1 Bob H. Joyce, (SBN 84607) Dave R. Lampe (SBN 77100) Andrew Sheffield (SBN 220735) 2 LAW OFFICES OF 3 LeBeau • Thelen, LLP 5001 East Commercenter Drive, Suite 300 4 Post Office Box 12092 Bakersfield, California 93389-2092 5 (661) 325-8962; Fax (661) 325-1127 Attorneys for DIAMOND FARMING COMPANY, 6 a California corporation 8 9 10 SUPERIOR COURT OF THE STATE OF CALIFORNIA 11 IN AND FOR THE COUNTY OF LOS ANGELES 12 13 Coordination Proceeding Special Title Judicial Council Coordination No. 4408 (Rule 1550 (b)) 14 ANTELOPE VALLEY GROUNDWATER Case No.: 1-05-CV-049053 15 CASES DIAMOND FARMING'S RESPONSE 16 Included actions: TO COURT'S ORDER RE PHASE I TRIAL SCHEDULED JULY 24, 2006 17 Los Angeles County Waterworks District No. 40 vs. Diamond Farming Company 18 Los Angeles Superior Court Case No. BC 325201 19 Los Angeles County Waterworks District No. 20 40 vs. Diamond Farming Company Kern County Superior Court 21 Case No. S-1500-CV 254348 NFT 22 Diamond Farming Company vs. City of Lancaster 23 Riverside County Superior Court Lead Case No. RIC 344436 [Consolidated 24 w/Case Nos. 344668 & 3538401 25 26 /// 27 111 28 ///

DIAMOND FARMING'S RESPONSE TO COURT'S ORDER RE PHASE I TRIAL SCHEDULED JULY 24, 2006

In response to this Court's Order dated July 11, 2006, Diamond Farming responds as follows: It is and was Diamond Farming's understanding that the Phase I Trial was intended to and would establish, based upon competent evidence, the jurisdictional boundaries of the area necessary to fully adjudicate all water rights consistent with the mandate of the McCarran Act (43 U.S.C. § 666). As this Court is aware, this particular party has been embroiled in this litigation since October of 1999, has already, prior to coordination, and the new cross-complaints, started trial, and does not wish to start over again in the future due to any jurisdictional defect. As set forth in this party's earlier statement filed with the court on June 29, 2006, this party does not intend to affirmatively offer expert testimony as to the jurisdictional boundaries, but reserves the right to cross-examine any witnesses proffered and to offer rebuttal expert witness testimony, if necessary. Also, as previously stated in our earlier filing dated June 29, 2006, this party supports a jurisdictional boundary which will satisfy the United States' parties in this action.

In the Court's Order dated July 11, 2006, the Court suggests in the parenthesis that it intends to also establish in this Phase I Trial a "basin boundary" in addition to the litigation jurisdictional boundary. It was this party's understanding and expectation that the scientifically supported "basin boundary" would be litigated as part of the anticipated Phase II Trial addressing "basin conditions." If and to the extent evidence is to be taken in this Phase I Trial regarding the "basin boundary," this party reserves the right to cross-examination, and the right to offer rebuttal expert testimony if and as needed.

Dated: July 13, 2006 Respectfully submitted,

LeBEAU • THELEN, LLP

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Attorneys for DIAMOND FARMING COMPANY,

a California corporation