EXHIBIT "B"

1 BEST BEST & KRIEGER LLP EXEMPT FROM FILING FEES ERIC L. GARNER, Bar No. 130665 UNDER GOVERNMENT CODE 2 JEFFREY V. DUNN, Bar No. 131926 SECTION 6103 STEFANIE D. HEDLUND, Bac No. 239787 3 5 PARK PLAZA, SUITE 1500 IRVINE, CALIFORNIA 92614 4 TELEPHONE: (949) 263-2600 TELECOPIER: (949) 260-0972 Attorneys for Cross-Complainants 5 ROSAMOND COMMUNITY SERVICES DISTRICT and LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40 OFFICE OF COUNTY COUNSEL 8 COUNTY OF LOS ANGELES RAYMOND G. FORTNER, IR., Bar No. 42230 9 COUNTY COUNSEL FREDERICK W. PFAEFFLE, Bar No. 145742 10 PRINCIPAL DEPUTY COUNTY COUNSEL 500 WEST TEMPLE STREET LOS ANGELES, CALIFORNIA 96012 11 TELEPHONE: (213) 974-1901 12 TELECOPIER: (213) 458-4020 Attorneys for Cross-Complainant LOS ANGELES 13 COUNTY WATERWORKS DISTRICT NO. 40 14 [See Next Page For Additional Counsel] SUPERIOR COURT OF THE STATE OF CALIFORNIA 15 COUNTY OF LOS ANGELES - CENTRAL DISTRICT 16 17 ANTELOPE VALLEY 18 Judicial Council Coordination No. 4408 GROUNDWATER CASES 19 Santa Clara Case No. 1-05-CV-049053 Included Actions: Assigned to The Honorable Jack Komar Los Angeles County Waterworks District 20 No. 40 v. Diamond Farming Co., Superior [Code Civ. Proc., § 382] Court of California, County of Los 21 Angeles, Case No. BC 325201; IPROPOSED) FIRST-AMENDED CROSS-COMPLAINT OF PUBLIC WATER SUPPLIERS 22 Los Angeles County Waterworks District FOR DECLARATORY AND INJUNCTIVE No. 40 v. Diamond Farming Co., Superior 23 RELIEF AND ADJUDICATION OF WATER Court of California, County of Kern, Case RIGHTS No. S-1500-CV-254-348; 24 Wm. Bolthouse Farms, Inc. v. City of 25 Lancaster, Diamond Farming Co. v. City of Lancaster, Diamond Farming Co. v. 26 Palmdale Water Dist., Superior Court of California, County of Riverside, Case Nos. 27 RIC 353 840, RIC 344 436, RIC 344 668

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Cross-Complainants California Water Service Company, City of Lancaster, City of Palmdale, Littlerock Creek Irrigation District, Los Angeles County Water Works District No. 40, Palmdale Water District, Rosamond Community Services District, Palm Ranch Irrigation District and Quartz Hill Water District (collectively, the "Public Water Suppliers") allege:

INTRODUCTION

I. This cross-complaint seeks a judicial determination of rights to all water within the adjudication area of the Antelope Valley Groundwater Basin as determined by the Court's Orders in this case (the "Basin"). An adjudication is necessary to protect and conserve the limited water supply that is vital to the public health, safety and welfare of all persons and entities that depend upon water from the Public Water Suppliers. For these reasons, the Public Water Suppliers file this cross-complaint to promote the general public welfare in the Antelope Valley, protect the Public Water Suppliers' rights to pump groundwater and provide water to the public, protect the Antelope Valley from a loss of the public's water supply; prevent degradation of the quality of the public groundwater supply; stop land subsidence; and avoid higher water costs to the public.

CROSS-COMPLAINANTS

- California Water Service Company is a California corporation which extructs groundwater from the Basin to serve customers within the Basin.
- 3. The City of Lancaster is a municipal corporation located in the County of Los Angeles, and which produces and receives water for reasonable and beneficial uses, including overlying uses. The City of Lancaster further provides ministerial services to mutual water companies that produce groundwater from the Basin.
- The City of Palmdale is a municipal corporation in the County of Los Angeles.
 The City of Palmdale receives water from the Basin.

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5.	Littlerock Creek Im	igation District is a p	public agency	which extracts	groundwate
from the Basi	n to serve customers	within the Basin.			

