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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF LOS ANGELES**

10 Coordination Proceeding
11 Special Title (Rule 1550(b))

12 **ANTELOPE VALLEY**
13 **GROUNDWATER CASES**

14 Included **CONSOLIDATED** Actions:

15 Los Angeles County Waterworks District
No. 40 v. Diamond Farming Co.
Superior Court of California, County of
16 Los Angeles, Case No. BC 325201

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

19 Wm. Bolthouse Farms, Inc. v. City of
20 Lancaster Diamond Farming Co. v. City of
Lancaster Diamond Farming Co. Palmdale
21 Water Dist., Superior Court of California,
County of Riverside, consolidated actions,
22 Case Nos. RIC 353840, RIC 344436,
RIC 344668

23 Willis v. Los Angeles County Waterworks
24 District No. 40 Superior Court of
California, County of Los Angeles,
25 Case No. BC 364553

26 Wood v. Los Angeles County Waterworks
27 District No. 40, Superior Court of
California, County of Los Angeles
Case No. BC 391869
28

Judicial Council Coordination
Proceeding No. 4408

Lead Case No. BC 325201

Assigned to: Hon. Jack Komar
Dept. 12

**[proposed] SUPPLEMENTAL CROSS-
COMPLAINT**

SUPPLEMENTAL CROSS-COMPLAINT

New Anaverde, LLC ("New Anaverde") alleges, in its capacity as the transferee of certain assets identified below from Anaverde, LLC ("Anaverde"), as follows:

1. On or about June 20, 2007, Anaverde filed a Cross-Complaint and an Answer to the Public Water Suppliers' First Amended Cross-Complaint in this litigation. At the time when it filed these pleadings, Anaverde owned approximately 1,545 acres of land within the Antelope Valley, including a master-planned, partially entitled residential development in and around the City of Palmdale, California. The Anaverde Development includes approximately 3500 undeveloped lots in the City of Palmdale. Anaverde also owned an adjacent unimproved development known as Chandar planned for 157 single family home sites. Anaverde also held and operated certain water wells that draw water from beneath the developments identified above (the "Property").

2. On January 15, 2010, Anaverde filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code protection in the United States Bankruptcy Court for the District of Delaware in the action entitled In Re: Anaverde LLC, Case Number 10-10113 (the "Bankruptcy Case").

3. On January 15, 2010, Anaverde filed a motion for an order: (a) approving certain procedures for the sale of the debtor's assets, (b) scheduling an auction and hearing to consider approval of the sale, (c) approving notice of respective dates, times and places for the auction and hearing on approval of sale and an assumption and assignment of certain executory contracts and unexpired leases, (d) approving the form and manner of notice of sale process and of approval hearing, and (e) granting related relief (the "Sale Procedures Motion"). In essence, Anaverde was seeking to have the Bankruptcy Court establish sale procedures for a proposed sale of the Property, including all of its rights in the Antelope Groundwater Litigation to New Anaverde or a higher bidder.

4. On February 5, 2010, the Bankruptcy Court approved the Sale Procedures Motion.

1 5. On March 24, 2010, Anaverde filed a motion for an order: (a) approving the sale
2 of Anaverde's assets free and clear of all liens, claims, encumbrances and other interests; (b)
3 approving the assumption by and assignment to New Anaverde of certain executory contracts
4 and unexpired leases; and (c) granting related relief (the "Sale Motion"). In essence,
5 Anaverde was seeking to have the Bankruptcy Court approve the sale of substantially all of its
6 assets, including all of Anaverde's rights and interests in the Property and in this litigation to
7 New Anaverde or such higher bidder (the "Sale Motion").

8 6. On June 14, 2010, the Bankruptcy Court entered an order (the "Confirmation
9 Order") confirming Anaverde's Amended Plan of Liquidation (the "Plan"). The Plan
10 contemplated that the proposed sale of Anaverde's assets to New Anaverde would be
11 consummated.

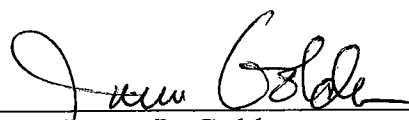
12 7. On June 14, 2010, the Bankruptcy Court entered an order (the "Sale Order")
13 approving the sale of substantially all of Anaverde's assets, including the Property and its
14 interests in this litigation, to New Anaverde.

15 8. Following the entry of the Sale Order, Anaverde and New Anaverde executed an
16 agreement (entitled "Asset Purchase Agreement"), the effect of which, together with certain
17 related documentation, was to transfer the Property, as well as Anaverde's rights and interests
18 in this litigation, to New Anaverde.

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20 DATED: October 1, 2010

PIRCHER, NICHOLS & MEEKS

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22 By: _____


James L. Goldman
Attorneys for New Anaverde, LLC

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PROOF OF SERVICE
Antelope Valley Groundwater Cases
Case No. Judicial Council Coordination Proceeding No. 4408
Santa Clara Case No. 1-05-CV-049053

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 1925 Century Park East, Suite 1700, Los Angeles, California 90067.

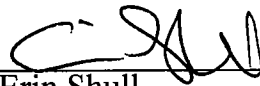
On October 1, 2010, I served the following document

[PROPOSED] SUPPLEMENTAL CROSS-COMPLAINT

on all interested parties in this action by posting the document listed above to the Santa Clara County Superior Court website in regard to the Antelope Valley Groundwater Adjudication matter, pursuant to the Electronic Filing and Service Standing Order of Judge Komar.

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

Executed on October 1, 2010, at Los Angeles, California.


Erin Shull