

**RULES AND REGULATIONS OF
THE SIX BASINS WATERMASTER**

ARTICLE I - WATERMASTER

A. General

The Watermaster was created on December 18, 1998, by Judgment entered in Los Angeles County Superior Court, Case No. KC029152, captioned Southern California Water Company v. City of La Verne, et al. The Watermaster shall operate according to the terms of the Judgment and any amendments thereto. The definitions set forth in said Judgment are listed in Exhibit "A" to these Rules and Regulations and are used herein with the same meanings as in the Judgment.

B. Purpose

The role of the Watermaster is to develop and administer an operating plan to carry out the physical solution adopted by the Court to achieve the efficient and equitable coordinated management of the groundwater within the Six Basin Area as defined in the Judgment to maximize the reasonable and beneficial use of groundwater resources in a manner that is consistent with the public interest, Article X, Section 2 of the California Constitution, and with due regard for the environment.

C. Composition, Voting and Compensation

The Watermaster shall consist of one (1) representative of each of the following Parties, each representative having the right to cast the indicated number of votes on any question or business being considered:

City of La Verne	5 votes
City of Pomona	5 votes
City of Upland	5 votes
Southern California Water Company	5 votes
City of Claremont	2 votes
Three Valleys Municipal Water District	2 votes
Pomona Valley Protective Association	2 votes
Pomona College	1 vote
San Antonio Water Company	1 vote

D. Quorum, Voting

Members having the combined authority to cast twenty (20) votes shall constitute a quorum for the transaction of business of the Watermaster; seventeen (17) affirmative votes shall be required to constitute action by the Watermaster. Any member of the Watermaster may request a roll call vote on any question or motion considered, and the votes cast thereon shall be reflected in the minutes of the meeting.

E. Compensation

Members shall be compensated for their services by their respective Parties which appointed them. Members may be reimbursed by the Watermaster for out-of-pocket expenses incurred in connection with authorized Watermaster business.

F. Committees

The Chair may appoint Watermaster members to such committees as are necessary or appropriate to enable the duties of the Watermaster to be carried out efficiently.

1. Standing Committees

Committees having regular meetings and/or ongoing jurisdiction over certain subject matter are "Standing Committees"; meetings of such committees shall be public meetings, noticed, agendized, and held in accordance with the requirements of the Brown Act for meetings of the Watermaster.

2. Ad Hoc Committees

Committees having jurisdiction over specific issues or which have limited terms, i.e., are topic or issue specific, are "Ad Hoc Committees"; to the extent that members of an ad hoc committee have votes totaling fourteen (14) or more, such meetings shall be public meetings, and shall be held in accordance with the requirements of the Brown Act for meetings of the Watermaster.

G. Offices, Records, Administrative Services

The Watermaster's offices and records shall be maintained at the office of Three Valleys Municipal Water District located at 1021 Miramar Ave., Claremont, California.

Such records as may be obtainable for inspection pursuant to the California Public Records Act shall be made available during regular business hours pursuant to procedures set forth in said Act. Copies of said records may be obtained upon payment of the cost of the duplication thereof and of any preparation cost pertaining thereto as established by the Watermaster.

The Watermaster may contract with Three Valleys Municipal Water District or with any other person or entity deemed appropriate to the Watermaster for the provision of administrative and support services.

ARTICLE II - WATERMASTER OFFICERS

A. Offices and Terms

At its first meeting each calendar year, the Watermaster shall elect a chairperson, a vice chairperson, a secretary and a treasurer from its membership and may select such other officers as deemed appropriate. The term of each office shall be from the date of election until replacement by election of a different person the following year; provided, however, that each officer serves at the pleasure of the Watermaster and may be replaced at any time by action of the Watermaster.

B. Duties

1. Chairperson

The Chairperson shall preside at all meetings of the Watermaster, shall declare the presence of a quorum, and shall announce the Aye and Nay votes on each vote taken. The Chairperson shall follow such procedures as are established by the Watermaster and in the absence thereof shall follow the procedures set forth in Robert's Rules of Order.

2. Vice Chairperson

The Vice Chairperson shall preside over all meetings in the absence of the Chairperson, and undertake such other duties as are assigned by the Chairperson or by the Watermaster.

3. Secretary

The Secretary shall be responsible for the minutes of meetings of the Watermaster and such other duties as are established from time to time by the Watermaster.