- 6. Los Angeles County Waterworks District No. 40 is a public agency governed by the Los Angeles County Board of Supervisors. District 40 has been lawfully organized to perform numerous functions, including providing Basin groundwater to the public in a large portion of the Antelope Valley. To this end, District 40 has constructed, maintained and operated a public waterworks system to supply water to the public.
- 7. Palmdale Water District is an irrigation district organized and operating under Division 11 of the California Water Code. Palmdale Water District extracts groundwater from the Basin for delivery to customers.
- 8. Palm Ranch Irrigation District Palm Ranch Irrigation District is a public agency which extracts groundwater from the Basin to serve customers within the Basin.
- Rosamend Community Services District provides water to more than 3,500 residents of Kern County for domestic uses, fire protection, and irrigation. Rosamond has drilled and equipped wells to pump groundwater from the Basin. Rosamond has constructed, maintained and operated a public waterworks system to supply water to the public.
- 10. Quartz Hill Water District is a county water district organized and operating under Division 12 of the California Water Code. Quartz Hill extracts groundwater from the Lancaster Sub-basin of the Antelope Valley Groundwater Basin for delivery to customers.

CROSS-DEFENDANTS

11. The following persons and/or entities are the owners of, and/or are beneficial interest holders in real property within the geographic boundaries of the Basin. These persons 4.

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and/or entitles claim overlying rights to extract water from the Basin, whether or not they have heretofore exercised such overlying rights: ABC Williams Enterprises LP, ACEH Capital, LLC, Jacqueline Ackermann, Cenon Advincula, Oliva M. Advincula, Mashallah Afshar, Antonio U. Agustines, Airtrust Singapore I rivate Limited, Marwan M. Aldais, Allen Alevy, Allen Alevy and Alevy Family Trust, Georgine I. Archer, Georgine I. Archer as Trustee for the Georgine J. Archer Trust, A V Materials, Inc., Guss A. Barks, Jr., Peter G. Barks, Ildefonso S. Barani, Nilda V. Bayani, Big West Corp. Randall Y. Blayney, Melody S. Bloom, Bolthouse Properties, Inc., David L. Bowers, Ronald Z. Bowers, Leroy Daniel Bronston, Marilyn Burgess, Laverne C. Burroughs, Laverne C. Burroughs, Trustee of the Burroughs Family Irrevocable Trust Dated August 1, 1995, Bruce Burrows, John and B. Calandri 2001 Trust, California Portland Cement Company, Calmat Land Co., Melinda E. Cameron, Castle Butte Dev Corp, Catellus Development Corporation, Bong S. Chang, Jeanna Y. Chang, Moon S. Chang, Jacob Chetrit, Frank S. Chiodo, Lee S. Chiou, M S Chung, City of Los Angeles, Carol K. Claypool, Clifford N. Claypool, W. F. Clumen, Jr., W. F. Clunen, Ir. as Trustee for the P C Rev Inter Vivos Trust, Consolidated Rock Products Co., County Sanitation District No. 14 of Los Angeles County, County Sanitation District No. 20 of Los Angeles County, Ruth A. Cumming, Ruth A. Cumming as Trustee of the Cumming Family Trust, Carharine M. Davis, Milton S. Davis, Del Sur Ranch LLC, Diamond Farming Company, Sarkis Djanibekyan, Hong Dong, Ying X Dong, Dorothy Dreier, George E. Breier, Morteza M. Foreighi, Morteza M. Foreughi as Trustee of the Foreughi Family Trust, Lewis Fredrichsen, Lewis Fredrichsen as Trustee of the Friedrichsen Family Trust, Joan A. Funk, Eugene Gabrych, Marian Gabrych, Aurora P. Gabuya, Rodrigo L. Gabuya, GGF LLC, Genus LP, Betty Gluckstein, Joseph H. Gluckstein, Fourest G. Godde, Fourest G. Godde as Trustee of the Fourest G. Godde Trust, Lawrence A. Godde, Lawrence A. Godde and Godde Trust, Maria B. Gorrindo, Maria B. Gorrindo as Trustee for the M. Gorrindo Trust, Wendell G. Hanks, Andreas Hauke, Marilyn Hauke, Healy Enterprises, Inc., Walter E. Flelmick, Donna L. Higelmire, Michael N. Higelmire, Davis L. and Diana D. Hines Family Trust, Hooshpack Dev Inc., Chi S. Huang, Suchu T. Huang, John Hui, Hypericum Interests LLC, Daryush Iraninezhad, Minoo Iraninezhad, Esfandiar Kadivar, Esfandiar Kadivar as Trustee of the Kadivar Family Trust, A. David Kagon, A. David

