as herein provided, shall be deemed a part of every employment and every contract of employment, whether such contract of employment be written or in parole; and no officer, superintendent, or other representative of the Company, shall have any authority to employ any person other than upon and subject to the right of the Board to terminate the employment at any time, without liability

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resulting therefrom; provided further, the Board shall have power to waive such right of dismissal in any hiring for a period of not in excess of one year, when the contract is in writing and shall contain an express waiver of this provision and shall have been expressly authorized by resolution of the Board.

Section 3.22 Delegation of Powers. To delegate to any superintendent or other employee or agent of the Company, the enforcement of the rules and regulations of the Company, and the determination of all matters of a ministerial nature.

ARTICLE IV Notices

Section 4.01 Applies to all Notices. Except as in conflict with law, or other provisions of these By-Laws, the provisions of this Article are intended to, and shall apply to all notices required, or permitted, to be given, including notice of shareholders' meetings, Directors' meetings and assessments.

Section 4.02 By Whom Given, Method of Making, and Signing. Notices shall be given by the Secretary, or by an Assistant-Secretary, if such Assistant be so directed by either the Secretary, the President or the Board. If the person whose duty it is to give any notice shall fail or refuse so to do, then it shall be given by any person thereto directed by the President or the Board; or in the event of a called meeting, it may be given (in the event of such refusal or failure) by any person directed so to do by the person or persons calling the meeting. Whenever a written notice is required to be given, or is given under these By-Laws, or pursuant to any provision of law, it may be made by any method appropriate for such purpose, including longhand, writing, printing, stamping, multigraphing, mimeographing, typing, or in part by one method and in other parts by another or other methods.

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Re: *ANTELOPE VALLEY GROUNDWATER CASES*
Los Angeles County Superior Court Judicial Council Coordinated
Proceedings No. 4408; Santa Clara County Superior Court Case No. 1-05-CV-049053

On December 21, 2012, I served the foregoing document(s) described as **CROSS-DEFENDANT, SHEEP CREEK WATER COMPANY, INC.'S INFORMATION AND MATERIALS RESPONSIVE TO DECEMBER 12, 2012 DISCOVERY ORDER FOR PHASE 4 TRIAL** on the interested parties in this action in the following manner:


DINA M. SNIDER