4. Treasurer

The duties of the Treasurer shall be those established from time to time by the Watermaster.

ARTICLE III - WATERMASTER MEETINGS

A. Procedures

Meetings shall be noticed and conducted in compliance with the requirements of the Ralph M. Brown Act, Government Code sections 54950, et seq.

Meeting procedures shall be according to rules adopted by the Watermaster; in lieu thereof, meetings shall be conducted according to the procedures set forth in Robert's Rules of Order.

B. Regular Meetings

1. General

Regular meetings shall be held as scheduled by the Watermaster but at least once per quarter; such meetings shall be on the fourth Wednesday of the month at 2:00 P. M. Regular meetings shall be held in the Board Room of Three Valleys Municipal Water District, 1021 Miramar Ave., Claremont, California.

Meeting days, dates, times and locations are subject to change, in the discretion of the Watermaster.

A regular meeting falling on a holiday observed by Three Valleys Municipal Water District shall be held on the next business day of said agency.

2. Notice

Notice of regular meetings shall be mailed to any person who has filed a written request for same at least one (1) week before the date scheduled for the meeting.

3. Agenda

An agenda shall be posted at least seventy two (72) hours before a regular meeting in a location freely accessible to the public; the agenda shall contain a brief general description of each item of business to be transacted or discussed (normally, 20 words or less), including items to be discussed in closed session; the agenda shall specify the time and place of the meeting. Subject to statutory exceptions, no action or discussion shall be undertaken on any item not appearing on the posted agenda. Requests for inclusion of an item on the agenda shall be submitted in writing to the Watermaster at least ten (10) days before the next scheduled meeting.

C. Special Meetings

1. General

Special meetings may be called by the Chairperson or by members whose votes total ten (10) or more.

2. Notice

Notice of special meetings called at least one (1) week before the date set for the meeting shall be mailed to any person who has filed a written request for same at least one (1) week before the date scheduled for the meeting. If the meeting is called for less than seven (7) days before its scheduled date, the Watermaster may give such notice at it deems practical,

provided, that such notice shall be given to each member of the Watermaster and to each local newspaper of general circulation, radio or television station requesting notice in writing; such notice shall be delivered personally or by mail and shall be received at least twenty four (24) hours before the time of the meeting as specified in the notice.

The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed; no other business shall be considered at the meeting.

D. Adjourned Meetings

A regular or special meeting can be adjourned and readjourned to a time and place specified in the order of adjournment. If no time is stated, the meeting is continued to the hour for regular meetings. Less than a quorum may so adjourn a meeting; and if no member of the Watermaster is present, the Secretary may adjourn the meeting.

If a meeting is adjourned for less than five (5) calendar days, no new agenda need be posted--so long as a new item is not introduced. Otherwise, notice provisions for special meetings set out above shall be followed. In addition, a copy of the order of adjournment shall be posted within twenty four (24) hours after the adjournment, at or near the door of the place where the meeting was held.

ARTICLE IV - WATERMASTER DUTIES UNDER JUDGMENT

A. Appointment of Designee to Receive Notices

Each Party shall designate a person who will receive service of all future notices, determinations, requests, demands, objections, reports and other papers and processes that the Watermaster, any Party, and/or the Court are required to serve under any Article of these Rules and Regulations. The name and address of each Designee shall be maintained on file with the Court, and the Watermaster shall maintain a current list of Party Designees and other persons who are to receive notices under the Judgment and their addresses for purposes of service.

The Designee may be the same person as is appointed by a Party to serve as a member of the Watermaster. If no Designee is formally appointed by a Party, said member shall be deemed to be that Party's Designee.

Any Intervening Party shall file a written designation within thirty (30) days of the date of the Court order allowing intervention. In the event no designation is filed, the Designee shall be deemed to be: 1) the Attorney of Record of that Party, or 2) the Party, in the event the Party has no Attorney of Record in the case.

Any Party may appoint a replacement Designee. The new designation shall be filed with the court and served on all Designees. The new designation shall be effective from the date of filing as to any future notices, determinations, requests, demands, objections, reports and other papers and processes to be served upon or delivered to that Party.

Service upon any Party by the Watermaster, by any other Party, or by the Court, of any item required to be served upon a Party pursuant to the Judgment may be made by first-class mail, postage prepaid, addressed to the latest Designee of the Party to be served and at the address of said latest designation filed by that Party.