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Kagon as Trustee for the Kagon Trust, Jack D. Kahlo, Cheng Lin Kang, Herbert Katz, Herbert Katz as Trustee for the Katz Family Trust, Marianne Katz, Lilian S. Kauffman, Lilian S. Kaufman as Trustee for the Kaufman Family Trust, Kazuko Yoshimatsu, Barbara L. Keys, Barbara L. Keys as Trustee of the Barbara L. Keys Family Trust, Billy H. King, Illy King, Illy King as Trustee of the Illy King Family Trust, Kootenai Properties, Inc., Kutu Investment Co., Gailen Kyle, Gailen Kyle as Trustee of the Kyle Trust, James W. Kyle, James W. Kyl: as Trustee of the Kyle Family Trust, Julia Kyle, Wanda F. Kyle, Fares A. Lahoud, Eva Lai, Paul Lai, Ying Wah Lam, Land Business Corporation, Richard E. Landfield, Richard E. Landfield as Trustee of the Richard E. Landfield Trust, Lawrence Charles Trust, William Lewis, Mary Lewis, Pei Chi Lin, Man C. Lo, Shiung Ru Lo, Lyman C. Miles, Lyman C. Miles as Trustee for the Miles Family Trust, Malloy Family Partners LP, Mission Bell Rauch Development, Barry S. Munz, Kathleen M. Munz, Terry A. Munz, M.R. Nasir, Souad R. Nasir, Eugene B. Nebeker, Simin C. Neman, Heary Ngo, Frank T. Nguyen, Juanita R. Nichols, Oliver Nichols, Oliver Nichols as Trustee of the Nichols Family Trust, Owl Properties, Inc., Palmdale Hills Property LLC, Norman L. Poulsen, Marilyn J. Prewoznik, Marilyn J. Prewoznik as Trustee of the Marilyn J. Prewoznik Trust, Elias Qarmout, Victoria Rahimi, R and M Ranch, Inc., Patricia A. Recht, Veronika Reinelt, Reinelt Rosenloe, her Corp. PSP, Patricia J. Riggins, Patricia J. Riggins as Trustee of the Riggins Family Trust, Edgar C. Ritter, Paula E. Ritter, Paula E. Ritter as Trustee of the Ritter Family Trust, Roman Catholic Archbishop of Los Angeles, Romo Lake Los Angeles Partnership. Rosemount Equities LLC Series, Royal Investors Group, Royal Western Properties LLC, Oscar Rudnick, Rebecca Rudnick, Santa Monica Mountains Conservancy, Marygrace H. Santoro, Marygrace H. Santoro as Trustee for the Marygrace H. Santoro Rev Trust, San Yu Enterprises, Inc., Daniel Saparzadeh, Helen Stathatos, Savas Stathatos, Savas Stathatos as Trustee for the Stathatos Family Trust, Seven Star United LLC, Mark H. Shafron, Robert L. Shafron, Kamram S. Shakib, Donna L. Simpson, Gareth L. Simpson, Gareth L. Simpson as Trustee of the Simpson Family Trust, Soaring Vista Properties, Inc., State of California, George C. Stevens, Jr., George C. Stevens, Jr. as Trustee of the George C. Stevens, Jr. Trust, George L. Stimson, Jr., George L. Stimson, Jr. as Trustee of the George L. Stimson, Jr. Trust, Tejon Ranch, Mark E. Thompson A P

C Profit Sharing Plan, Tierra Bonita Ranch Company, Tiong D. Tiu, Beverly J. Tobias, Beverly J. Tobias as Trustee of the Tobias Family Trust, Jung N. Tom, Wilma D. Trueblood, Wilma D. Trueblood as Trustee of the Trueblood Family Trust, Unison Investment Co., LLC, Delmar D. Van Dam, Gertrude J. Van Dam, Keith E. Wales, E.C. Wheeler LLC, William Bolthouse Farms, Inc., Alex Wodchis, Elizabeth Wong, Mary Wong, Mike M. Wu, Mike M. Wu as Trustee of the Wu Family Trust, State of Caudomia 50th District and Agricultural Association, and U.S. Burax, Inc.

