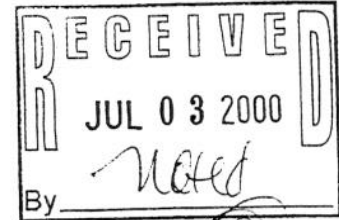


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Attorneys for Defendants,  
LOS ANGELES COUNTY WATERWORKS  
DISTRICT NO. 37 and LOS ANGELES  
COUNTY WATERWORKS DISTRICT NO. 40

FEE EXEMPT UNDER  
GOV. CODE § 6103

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

DIAMOND FARMING COMPANY, a  
California corporation,

Plaintiff,

vs.

CITY OF LANCASTER, et al.,

Defendants.

) Case No. RIC 344436  
)  
) ASSIGNED TO COMMISSIONER JOAN  
) F. ETTINGER, DEPARTMENT 10  
)  
) ANSWER OF DEFENDANTS LOS  
) ANGELES COUNTY WATERWORKS  
) DISTRICT NO. 37 AND LOS  
) ANGELES COUNTY WATERWORKS  
) DISTRICT NO. 40 TO FIRST  
) AMENDED AND SUPPLEMENTAL  
) COMPLAINT TO QUIET TITLE

STATUS CONF.: AUG. 4, 2000  
TRIAL DATE: NONE SET  
ACTION FILED: OCT. 29, 1999

Defendants, LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 37 and  
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40 (hereafter referred  
to as "County Waterworks Districts"), for themselves and no others,  
answer the First Amended and Supplemental Complaint to Quiet Title  
("Complaint") and admit, deny, and allege as follows:

1. County Waterworks Districts lacks sufficient information  
or belief to enable them to answer the allegations of Paragraphs 1,  
2, 3, 4, 6, 7, 8, 9, 10, 13, 14, 15, 17 and 18 of the Complaint,  
and basing their denial thereon, deny each and every, all and

1 singular, conjunctively and disjunctively, the allegations of said  
2 paragraphs.

3 2. In answer to Paragraph 5 of the Complaint, County  
4 Waterworks Districts admit they are purveyors of water to customers  
5 in portions of Los Angeles County, deny that they are purveyors of  
6 water to customers in any portions of Kern County, and except as  
7 expressly admitted or denied, lack sufficient information or belief  
8 to enable them to answer the allegations of Paragraph 5 of the  
9 Complaint, and basing their denial thereon, deny each and every,  
10 all and singular, conjunctively and disjunctively, the allegations  
11 of said Paragraph 5.

12 3. Answering Paragraph 11 of the Complaint, County  
13 Waterworks Districts admit that they claim that they have water  
14 rights to extract groundwater for non-overlying use that are  
15 superior to any rights claimed by plaintiff, as more specifically  
16 alleged in Paragraph 10 below. Except as expressly admitted,  
17 County Waterworks Districts lack sufficient information or belief  
18 to enable them to answer the allegations of Paragraph 11 of the  
19 Complaint, and basing their denial thereon, deny each and every,  
20 all and singular, conjunctively and disjunctively the allegations  
21 of said Paragraph 11.

22 4. Answering Paragraph 12 of the Complaint, County  
23 Waterworks Districts deny that their claim to extract and use  
24 groundwater from The Aquifer is without basis in law, and except as  
25 expressly denied, lack sufficient information or belief to enable  
26 them to answer the allegations of said Paragraph 12, and basing  
27 their denial thereon, deny each and every, all and singular,  
28 conjunctively and disjunctively, the allegations of said Paragraph

12.

5. In answer to Paragraph 16 of the Complaint, County Waterworks Districts incorporate by reference Paragraphs 1 through 4 above, as if set forth in full herein.

AVERMENTS OF CONTROVERTED FACTS AND CLAIM OF RIGHT

Pursuant to Code of Civil Procedure § 761.030, County Waterworks Districts make the following averments of controverted facts and claim of right:

6. County Waterworks Districts are informed and believe, and on that basis allege, that:

(a) The real property described in the Complaint overlies a groundwater basin known as the Neenach subbasin;

(b) As a result of faulting and other geologic formations, the Neenach subbasin is a wholly self-contained hydrologic unit;

(c) There is no hydrologic connection between the Neenach subbasin and any other groundwater basin or subbasin;

(d) The production of groundwater from the Neenach subbasin does not in any way affect the availability of groundwater in any other groundwater basin or subbasin;

(e) Adjacent to the Neenach subbasin is a separate subbasin known as the Lancaster subbasin;

(f) As a result of faulting and other geologic formations, the Lancaster subbasin has no hydrologic connection with the Neenach subbasin; and

(g) The production of groundwater from the Lancaster subbasin does not affect in any way the availability of water from the Neenach subbasin.