Any Party that no longer desires to receive notices of the Watermaster activity may file a waiver of notice on a form to be provided by the Watermaster.

The Watermaster shall give written notice to the Designees of any proposed action and of any hearing date, at least 30 days before said hearing date.

B. Operating Plans

The Watermaster shall prepare and submit to the court, for its approval, an initial Operating Plan. The Watermaster shall provide each Designee with a copy of the proposed initial Operating Plan, and of the date, time and place of the court's hearing at which said initial Operating Plan will be considered.

After adoption of the initial Operating Plan, the Watermaster shall review the Operating Plan at least annually. No later than July 15 of each year, the Watermaster shall mail a report of proposed changes to the Operating Plan to all Designees, with notice of a hearing to be conducted by the Watermaster no later than September 1. At the hearing, objections, suggested corrections and modifications to the Operating Plan will be considered.

No later than the first regular meeting following completion of the hearing, the Watermaster shall make its final determinations on changes to the Operating Plan, and shall mail a copy of its final determinations to all Designees. Any changes shall be submitted to the court for approval by filing a notice motion with the court. The court's hearing on the changes shall be held at least thirty (30) days after mailing of notice of the hearing.

The Operating Plan shall address the following elements: replenishment levels, production requirements and operating safe yield. The principles and procedures contained in the Judgment shall guide Watermaster in establishing and adjusting the Operating Plan.

The initial Operating Plan establishes an Index Water Level of 1455 or higher for five key wells. In the event that Watermaster revises these replenishment requirements, Watermaster shall establish a particular water level for a particular well or set of wells at Watermaster's option.

C. Quantification of Production

1. Production Reports

Each Party must have an accurate method, approved by the Watermaster, for quantifying Production, from each source, and shall report such Production to the Watermaster on forms provided by the Watermaster. Such forms shall contain provision for certification of production reported by declaration under penalty of perjury.

Each Producer shall file with the Watermaster monthly and quarterly reports showing all water produced from the Six Basins. Watermaster shall provide production reports for wells located in the Canyon and Upper Claremont Heights Basins to PVPA for inclusion in the Spread Sheet Model. Reports shall show the total water Production by Production facility of such Party for each reporting period, rounded off to the nearest tenth (10th) of an acre-foot. Assessments shall be calculated by multiplying the applicable assessment rate times the total number of acre-feet of Production. In order to assure the fairness of assessments paid, each Party must provide the Watermaster sufficient information regarding the method of measurement and calculations to enable the Watermaster to verify Production and accuracy of calculating Production.

In addition, Watermaster shall collect water level and water quality data necessary for the operation of the Groundwater Models. Watermaster shall provide this data to PVPA by the 15th of each month. On a monthly basis, PVPA shall provide Watermaster with the readings or measurements on the amount of water spread by day. PVPA shall also provide Watermaster with a monthly report on available storage and water levels of the monitoring or key wells.

2. Access to Records

Each Party shall make its Production records available for inspection and copying by the Watermaster representatives during normal business hours.

3. Measuring Production

a. Flow Measuring Devices

Generally, the term "flow measuring device"

means a meter, weir, flume or other such device.

b. Surface Diversions

Surface water diversions shall be measured with a flume or weir and stage recorder or a meter capable of accurately measuring and recording such diversions.

c. Meters

Generally, the term "meter" shall refer to a positive displacement velocity impeller, venturi or orifice-type meter with a totalizer or other meter acceptable to the Watermaster. Meters shall be accessible and installed according to manufacturer's recommendations and good design practices, provided, however, that the device shall be installed at a distance less than thirty (30) feet from the pump discharge head. Any relief valves or other devices necessary for proper maintenance shall be installed down gradient of the meter.

d. Meter Tests

Each Producer shall be responsible for having each meter tested at least once every two (2) years by a Watermaster approved meter tester. The office of the Watermaster shall send a written request for test results to each party on a periodic basis. If any wells are out of service at the time of meter testing, the party shall have 60 days from the date such wells are returned to service to complete the meter testing. Southern California Edison shall be considered to be an approved meter tester. The name, address and telephone number of all additional Watermaster approved meter testers shall be maintained and be available from the office of the Watermaster. Results of all meter tests shall be submitted to the Watermaster within seven (7) days of test. The tolerance for each meter shall be plus (+) or minus (-) five percent (5%) of the manufacturer's standard. The Watermaster may prospectively require an aggregate accuracy of plus (+) or minus (-) two percent (2%). Meters that are found to be within the specified limits of accuracy shall be sealed by the Watermaster following each test.