12. The Public Water Suppliers are informed and believe, and thereon allege, that cross-defendant Rocs 1 through 100,000 are the owners, lessees or other persons or entities holding or claiming to hold ownership or possessory interests in real property within the boundaries of the Basin; extract water from the Basin; claim some right, title or interest to water located within the Basin; or that they have or assert claims adverse to the Public Water Suppliers' rights and claims. The Public Water Suppliers are presently unaware of the true names and capacities of the Roc cross-defendants, and therefore sue those cross-defendants by fictitious names. The Public Water Suppliers will seek leave to amend this cross-complaint to add names and capacities when they a pascertained.

CLASS ACTION ALLEGATIONS

- 13. The Public Water Suppliers bring this action against all persons similarly situated. The class will be composed of all owners of land within the adjudication area that is not within the service area of a public entity, public utility, or mutual water company. The persons in this class are so numerous, consisting of approximately 65,000 parcels, that the joinder of all such persons is impracticable and that the disposition of their claims in a class action rather than in individual actions will benefit the parties and the court.
- 14. There is a well-defined community of interests in the questions of law and fact affecting the defendant class members in that they each allege an identical overlying right to take

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native groundwater from a common supply for their reasonable and beneficial use. As they each seek a common right, they have predominantly common issues of fact and law. Additionally, each class member will have common defenses against competing water rights including a claim by the United States that it has a Federal Reserved right. These questions of law and fact predominate over questions that affect only the individual class members. The claims and defenses of the class members and the class representative are typical of those of the class and the class representative will fairly and adequately represent the interests of the class.

THE UNITED STATES IS A NECESSARY PARTY TO THIS ACTION

- 15. This is an action to comprehensively adjudicate the rights of all claimants to the use of a source of water located entirely within California, i.e., the Basin, and for the ongoing administration of all such claimants' rights.
- 16. The Public Water Suppliers are informed and believe, and on that basis allege, that the United States claims rights to the Basin water subject to adjudication in this action by virtue of owning real property overlying the Basin, including Edwards Air Force Base.
- 17. For the reasons expressed in this cross-complaint, the United States is a necessary party to this action pursuant to the McCarran Amendment, 45 U.S.C. § 666.
- 18. Under the McCarran Amendment, the United States, as a necessary party to this action, is deemed to have waived any right to plead that the laws of California are not applicable, or that the United States is not subject to such laws by virtue of its sovereignty.
- 19. Under the McCarran Amendment, the United States, as a necessary party to this action, is subject to the judgments, orders and decrees of this Court.

HISTORY OF THE ANTELOPE VALLEY GROUNDWATER BASIN

- 20. For over a century, California courts have used the concept of a groundwater basin to resolve groundwater disputes. A groundwater basin is an alluvial aquifer with reasonably well-defined lateral and vertical boundaries.
- 21. The Antelope Valley Groundwate: Basin is located in an arid valley in the Mojave Desert, about 50 miles northeast of the City of Los Angeles. The Basin encompasses about 1,000 square miles in both Los Angeles and Kern Counties, and is separated from the northern part of the Antelope Valley by faults and low-lying hills. The Basin is bounded on the south by the San Gabriel Mountains and on the northwest by the Tchachapi Mountains. The Basin generally includes the communities of Lancaster, Palmdale and Rosamond as well as Edwards Air Force Base.
- 22. Various investigators have studied the Antelope Valley and some have divided the Basin into "sub-basins." According to the Public Water Suppliers' information and belief, to the extent the Antelope Valley is composed of such "sub-basins," they are sufficiently hydrologically connected to justify treating them as a single purpose of adjudicating the parties' water rights.
- 23. Before public and private entities began pumping water from the Basin, its natural water recharge balanced with water discharged from the Basin. Its water levels generally remained in a state of long-term equilibrium. In approximately 1915, however, agricultural uses began to pump groundwater and since then, greatly increased agricultural pumping has upset the Basin's groundwater equilibrium causing a continuous decline in the Basin's groundwater storage.
- 24. Although private agricultural entities temporarily curtailed their pumping activities when groundwater levels were extremely low, agricultural pumping has increased overall during

the past decade. During the same time, urbanization of the Antelope Valley has resulted in increased public demand for water.

