Santa Barbara, CA 93101

OBJECTIONS TO PROPOSED CONSOLIDATION ORDER

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Cross-Defendants Antelope Valley Groundwater Agreement Association ("AGWA"), Service Rock Products Corporation, Sheep Creek Water Company, the Antelope Valley United Mutual Group, U.S. Borax, Inc., Bolthouse Properties, Inc., Wm. Bolthouse Farms, Inc., Diamond Farming Company, Crystal Organic Farms, Grimmway Enterprises, Inc., and Lapis Land Company, LLC (collectively, "Cross-Defendants") hereby object to the Proposed Order Transferring and Consolidating Actions for All Purposes (the "Proposed Order") posted to the Court's website by counsel for the City of Palmdale on January 25, 2010.

At the outset, Cross-Defendants reiterate that they are opposed to consolidation as they do not believe California law permits consolidation in this case. Cross-Defendants have previously articulated their opposition in their August 3, 2009 Opposition to Motion to Transfer and Consolidate for All Purposes and their September 18, 2009 Supplemental Opposition to Purveyors' Motion to Transfer and to Consolidate for All Purposes. However, as the Court has directed the parties to draft an order granting the motion to transfer and consolidate, the Cross-Defendants submit this objection.

Cross-Defendants object to the order as drafted on the grounds described below. Based on their objections, Cross-Defendants file herewith an alternative draft order.

- Initially, Cross-Defendants cannot properly consider any proposed consolidation order without having had the opportunity to review the proposed settlements between the landowner classes and various Public Water Suppliers. If the Court is intending to incorporate these settlements into a universal final judgment that satisfies the requirements of the McCarran Amendment, Cross-Defendants cannot properly evaluate the effect of a consolidation in the absence of information regarding the terms of the settlements.
- The Proposed Order does not contain language ensuring that consolidation will not result in Cross-Defendants assuming any obligation for the Classes' attorneys' fees and costs. The global consolidation suggested by the Proposed Order will make

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Cross-Defendants and the Classes parties to a common action. This consolidation is being accomplished primarily in order to satisfy the requirements of the McCarran Amendment and not as a result of any claims between the Classes and Cross-Defendants. Accordingly, consolidation should not impose upon Cross-Defendants any obligations for the Classes' fees and costs and any order of consolidation should explicitly provide the same.

The Proposed Order is internally inconsistent. Paragraph 1 of the Order states that the motion to transfer and consolidate for all purposes is granted. Paragraph 2 of the Order provides that all actions, less the Blum action, are "consolidated completely for all purposes." Paragraph 4 of the findings states that complete consolidation will allow an inter se adjudication of the parties' rights to withdraw groundwater from the Antelope Valley Groundwater Basin. However, paragraph 5 of the findings provides that the Proposed Order

> shall not preclude any parties from settling any or all claims between or among them, as long as any such settlement expressly provides for the Court to retain jurisdiction over the settling parties for purposes of entering a physical solution resolving all claims to the rights to withdraw groundwater from the Antelope Valley Groundwater Basin. Upon appropriate motion and the opportunity for all parties in interest to be heard, the Court may enter a final judgment approving any settlements, including the Willis and Wood class settlements, that finally determine all cognizable claims for relief among the settling parties, but any such judgment must expressly retain jurisdiction over the settling parties for purposes of incorporating and merging the settlement into a comprehensive single judgment containing such a physical solution. Complete consolidation shall not prejudice or impair any class' right to seek the entry of a final judgment after settlement.

These paragraphs are inconsistent, as, if the listed cases are consolidated for all purposes, there should be no settlement and separate judgment entered among a partial group of parties to the consolidated cases. Where complete consolidation may be ordered, the pleadings of the consolidated cases are regarded as merged, one set of

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findings is made, and one judgment is rendered. (See Hamilton v. Asbestos Corp., Ltd. (2000) 22 C4th 1127, 1147–1148, 95 CR2d 701, 714.) The potential settlement and separate judgment among a subgroup of the parties to the consolidated cases is inconsistent with "complete consolidation."

A final judgment as contemplated by paragraph 5 would be just that, a "final judgment," not susceptible to amendment, modification, and/or alteration of any rights and/or privileges gained and/or conceded therein. Any final judgment entered upon a stipulated settlement is and would be nothing more than the court's endorsement of a contractual agreement between the settling parties, and would, in the context of a groundwater basin adjudication, be antithetical to what the law otherwise requires in an inter se adjudication.

Paragraphs 5, 6 and 7 of the Proposed Order appear to have been drafted, in part, as a "pre-trial" order, to set the subject matter and sequencing of future phases of trial. However, this is outside the scope of the moving parties' motion, presently premature and unnecessary for the purposes of the moving parties' motion as presented and inappropriate without briefing and input from all the remaining parties to the actions to be consolidated. Specifically, Paragraph 6 contains inappropriate and impermissible findings of fact, on issues that were not even presented to the Court under the moving parties' motion. These paragraphs are superfluous and should be stricken and removed from any consolidation order.

Based upon the foregoing, Cross-Defendants request that the Court adopt the alternative draft order attached hereto.

BROWNSTEIN HYATT FARBER BRADLEY J. HERREMA **MORRISON & FOERSTER LLP** EDGAR B. WASHBURN GEOFFREY R. PITTMAN Attorneys for U.S. BORAX, INC. Attorneys for BOLTHOUSE PROPERTIES LLC and WM. BOLTHOUSE FARMS, INC. LAW OFFICES OF LEBEAU THELEN, LLP Attorneys for DIAMOND FARMING COMPANY, CRYSTAL ORGANIC FARMS, GRIMMWAY ENTERPRISES, INC., and LAPIS LAND COMPANY, LLC.

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	4		By: MICHAEL T. FIFE
	5	·	BRADLEY J. HERREMA Attorneys for AGWA
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	7	Dated: January, 2010	MORRISON & FOERSTER LLP
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	9		By:
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	25		LAPIS LAND COMPANY, LLC.
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		OBJECTIONS TO PRO	POSED CONSOLIDATION ORDER
		SB 532738 v4:007966.0001	

SB 532738 v4:007966;0001

1	Dated: January2010	BROWNSTEIN HYATT FARBER	
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10		By:EDGAR B, WASHBURN	
11	HE 1417. 3. 4. 1010 Jan. 2017. 1. 1010 Jan. 2017. 1	WILLIAM M. SLOAN GEOFFREY R. PITTMAN	
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	OBJECTIONS TO PROPOSED CONSOLIDATION ORDER		

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Dated: January 29, 2010

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By:

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1 PROOF OF SERVICE 2 STATE OF CALIFORNIA, 3 **COUNTY OF SANTA BARBARA** 4 I am employed in the County of Santa Barbara, State of California. I am over the age of 18 and not a party to the within action; my business address is: 21 E. Carrillo Street, Santa Barbara, 5 California 93101. 6 On February 1, 2010, I served the foregoing document described as: 7 OBJECTION TO PROPOSED ORDER TRANSFERRING AND CONSOLIDATING ACTIONS FOR ALL PURPOSES 8 9 on the interested parties in this action. By posting it on the website at 11:00 a.m. on February 1, 2010. 10 This posting was reported as complete and without error. 11 (STATE) I declare under penalty of perjury under the laws of the State of California 12 that the above is true and correct. 13 Executed in Santa Barbara, California, on February 1, 2009. 14 15 16 17 18 MARIA KLACHKO-BLAIR TYPE OR PRINT NAME **SIGNATURE** 19 20 21 22 23 24 25 26 27 28 SB 533229 v1:007966.0001

PROOF OF SERVICE