1           7. County Waterworks Districts are lawfully organized by the  
2 County of Los Angeles for the provision of water to customers  
3 within said Districts for irrigation, domestic, municipal and  
4 industrial uses. To provide such water service, County Waterworks  
5 Districts have, at public expense, drilled and equipped wells to  
6 extract groundwater from the Lancaster subbasin and constructed,  
7 maintained and operated a waterworks system to distribute the  
8 groundwater so produced to customers within the Districts. All  
9 water extracted from these wells by County Waterworks Districts is  
10 devoted to the public use of distributing the same through said  
11 waterworks system for irrigation, domestic, municipal and  
12 industrial uses by the customers thereof. The production of  
13 groundwater from the Lancaster subbasin by County Waterworks  
14 Districts began in 1919 and has been open, notorious and under  
15 claim of right hostile to any rights of plaintiff and has continued  
16 for a period of more than five consecutive years, during which  
17 time, County Waterworks Districts are informed and believe, and  
18 thereon allege, included a period of five consecutive years during  
19 which the Lancaster subbasin was in a state of overdraft. County  
20 Waterworks Districts have made all filings and recordings required  
21 to be made by Water Code sections 4999, et seq.

22           8. County Waterworks Districts also purchased from the  
23 Antelope Valley-East Kern Water Agency State Water Project water  
24 imported from outside the watershed, which purchased water is  
25 distributed through the waterworks systems of the County Waterworks  
26 Districts to customers of said Districts. After use by the  
27 customers for irrigation, domestic, municipal and industrial uses,  
28 a portion of these imported waters percolate into the ground and

1 commingle with the percolating groundwaters contained in the  
2 Lancaster subbasin and thereby augment the natural supply of water  
3 in the Lancaster subbasin.

4 9. County Waterworks Districts intend to begin, and are  
5 currently obtaining all required permits for, construction and  
6 operation of injection wells by which State Water Project water  
7 purchased from and treated to meet drinking water standards by  
8 Antelope Valley-East Kern Water Agency will be injected into the  
9 Lancaster subbasin with the intent that the same may thereby be  
10 recovered for future use by County Waterworks Districts for  
11 distribution to their customers for irrigation, domestic, municipal  
12 and industrial uses.

13 10. (a) If proof at trial establishes that the Neenach  
14 subbasin is a self-contained hydrologic unit with no hydrologic  
15 connection to the Lancaster subbasin, County Waterworks Districts  
16 make no claim to extract groundwater from the Neenach subbasin; or  
17 in the alternative

18 (b) If proof at trial establishes that there is a  
19 hydrologic connection between the Lancaster subbasin and the  
20 Neenach subbasin, County Waterworks Districts claim the following  
21 rights, each of which is paramount and superior to any overlying  
22 rights or other water rights claimed by plaintiff (which rights  
23 County Waterworks Districts deny) and which rights County  
24 Waterworks Districts are entitled to exercise and maintain without  
25 interference by plaintiff or restraint by any court:

26 (1) The right to extract groundwater from the  
27 Lancaster subbasin an annual amount equal to the highest volume of  
28 groundwater extracted by County Waterworks Districts in any year



preceding entry of judgment in this action according to proof, but not less than 18,944 acre-feet;

(2) The right to extract or authorize others to extract, from the Lancaster subbasin a volume of water equal in quantity to that volume of water previously purchased by County Waterworks Districts from Antelope Valley-East Kern Water Agency which has augmented the supply of water in the Lancaster subbasin;

(3) The right to extract or authorize others to extract, from the Lancaster subbasin a volume of water equal in quantity to that volume of water purchased in the future by County Waterworks Districts from Antelope Valley-East Kern Water Agency which augments the supply of water in the Lancaster subbasin; and

(4) The right to extract, or authorize others to extract, from the Lancaster subbasin, a quantity of water equal in volume to the quantity of water that County Waterworks Districts directly inject into the Lancaster subbasin.

#### AFFIRMATIVE DEFENSES

11. As separate and distinct affirmative defenses, County Waterworks Districts allege as follows:

#### FIRST AFFIRMATIVE DEFENSE

(As To All Causes Of Action--

Failure to State a Cause of Action)

The Complaint, and each cause of action thereof, fails to state facts sufficient to constitute a cause of action against County Waterworks Districts or either of them.

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SECOND AFFIRMATIVE DEFENSE

(As To All Causes Of Action--  
Uncertainty of Description)

The Complaint, and each cause of action thereof, is uncertain and defective in that it fails to describe with specificity The Aquifer or Aquifers from which plaintiff contends it enjoys rights to produce percolating groundwater.