- 25. Groundwater pumping in the Basin has never been subject to any limits. This lack of groundwater management caused the Basin to lose an estimated eight million acre feet of water over the past eighty years.
- 26. Uncontrolled pumping caused repeated instances or land subsidence. It is the sinking of the Earth's surface due to subsurface movement of earth materials and is primarily caused by groundwater pumping. The Public Water Suppliers are informed and believe, and thereupon allege, that portions of the Basin have subsided as much as six feet because of chronically low groundwater levels caused by unlimited pumping. The harmful effects of land subsidence observed in the Basin include loss of groundwater storage space, cracks and fissures on the ground's surface, and damage to real property. Land subsidence problems continue and will continue because of unlimited pumping.
- 27. The declining groundwater levels, diminic hed groundwater storage, and land subsidence damage the Basin, injure the public welfare, and threaten communities that depend upon the Basin as a reliable source of water. These damaging effects will continue, and likely worsen until the court establishes a safe yield for the Basin and limits pumping to the safe yield.

PUBLIC WATER SUPPLIERS SUPPLEMENT AND COMMINGLE THEIR SUPPLEMENTAL SUPPLY OF WATER WITH BASIN WATER

28. Due to the shortage of water in the Basin, certain Public Water Suppliers purchase State Water Project water from the Antelope Valley-East Kern Water Agency. State Project water originates in northern California and would not reach the Basin absent the Public Water Suppliers purchases.

29. Public Water Suppliers purchase State Project water each year. They deliver the State Project water to their customers through waterworks systems. The Public Water Suppliers' customers use the State Project water for irrigation, domestic, municipal and industrial uses. After the Public Water Suppliers' customers use the water, some of the imported State Project water commingles with other percolating groundwater in the Basin. In this way, State Project water augments the natural supply of Basin water.

30. Public Water Suppliers depend on the Basin as their source of water. But for the Public Water Suppliers' substantial investment in State Project water, they would need to pump additional groundwater each year. By storing State Project water or other imported water in the Basin, Public Water Suppliers can recover the stored water during times of drought, water supply emergencies, or other water shortages to ensure a safe and reliable supply of water to the public.

THE BASIN HAS BEEN IN A STATE OF OVER-DRAFT FOR OVER FIVE YEARS

- 31. The Public Water Suppliers are informed and believe, and upon that basis allege, that the Basin is and has been in an overdraft condition for more than five (5) consecutive years before the filing of this cross-complaint. During these time pariods, the total annual demand on the Basin has exceeded the supply of water from natural sources. Consequently, there is and has been a progressive and chronic decline in Basin water levels and the available natural supply is being and has been chronically depleted. Based on the present trends, demand on the Basin water continue to exceed supply. Until limited by order and judgment of the court, potable Basin water will be exhausted and land subsidence will continue.
- 32. Upon information and belief, the cross-defendants have, and continue to pump, appropriate and divert water from the natural supply of the Basin, and/or claim some interest in the Basin water. The Public Water Suppliers are informed and believe, and upon that basis allege, that cross-defendants' combined extraction of water exceeds the Basin's safe yield.

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	33.	Upon information and belief, each cross-defendant claims a right to take water and
threate	ns to in	corease its taking of water without regard to the Public Water Suppliers' rights.
Cross-	defend	ants' pumping reduces Basin water tables and contributes to the deficiency of the
Basin	water s	upply as a whole. The deficiency creates a public water shortage.

- 34. Cross-defendants' continued and increasing ext, action of Basin water has resulted in, and will result in a diminution, reduction and impairment of the Basin's water supply, and land subsidence.
- 35. Cross-defendants' continued and increasing extraction of Basin water has and will deprive the Public Water Suppliers of their rights to provide water for the public health, welfare and benefit.

THERE IS A DISPUTE AMONG THE PARTIES REGARDING THE EXTENT AND PRIORITY OF THEIR RESPECTIVE WATER RIGHTS

- 36. The Public Water Suppliers are informed and believe, and thereon allege, there are conflicting claims of rights to the Basin and/or its water.
- 37. The Public Water Suppliers are informed and believe, and thereon allege, that cross-defendants who own real property in the Basin claim an overlying right to pump Basin water. The overlying right is limited to the native safe yield of the Basin. The Public Water Suppliers allege that, because subsidence is occurring in the Basin, cross-defendants have been pumping, and continue to pump water in amounts greater than the Basin's safe yield.
- 38. The Public Water Suppliers are informed and believe, and thereon allege, they have appropriative and prescriptive rights to groundwater in the Antelope Valley Basin. The Public Water Suppliers are informed and believe, and thereon allege, they and/or their predecessors-in-interest, have pumped water from the Antelope Valley Basin for more than five