e. Repair or Replacement of Inaccurate Meters

Any defective or inaccurate meter must be repaired within thirty (30) days of notification by the Watermaster that the meter is defective. The notice shall include the results of the Watermaster's test and recalculations of Production during the prior assessment period to an accuracy within plus (+) or minus (-) five percent (5%). In the event that the Watermaster is unable to determine the length of time that the meter has been defective, usage may be abstracted and reconstructed from prior meter readings and/or by review of appropriate power records.

f. Interim Meter Tests

Should a Producer discover that a meter which measures the water Production from its well is measuring inaccurately, the Producer shall immediately notify the Watermaster, have the meter retested and, if it is measuring inaccurately, have the same repaired and retested at the earliest practical time.

4. Compliance

Any Party not in compliance with the provisions of this Section B shall be assessed for all applicable assessments based on the Watermaster's estimated Water Production, which shall be not less than the Producer's Base Annual Production Rights.

5. Inaccurate Disclosures

If the Watermaster has reason to believe that any Party is producing Groundwater in excess of its disclosed amounts, the Watermaster may institute an investigation concerning that excess Production. If the investigation concludes that the Production is in excess of the amount disclosed by the Party, then the Party may be assessed in accordance with section E of this Article.

D. Operating Safe Yield

1. Annual Establishment of Operating Safe Yield

Not later than September 15 of the year after the entry of Judgment, and annually thereafter, the Watermaster shall establish the Operating Safe Yield for the Four Basins Production for the following calendar year. In determining the Operating Safe Yield, the Watermaster shall consider all relevant factors, including the amount of water in storage and the need to control water table elevations. The Watermaster's determination of Operating Safe Yield shall be made in accordance with the procedures and time schedule set forth in this section.

2. Preliminary Determination

At Watermaster's meeting, either regular or special, in July of each year, Watermaster shall make a Preliminary Determination of the Operating Safe Yield for the Four Basin area for the coming calendar year and for each of the two succeeding calendar years. Said determination shall be made in the form of a report containing a summary statement of the considerations, calculations and factors utilized by Watermaster in arriving at said Operating Safe Yield.

A copy of the Preliminary Determination Report shall be provided to all Parties at least ten (10) days prior to

a regular or special Watermaster meeting to be held no later than August 15 of each year, at which time a hearing shall be held to consider objections, comments, suggested correction or modification of said determination.

3. Final Determination on Operating Safe Yield

Within thirty (30) days after completion of said hearing, but in no event later than September 15 of each year, the Watermaster shall adopt a Final Report and Determination of Safe Yield and of each Party's entitlement thereto for said calendar year stated in acre feet. Upon adoption of the Final Report, Watermaster shall promptly provide a copy of the report to each party.

E. Assessments

The Watermaster shall levy and collect assessments as provided in the Judgment. With the exception of Replacement Water Assessments, all assessments levied by the Watermaster shall be spread in accordance with subsection VII.A.2 of the Judgment. Absent an agreement filed with the Watermaster that establishes alternative responsibility for payment of assessments, the owner of the Production facility from which the water is produced shall be responsible for payment of assessments.

1. Administrative Budget

a. Draft Budget Goals

By September 30th of each year, the Engineering/Technical and Finance/Administration Committees shall jointly present draft budget goals for the following calendar year to the Watermaster Board. These draft goals shall define the desired service levels, outcomes for products and costs thereof in the following areas:

- ! Watermaster Operations and Administration
- ! Maintenance of Watermaster Facilities and Equipment
- ! Reimbursable PVPA Operations and Maintenance
- ! Watermaster Cash Reserves
- ! Other Specific Watermaster Goals

The draft budget goals shall contain brief descriptions of the scope of any recommended capital project estimated to cost more than \$5,000.00.

b. Final Budget Goals

The Watermaster Board may modify the draft budget goals as necessary, but shall adopt final budget goals by September 30 of each year.

c. Draft Budget

The Watermaster staff shall prepare a draft annual budget based upon the adopted budget goals. The draft budget shall consist of a reasonably detailed analysis of estimated expenses for the upcoming budget year. The staff shall present the draft budget to the Watermaster Board by October 31 of each year.

d. Final Budget

The Watermaster Board may modify the draft budget as necessary, but shall adopt the final budget by November 30 of each year. Any modification of the draft budget shall be accompanied by a corresponding change to either the proposed budget assessments or the projected cash reserves.