THIRD AFFIRMATIVE DEFENSE

(As To All Causes Of Action--

Failure To Join Indispensable And Necessary Parties)

Plaintiff has failed to join as parties to this action, all overlying landowners in the Neenach and Lancaster subbasins, which persons are indispensable and necessary parties to this action.

FOURTH AFFIRMATIVE DEFENSE

(As To All Causes Of Action--

Statute of Limitations)

The Complaint, and each cause of action thereof, is barred by the provisions of Sections 318, 319 and 343 of the Code of Civil Procedure.

FIFTH AFFIRMATIVE DEFENSE

(As To All Causes Of Action--Laches)

Plaintiff has unreasonably delayed commencement of this action to the prejudice of County Waterworks Districts.

SIXTH AFFIRMATIVE DEFENSE

(As To All Causes Of Action--Intervening Public Use)

As a result of the devotion of the waters extracted from the Lancaster subbasin to the public uses alleged in Paragraph 7 above, which is incorporated herein by reference as if set forth in full,

1 plaintiff cannot obtain any judicial relief that will in any way  
2 restrain or prevent County Waterworks Districts from exercising the  
3 rights to extract native groundwater from the Lancaster subbasin  
4 alleged in Paragraph 10 above, which is incorporated herein by  
5 reference as if set forth in full.

6 SEVENTH AFFIRMATIVE DEFENSE

7 (As To All Causes Of Action--

8 Failure to Record Notices of Production)

9 County Waterworks Districts are informed and believe, and  
10 thereon allege that plaintiff has failed to comply with the  
11 requirements of California Water Code sections 4999, et seq.

12 EIGHTH AFFIRMATIVE DEFENSE

13 (As To All Causes Of Action--

14 Loss of Rights by Prescription)

15 All water rights claimed by plaintiff have been extinguished  
16 by prescription.

17 PRAYER

18 WHEREFORE, defendants County Waterworks Districts pray  
19 judgment as follows:

- 20 1. That plaintiff take nothing by its Complaint;
- 21 2. For a declaration confirming and decreeing the following
- 22 rights of County Waterworks Districts are superior to and paramount
- 23 to any rights of plaintiff to produce percolating groundwater for
- 24 use on the property described in the Complaint:

25 (1) The right to extract from the Lancaster basin

26 an annual amount equal to the highest volume of water extracted by

27 County Waterworks Districts in any year preceding entry of judgment

28 in this action according to proof, but not less than 18,944 acre-



1 feet;

2 (2) The right to extract from the Lancaster  
3 subbasin a volume of water equal in quantity to the volume of water  
4 previously purchased by County Waterworks Districts from Antelope  
5 Valley East Kern Water Agency which has augmented the supply of  
6 water in the Lancaster subbasin;

7 (3) The right to extract or authorize others to  
8 extract, from the Lancaster subbasin a volume of water equal in  
9 quantity to that volume of water previously purchased in the future  
10 by County Waterworks Districts from Antelope Valley-East Kern Water  
11 Agency which augments the supply of water in the Lancaster  
12 subbasin; and

13 (4) The right to extract, or authorize others to  
14 extract, from the Lancaster subbasin, a quantity of water equal in  
15 volume to the quantity of water that County Waterworks Districts  
16 directly inject into the Lancaster subbasin.

17 3. An injunction prohibiting and restraining plaintiff from  
18 making any claim adverse to the rights of the County Waterworks  
19 Districts so confirmed and decreed;

20 4. For costs of suit; and

21 5. For such further relief as is just and equitable.

22 Verification not required per Code of Civil Procedure section  
23 446.

24 DATED: June 28, 2000

REDWINE AND SHERRILL

25 By: Steven B. Abbott  
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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF RIVERSIDE

I, the undersigned, say: I am employed in the County of Riverside, State of California, over the age of eighteen years and not a party to the within action or proceeding; that my business address is 1950 Market Street, Riverside, California 92501.

On June 28, 2000, I served a copy of the foregoing document described as:

ANSWER OF DEFENDANTS LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 37 AND LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40 TO FIRST AMENDED AND SUPPLEMENTAL COMPLAINT TO QUIET TITLE

on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

PLEASE SEE ATTACHED SERVICE LIST

(XXX) By Mail. I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with United States Postal Service mail box on that same day with postage thereon fully prepaid at Riverside, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after the date of deposit for mailing in affidavit.

( ) By Personal Service, I caused such envelope to be delivered by hand to the above addressee(s).

EXECUTED ON June 28, 2000, at Riverside, California.

(XXX) [State] I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

( ) [Federal] I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

  
CATHY J. BOUSLAUGH PHILLIPS

SERVICE LIST

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