ADDITIONAL STATUS UPDATE ON ZAMRZLA SETTLEMENT

Price, Postel & Parma LLP

SANTA BARBARA, CA

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Thereafter, on March 1, 2022, the Zamrzlas submitted their own status update on settlement discussions, arguing that the Watermaster's proposed Order After Hearing sets forth nothing more than the exact terms of the draft stipulation the Watermaster submitted to the Zamrzlas for review back on January 14, 2022. The Zamrzlas also complain that the Watermaster will not agree to stipulate to a specific amount of Production Rights to which the Zamrzlas may be entitled. On March 3, 2022, the Zamrzlas filed a copy of a proposed Order after hearing setting forth terms substantively different than what the Watermaster has proposed, and contrary to the Court's instructions to the parties.

The Zamrzlas propose to entirely eliminate any remedy available to the Watermaster or the Court—other than the Watermaster filing a new motion against the Zamrzlas—in the event the Zamrzlas fail to either prove-up a Production Right or seek New Production. The Court has directed the parties to settle a highly contested dispute, in which the Watermaster continues to maintain that the Zamrzlas are Small Pumper Class Members as defined in the Judgment, and as a result the Zamrzlas must affirmatively prove that they do not qualify as Small Pumper Class Members.

The Court has explicitly stated that the Zamrzlas clearly owe the Watermaster some amount of Assessments (depending on whether and to what extent they can prove-up a Production Right), and that any objection by the Zamrzlas on jurisdictional grounds must fail. If the Zamrlzas are permitted to attempt to prove-up an entitlement to some portion of the Native Safe Yield notwithstanding their inclusion in the Small Pumper Class, they must concede that the Watermaster will retain the right to seek ex parte relief to enforce the Judgment if the Zamrzlas do not follow-through as agreed. In the proposal submitted by the Zamrzlas, the Watermaster and the Court are left empty-handed if the Zamrzlas continue to do what they have done since the date of the Judgment: sit idly by, refusing to take affirmative steps to participate in the adjudication, all the while pumping Groundwater from the Basin without any consequence.

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The Zamrzlas' proposal also refuses to acknowledge that the Watermaster is authorized to collect fees and interest on delinquent Assessments, and eliminates any acknowledgement that the Zamrzlas will owe some amount of Assessments for Groundwater they have Produced from the Basin. This framework is contrary to the clear terms of the Judgment, and purports to undermine the Court's jurisdiction over all persons who Produce Groundwater from the Basin.

At the February 18, 2022 hearing, the Court indicated that the issue of whether the Zamrzlas were properly included in the Small Pumper Class will be determined after a final ruling on the merits of the Zamrzlas' motions to prove-up Production Rights. The Court suggested that, after considering all the evidence and objections by Stipulating Parties, the Court will determine whether or not the Zamrzlas fall within the definition of Small Pumper Class Members. This framework is set forth in the Watermaster's proposed Order After Hearing.

As further set forth in the Watermaster's proposed Order After Hearing, in the event the Zamrzlas fail to take affirmative steps to attempt to prove-up a Production Right and establish that they are not Small Pumper Class Members, there must be a fallback mechanism to confirm their status as Small Pumper Class Members in order to ensure the terms of the Judgment remain enforceable against all persons Producing Groundwater from the Basin.

Counsel for other Stipulating Parties present at the February 18, 2022 hearing expressed a well-founded desire to be involved in the motions to be submitted by the Zamrzlas from the outset, and the Watermaster's proposed Order After Hearing establishes exactly this framework (see, e.g., the proposed Order at p. 5, ll. 21-26). In addition, the Watermaster understands that counsel for other Stipulating Parties will submit a proposed Order After Hearing setting forth a different, albeit similar framework for the Zamrzlas to either affirmatively and timely prove they are not properly characterized as Small Pumper Class Members, or otherwise pay the Watermaster the amounts demanded in the Motion.

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1	In light of the above, and based on any additional oral arguments submitted at the hearing		
2	on March 4, 2022, the Watermaster respectfully requests that its proposed Order After Hearing be		
3	entered, or otherwise that the Court consider the proposed Order After Hearing that will be		
4	4 submitted by counsel for other Stipulating Partie	submitted by counsel for other Stipulating Parties.	
5	5 Respect	fully submitted,	
6	6 Dated: March 3, 2022 PRICE,	POSTEL & PARMA LLP	
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8	8 By:	reis a. Par	
9	9 CRA	AIG A. PARTON OTHY E. METZINGER	
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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF SANTA BARBARA

I am employed in the County of Santa Barbara, State of California. I am over the age of eighteen (18) and not a party to the within action. My business address is 200 East Carrillo Street, Fourth Floor, Santa Barbara, California 93101.

On March 3, 2022, I served the foregoing document described **ADDITIONAL STATUS UPDATE ON ZAMRZLA SETTLEMENT**on all interested parties in this action by placing the original and/or true copy.

- BY ELECTRONIC SERVICE: I posted the document(s) listed above to the Santa Clara County Superior Court Website @ www.scefiling.org and Glotrans website in the action of the Antelope Valley Groundwater Cases.
- (STATE) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
- ☐ (FEDERAL) I hereby certify that I am employed in the office of a member of the Bar of this Court at whose direction the service was made.

Executed on March 3, 2022, at Santa Barbara, California.

Signature C Elizabeth Wright

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PRICE, POSTEL & PARMA LLP----SANTA BARBARA, CA