2. Payment of Budget Assessments

a. Draft Assessment

Annually, the Watermaster staff shall recommend to the Watermaster Board assessment levels needed to support the draft annual budget and the cash reserve budget goal. The Watermaster staff shall present this recommendation concurrently with the draft budget by October 31 of each year.

b. Final Assessment

The Watermaster Board may modify the recommended assessments, but shall adopt final assessment levels concurrently with adoption of the final annual budget.

c. Apportionment of Assessment

Assessments shall be apportioned in accordance with Section VII of the Judgment.

d. Invoicing of Assessment

The Watermaster staff shall invoice all affected parties for adopted budget assessments by January 15 of each year. Payment of the assessments can be made in two equal installments. The first installment must be at least half of the total assessment, and shall be paid, in full, to Watermaster staff by February 15 of each year. The second installment must include the balance of the assessment owed, and shall be paid to the Watermaster staff by August 15 of each year. Late payments

shall be subject to interest penalties in the amount of One Percent (1%) per month (Twelve Percent (12%) per year).

3. Replacement Water Assessments

a. Replacement Water Obligation

Annually, by May 31, the Watermaster staff shall recommend to the Watermaster Board monetary replacement water assessment levels needed to meet the replacement levels needed to meet the replacement water obligation of each party for the previous calendar year. Replacement water obligations shall be determined in accordance with Section VI of the Judgment.

b. Alternate Methods to Satisfy Replacement Water Obligation

Parties may propose to the Watermaster Board such alternate means of meeting their replacement water obligations as allowed by the Judgment and the Operating Plan. Such Proposals shall be made in writing by July 31 of each year.

c. Hearing for Replacement Water Assessment

Watermaster shall hold a hearing no later than September 15 for the purpose of setting the assessment for replacement water obligations. The assessments will be based on the recommendations set forth in Section 10.31 of the Operating Plan, and on any acceptable alternate methods submitted pursuant to Section 10.3.2 of the Operating Plan.

d. Invoicing of Replacement Water Assessments

Following the conclusion of the hearing, the Watermaster shall invoice adopted replacement water assessments to the affected parties. Assessments are due and payable in full to the Watermaster no later than sixty (60) days from the date of invoice. Late payments shall be subject to additional interest penalties in the amount of One Percent (1%) per month (Twelve Percent (12%) per year).

4. Delinquent Assessments

Any delinquent assessment, and interest accruing thereon, may be collected in a Show Cause hearing by the court as part of this adjudication of the basin, or in a separate legal proceeding instituted by the Watermaster. In any such proceeding, the Court may allow the Watermaster its reasonable costs of collection, including attorney's fees.

F. Annual Report

The Watermaster shall file an Annual Report with the Court, no later than June 1st of each year, beginning with April 1 following the first full year after entry of Judgment. The report shall include an annual fiscal report of the preceding year's operations, a list of all transfers and Carryover Rights, an audit of all Assessments and expenditures, and a review of the Watermaster's activities pursuant to the Judgment. Prior to filing the Annual Report with the Court, the Watermaster shall provide all Designees with a draft of the report and with notice of a hearing by the Watermaster to occur at least thirty (30) days after notice is given. At the hearing, the Watermaster will receive comments and recommendations for changes in the report. The final report shall be submitted to the Court for approval after said hearing.

G. Carryover Rights

Up to twenty-five percent (25%) of any Producer's share of the Operating Safe Yield that is not produced in a given year may be carried over and accumulated for one (1) year. The first water produced in the succeeding year shall be deemed produced pursuant to such Producer's Carryover Rights. Such Carryover Rights may be transferred in accordance with these Rules and Regulations.

H. Transfer of Rights

Transfers of a Producer's Base Annual Production Right (including Carryover Rights) and its associated percentage of operating safe yield may be undertaken as set forth in this Section. The Watermaster shall not approve any proposed permanent transfer unless all current and past due assessments, interest and penalties owed to the Watermaster by both Transferee and/or Transferor have been paid prior to the date that the proposed permanent transfer is submitted to the Watermaster, and Transferee and Transferor have complied with Article IV, Section C, regarding Quantification of Production. Any permanent transferee must be or become a Party to the Judgment prior to the date of the transfer.

Approval of the Watermaster is not required for temporary transfers or leases. However, the parties to the transfer shall formally notify the Watermaster of the transfer as provided in Subsection 1 of this Section (Article IV, Section H).

1. Procedure

To transfer a Base Annual Production Right or portion thereof, the Parties must file with the Watermaster a copy of the appropriate transfer documents that: (a) Identify the Transferee(s), Transferor(s), the Parties responsible for payment of assessment, the Party to receive any Carryover credit, and the

Designee(s) of both the Transferor(s) and Transferee(s) to receive future service and notice of papers and process; (b) Identify the nature of the transfer, i.e., sale, assignment, lease, etc.; (c) For Temporary Transfers, accurately state the maximum amount of Transferor's share of Base Annual Production Rights and/or Carryover Right to be transferred, the price per acre-foot to be paid by the Transferee(s), and the duration of the transfer (i.e., either a one year transfer or a continuing transfer in excess of one year); (d) For Permanent Transfers, accurately state the amount of Transferor's Base Annual Production Right to be transferred and the total price to be paid by the Transferee(s); (e) Are accompanied by a list of the Production facilities, and their locations, to be involved in or affected by the transfer, or a statement that no such facilities are involved. All transfer documents must be executed by both Transferee(s) and Transferor(s).

2. Time for Filing Transfer Documents with Watermaster

All transfer documents for permanent transfers of Base Annual Production Rights must be filed with the Watermaster at least forty-five (45) days prior to the regularly scheduled Watermaster meeting at which the proposed transfer shall be considered. All transfer documents for Temporary Assignments of Base Annual Production Rights must be filed with the Watermaster at least thirty (30) days prior to the regularly scheduled Watermaster meeting at which the proposed transfer shall be announced. Unless included in a request for a Permanent Transfer, all transfer documents for transfer(s) of Carryover Rights must be filed with the Watermaster at least thirty (30) days prior to the regularly scheduled Watermaster meeting at which the proposed transfer shall be considered.

3. Reporting of Transfers

All transfers shall be reported on approved Watermaster forms which are attached hereto, marked and identified as follows:

- Exhibit "B" - Permanent Transfer of Base Annual Production Right
- Exhibit "C" - Temporary Assignment of Base Annual Production Right
- Exhibit "D" - Designee to Receive Future Notices for and on Behalf of Defendant(s)
- Exhibit "E" - Stipulation for Intervention After Entry of Judgment
- Exhibit "F" - Request for Assignment of Carryover

Right

I. Storage and Recovery Agreements

Any Party desiring to store Supplemental Water within the Four Basins Area for subsequent recovery and use, or for credit against replacement obligations shall first apply to the Watermaster for a Storage and Recovery Agreement. The Watermaster will not enter into Storage and Recovery Agreements with non-Parties unless such non-Parties become subject to the provisions of this Judgment and the jurisdiction of the Court. All Storage Agreements shall be for the utilization of Groundwater storage capacity of the Four Basins Area. Storage and Recovery Agreements shall by their terms preclude operations that will have a substantial adverse impact on any Party. The Watermaster shall calculate additions, extractions and losses of water stored under Storage and Recovery Agreements and maintain an annual account of all such water.

When determining availability of Groundwater storage capacity for storage of water pursuant to Storage and Recovery Agreements, the Watermaster shall consider the operation of the Four Basins under the Physical Solution provisions of the Judgment. The Watermaster may not enter into such an agreement if doing so would cause an unreasonably high Groundwater table and physical damage. The priorities for use of Groundwater storage capacity and loss of stored or carried-over water set forth in subsections III.B.5 and III.B.7 of the Judgment shall apply.

J. Dispute Resolution

The Watermaster shall conduct a hearing regarding any dispute presented to the Watermaster for resolution in accordance with Article VIII of the Judgment. The Watermaster shall give at least thirty (30) days written notice to all Designees of a hearing under this section. Any Party may provide information relevant to the issues at the hearing. The Watermaster shall provide a written decision, including findings, within thirty (30) days of the conclusion of the hearing.

K. Hearings as Condition to Action

The Watermaster shall hold a hearing whenever one of the following actions is proposed or is in issue: (a) approval of an Operating Plan or amendment thereto to be submitted to the Court; (b) approval of a Storage and Recovery Agreement; (c) approval of a Special Project; (d) making a finding of the existence of Temporary Surplus Groundwater; (e) finding the claimed right of a Party to be protected against substantial injury caused by any other Party; (f) determining the portability of Production rights; (g) determining loss of stored or carryover water; or (h) determining the amount of a Party's Production.

At a hearing under this section, any Party may provide

information relevant to the issues. The Watermaster shall render a written decision that includes supportive written findings within thirty (30) days of the conclusion of any such hearing.

ARTICLE V B COURT REVIEW OF WATERMASTER ACTIONS

A. General

Any action or decision of the Watermaster shall be subject to review by the Court on motion by any Party.

B. Time Limits

A motion to review any Watermaster action identified in Article IV, Section J, shall be filed with both the Court and the Watermaster no later than ninety (90) days after mailing of notice of the proposed action under Article IV, Section J. A motion to review Watermaster Assessments hereunder shall be filed within thirty (30) days of mailing of notice of the Assessment. Motions to review any other actions of the Watermaster not subject to court approval shall be filed no later than ninety (90) days after the date of the order, decision or action.

The foregoing notwithstanding, challenges or objections to any order, decision or action by the Watermaster that is subject to final approval by the Court must be filed with the Court at least two (2) court days before the Court's hearing on said order, decision or action.

C. Service and Filing of Motion

Any Party filing a motion for review of an action or decision must deliver a copy to the Watermaster, with a service fee sufficient to cover the cost to photocopy and mail the motion to each Designee. The Watermaster shall establish annually the service fee rates to be charged. A motion shall be deemed to be served on the members when a copy, conformed as filed with the Court, and the service fee have been delivered to the Watermaster. A Party's obligation to serve notice of a motion upon the Parties is deemed to be satisfied by serving the motion on the Watermaster as provided herein. Unless otherwise ordered by the Court, any such motion shall not operate to stay the effect of any Watermaster action or decision that is challenged.

D. Procedure

Upon the filing of a motion to review any Watermaster action, the Watermaster shall notify the members of the applicable procedures and dates established by the court and/or court rules. The Court's review shall be de novo, and the Watermaster's decision or action shall have no evidentiary weight in such proceeding.

E. Payment of Assessment During Pendency of Motion

Payment of Assessments levied by the Watermaster hereunder shall be made when due, notwithstanding any pending motion for review of Watermaster action, decisions, rules or procedures, including review of Watermaster Assessments. If it is ultimately established that a refund is due, such refund shall be made within ten (10) days of said final order, together with interest on the amount of refund calculated from the date on which the assessment was paid, at the statutory rate required for interest on money judgments.

F. Stipulation for Intervention; Notice and Hearing

Any person who is not a Party or successor to a Party, and who proposes to produce water from the Six Basins Area may seek to become a Party to this Judgment by entering a Stipulation for Intervention with the Watermaster. The Watermaster may execute said Stipulation on behalf of the Parties, but such Stipulation shall not preclude a Party from opposing such Intervention at the time of the Court hearing thereon. The Watermaster will execute such Stipulation, file the same with the Court, accompanied by the necessary filing fee provided by the proposed Intervener, and obtain a Court hearing date at least thirty (30) days from the date of filing. The Watermaster shall give at least thirty (30) days' notice of the hearing to the Parties.

When the Court approves a Stipulation for Intervention, the Intervener shall be a Party bound by the Judgment, and shall be entitled to the rights and privileges accorded under the Physical Solution therein.

The Watermaster shall, within thirty (30) days after the Court orders intervention, determine such Party's Base Annual Production Right, if any, in accordance with the provisions of the Judgment. The Watermaster shall give notice to all Designees of any such determination of a Base Annual Production Right, and any necessary adjustment(s) in the annual Production rights of the other Parties. Any Party contesting the Watermaster's determination of such Right shall file a motion in opposition thereto within thirty (30) days following the service of the Watermaster Notice. Failure to timely file such a motion shall waive any objection to the Watermaster's determination of the intervening Party's Base Annual Production Right.

ATTACHMENTS

- Exhibit "A" - Definitions (from the Judgment, Section I.A.)
- Exhibit "B" - Permanent Transfer of Base Annual Production Right
- Exhibit "C" - Temporary Assignment of Base Annual Production Right
- Exhibit "D" - Designee to Receive Future Notices for and on Behalf of Defendant(s)
- Exhibit "E" - Stipulation for Intervention After Entry of Judgment
- Exhibit "F" - Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments