

AGG/AGG  
553 301

STANLEY C. HATCH  
GERALD B. PARENT  
S. TIMOTHY BUYNAK  
SUSAN F. PETROVICH  
PETER N. BROWN  
STANLEY M. RODEN  
SCOTT S. SLATER  
STEVEN A. AMERIKANER  
GARY M. KVISTAD  
CHRISTOPHER A. JACOBS  
JEFFREY A. DINKIN  
JEFFERY H. SPEICH  
ROBERT J. SAPERSTEIN  
LORI LEWIS PERRY  
JOSEF D. HOUSKA  
SARAH J. KNECHT  
STEPHANIE OSLER HASTINGS

BRADLEY E. LUNDGREN  
DEBORAH L. MARTIN  
MICHELLE L. PICKETT  
ROBIN L. LEWIS  
TIMOTHY C. HALE  
GRAHAM M. LYONS  
MICHAEL T. FIFE  
MINDY A. WOLFE  
CAROLYN L. TROKEY  
MARGARET H. IRISH  
RUSSELL M. MCGLOTHLIN  
STEVEN A. JUNG  
TINA WALLIS  
TRAVIS PANANIDES  
ERIC M. TOKUYAMA  
KENNETH J. RICHARDSON

LAW OFFICES  
**HATCH and PARENT**  
A PROFESSIONAL CORPORATION

MAILING ADDRESS:  
POST OFFICE DRAWER 720  
SANTA BARBARA, CALIFORNIA 93102-0720

21 EAST CARRILLO STREET  
SANTA BARBARA, CALIFORNIA 93101-2782  
TELEPHONE: (805) 963-7000  
FACSIMILE: (805) 965-4333  
WWW.HATCHPARENT.COM

Of Counsel  
CHRIS FRAHM  
KIRK R. WILSON  
STEVEN L. HOCH  
GEORGE SHORT  
KEVIN J. NEESE  
1950 - 1999

LOS ANGELES  
11911 SAN VICENTE BLVD.  
SUITE 350  
LOS ANGELES, CA 90049  
TELEPHONE: (310) 440-9996

SAN DIEGO  
110 WEST C STREET, SUITE 2200  
SAN DIEGO, CA 92101  
TELEPHONE: (619) 702-6100

SOUTH LAKE TAHOE  
THE SUMMIT  
SOUTH LAKE TAHOE, CA 96150  
TELEPHONE: (530) 542-7800

OUR FILE # 7920.8  
DIRECT DIAL # (805) 882-1417  
INTERNET: RSaperstein  
@HatchParent.com

July 6, 2001

Via Facsimile and U.S. Mail

Ms. Alana Gibbs  
Water Resource Control Engineer  
State Water Resources Control Board  
Division of Water Rights  
Post Office Box 2000  
Sacramento, California 95812-2000

**RE: State Water Resources Control Board Water Right License 659**  
**Your Reference No.: 333:AGG:553**

Dear Ms. Gibbs:

As we discussed on June 27, 2001, I am providing you with several outstanding items relevant to the above-referenced water right on behalf of Great Spring Waters of America, Inc. (GSWA).

Water Right Ownership

Unfortunately, we have been unable to obtain the signatures of Mr. and Mrs. Ahadpour on this short notice. We are attempting to contact the Ahadpours through their agent, Mr. Mozafar Behzad, but he has not yet been able to obtain the Ahadpours' signatures on the Notice of Assignment. So that you have comparable records of the transfer of the water right to GSWA, I am providing you with a copy of the recorded grant deed showing transfer of the property associated with License 659, and the "Purchase and Sale Option Agreement and Escrow Instructions" (Agreement) that governed the land and water rights transaction between the Ahadpours and GSWA.

You will note that GSWA purchased the Ahadpours' entire property interest associated with License 659. The point of diversion and place of use for License 659 is located on section 32, which is the approximately 700 acres purchased by GSWA (Property). Section 1 of the Agreement describes the property purchased by GSWA, which includes all the water rights associated with the property. The associated water rights include License 659, a pre-1914 right associated with the same

Ms. Alana Gibbs

July 6, 2001

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diversion point and place of use as License 659, and the riparian and groundwater rights associated with the Property. Should you need any further proof of the change in ownership, please let me know.

As noted in section 1.5 of the Agreement, both the pre-1914 right and License 659 were confirmed through adjudication in 1938. I am attaching for your records a copy of the Certificate of Adjudicated Water Right (Certificate 66g, dated March 8, 1939).

#### **Report of Licensee and Statement of Diversion and Use**

As noted above, the appropriative surface water rights associated with the Property are a combination of License 659 and a pre-1914 water right, both of which were confirmed through adjudication. Both water rights are exercised through a common diversion point, and put to use on portions of the Property. The prior owners of the two rights should have been filing Reports of Licensee and Statements of Water Diversion and Use.

As I understand it, the Ahadpours had filed Reports of Licensee, but it appears that they may have incorrectly or incompletely filled out the forms. I am providing you with completed Reports of Licensee for the years 1988 through 1999. Year 2000 will be reported during the next normal reporting cycle.

I am also providing you with a Statement of Water Diversion and Use for the year 2000. Because this form is provided for information purposes only, I am not providing forms for prior years.

With the filing of these forms, you will find that License 659 has continuously been put to a reasonable and beneficial use. I would expect that there is no need to consider any further action regarding Water Code sections 1241 and 1675.

#### **Basis of Information Regarding Exercise of License 659**

You asked that I provide you with some explanation regarding the information relied upon to complete the Reports of Licensee for the years prior to GSWA ownership of the Property. In fact, for at least two decades prior to some changes that occurred early this year, the diversions and associated water use were relatively static. Thus, we are highly confident of the regularity of the water use, and the accuracy of the information provided.

The diversion point is located at the expression point of the Southern Pacific Spring. The diversion is a near-surface French drain system that collects a portion of the surface expression of the spring into a pipe. The collected water is then either delivered via pipeline to the Cabazon

Ms. Alana Gibbs

July 6, 2001

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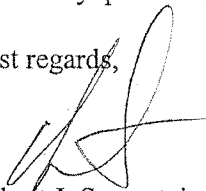
County Water District (see License 000174 and Statement of Diversion S001101), or to the Property through a six-inch diameter pipe. Although the spring expression may vary seasonally and climatically, the portion of the flow captured into the French drain is remarkably constant. Thus, the flow through the pipeline to the Property is equally constant and regular. Although we have not put a flow meter on the pipeline, our engineering experts estimate the flow to the Property at approximately 125 gallons per minute.

**Petition for Change**

We continue to ask that you suspend any further action on the Petition for Change, originally filed in 1995. As I mentioned, we are currently completing a transaction involving the Property and the underlying water rights. We would like to give the new owner the opportunity to make a decision regarding the Petition for Change.

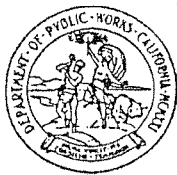
Again, I appreciate your willingness to provide GSWA the opportunity to correct the records regarding this water right. Should you have any questions or concerns, please contact me.

Best regards,



Robert J. Saperstein  
For HATCH AND PARENT

ROB:gml  
Enclosures



STATE OF CALIFORNIA  
DEPARTMENT OF PUBLIC WORKS  
DIVISION OF WATER RESOURCES

CERTIFICATE No. 663

CERTIFICATE OF ADJUDICATED WATER RIGHT

(Issued pursuant to Section 36d of Water Commission Act)

THIS IS TO CERTIFY, That The Southern Pacific Land Company  
65 Market Street  
San Francisco, California

has a right to the use of the waters of springs rising in Millard Canyon

as hereinafter set forth; and that said right has been confirmed by decree of the Superior Court of the State of California in and for the County of Riverside entered on the 9th day of December, 1938, in Book of Judgments, page 246, a certified copy of which is on file and of record in the office of the County Recorder of Riverside and San Bernardino Counties, and also in the office of the Division of Water Resources of the Department of Public Works of the State of California.

The right confirmed by the above mentioned decree, is as follows: Sub-paragraph 40 of paragraph XVI.

40. THE SOUTHERN PACIFIC LAND COMPANY

is entitled to divert from the natural or developed flow of springs rising in Millard Canyon near the center of Sec. 32, T. 2 S., R. 2 E., S.B.B. and M., through the Southern Pacific Millard Canyon Conduit,

0.12 cubic foot per second--priority January 1, 1877,  
0.16 cubic foot per second--priority January 3, 1917,

0.28 cubic foot per second--Total.

or as much thereof as said company applies to beneficial use for the purposes hereinafter set forth, throughout the entire year; said water to be diverted from said springs at a point (designated on Division of Water Rights Map as Diversion 28) which bears approximately N. 39° 53' E., approximately 3350 feet distant from the southwest corner of Sec. 32, T. 2 S., R. 2 E., S.B.B. and M., being within the NE 1/4 SW 1/4 of said Sec. 32, and said water to be used for domestic, stock watering and irrigation purposes upon the following described lands:

18.7 acres in NE 1/4 SW 1/4, Sec. 32, T. 2 S., R. 2 E., S.B.B. and M.  
13.0 acres in SE 1/4 SW 1/4, Sec. 32, T. 2 S., R. 2 E., S.B.B. and M.  
0.8 acres in SW 1/4 SW 1/4, Sec. 32, T. 2 S., R. 2 E., S.B.B. and M.

32.5 acres--Total.

Witness my hand and the seal of the Department of Public  
Works of the State of California, this 8th  
day of March, 19 39

EDWARD HYATT  
State Engineer

By.....HAROLD CONKLING.....  
Deputy

Attest:

KATHERINE A. FEENY  
Chief Clerk of said Division of Water Resources

(SEAL)

Recorded 4-4-00 #124054

RECORDING REQUESTED BY  
CHICAGO TITLE COMPANY  
AND WHEN RECORDED MAIL TO

GREAT SPRING WATERS OF AMERICA,  
INC.,  
2767 E. IMPERIAL HIGHWAY  
BREA, CALIFORNIA 92621

DOC # 2000-124054

04/04/2000 08:00 Fee:42.00  
Page 1 of 2 Low Y Tax Paid  
Recorded in Official Records  
County of Riverside

Gary L. Dree  
Recorder, County Clerk & Recorder



M	S	LI	PAGE	BOOK	TA	FEES	NOODR	MAP	MARK
			3						52
COPY LONG REFUND NCHG BOM									

EXEMPT No. R223153 - 740

EXEMPT No. R223153 - 616

519-100-000-6  
519-100-004-3

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S)  
DOCUMENTARY TRANSFER TAX IS \$6,380.00

incorporated area  City of  
 computed on the full value of the interest or property conveyed, or is  
 computed on the full value less the value of liens or encumbrances remaining at time of sale, and

112 C  
YS

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
FERYDOON AHADPOUR AND DORIS AHADPOUR, HUSBAND AND WIFE AS JOINT TENANTS

herby GRANT(S) to  
GREAT SPRING WATERS OF AMERICA, INC., A DELAWARE CORPORATION

the following described real property in the  
County of RIVERSIDE, State of California:

LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE

Dated March 30, 2000

STATE OF CALIF  
COUNTY OF RIVERSIDE

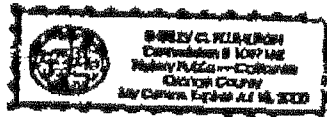
On APRIL 1, 2000 before me,

SHARLENE C. THURMONT  
a Notary Public in and for said County and State, personally appeared  
FERYDOON AHADPOUR and DORIS AHADPOUR

*Ferydoon Ahadpour*  
FERYDOON AHADPOUR

*Doris Ahadpour*  
DORIS AHADPOUR

personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument



WITNESS my hand and official seal

*Sharlene C. Thurmont*  
Signature of Notary Date My Commission Expires 04/16/2002

MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE IF NO PARTY IS SHOWN MAIL AS DIRECTED ABOVE

Name Street Address City State & Zip

4400

100% BY SECURITY UNION TITLE INSURANCE COMPANY MICROFILMS DIVISION

RIVERSIDE

---NOT COPY---

4400

REPRODUCED BY SECURITY UNIFORM TITLE INSURANCE COMPANY PHOTOGRAPHICS DIVISION

RIVERSIDE

Page 1  
Ejector No. 8223352 -X40

LEGAL DESCRIPTION EXHIBIT

PARCEL 1.

SECTION 32, TOWNSHIP 2 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THAT PORTION CONVEYED TO CARAZON COUNTY WATER DISTRICT BY DEED RECORDED MAY 27, 1994 AS INSTRUMENT NO. 219179 OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION;

THENCE NORTH 89° 44' 07" EAST, ALONG THE SOUTH LINE OF SAID SECTION 32, A DISTANCE OF 770.00 FEET;

THENCE NORTH 00° 20' 04" WEST, PARALLEL WITH THE WEST LINE OF SAID SECTION 32, A DISTANCE OF 1300.00 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH 89° 39' 56" WEST, A DISTANCE OF 90.00 FEET;  
THENCE NORTH 00° 20' 04" WEST, A DISTANCE OF 660.00 FEET;  
THENCE NORTH 89° 39' 56" EAST, A DISTANCE OF 330.00 FEET;  
THENCE SOUTH 00° 20' 04" EAST, A DISTANCE OF 660.00 FEET;

THENCE SOUTH 89° 39' 56" WEST, A DISTANCE OF 240.00 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ALL MINERALS AND MINERAL RIGHTS, INTERESTS, AND ROYALTIES, INCLUDING WITHOUT LIMITING THE GENERALITY THEREOF, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AS WELL AS METALLIC OR OTHER SOLID MINERALS, IN AND UNDER THE PROPERTY; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OF THE PROPERTY IN CONNECTION THEREWITH, AS RECORDED IN THE DEED RECORDED DECEMBER 22, 1989 AS INSTRUMENT NO. 448969 OFFICIAL RECORDS.

PARCEL 2:

THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM ALL MINERALS AND MINERAL RIGHTS, INTERESTS, AND ROYALTIES, INCLUDING WITHOUT LIMITING THE GENERALITY THEREOF, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AS WELL AS METALLIC OR OTHER SOLID MINERALS, IN AND UNDER THE PROPERTY; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OF THE PROPERTY IN CONNECTION THEREWITH, AS RECORDED IN THE DEED RECORDED DECEMBER 22, 1989 AS INSTRUMENT NO. 448969 OFFICIAL RECORDS.

PARCEL 3:

TOGETHER WITH GRANTOR'S RIGHT, TITLE AND INTEREST IN THAT CERTAIN METRIP OF LAND, 15 FEET WIDE, SITUATED IN SAID SECTION 5 AND IN SECTION 8, TOWNSHIP 3 SOUTH, RANGE 2 EAST, S.B.S. AND M., LYING 7.5 FEET EACH SIDE OF THE FOLLOWING.

Continued on the reverse



866-24454  
REV. 10/1988  
2 of 2

Page 2  
Escrow No. 4223352 - 440

LEGAL DESCRIPTION EXHIBIT

BEGINNING AT A POINT IN THE NORTH LINE OF SAID SECTION 5 DISTANT EASTERLY, ALONG SAID NORTH LINE, 2512.30 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 5; THENCE SOUTH 20° 22' 00" EAST 2173 FEET; THENCE SOUTH 22° 19' 20" EAST 566 FEET; THENCE SOUTH 25° 13' 30" EAST 2983.4 FEET TO THE SOUTH LINE OF SAID SECTION 5, DISTANT THEREON 466.6 FEET WESTERLY FROM THE SOUTHEAST CORNER OF SAID SECTION 5; THENCE SOUTH 25° 13' 30" EAST 1091.5 FEET TO THE EAST LINE OF SAID SECTION 5 DISTANT SOUTH 0° 05' 12" EAST, ALONG LAST SAID LINE, 996.7 FEET.

THE SIDE LINE OF SAID LAND, 15 FEET WIDE, TO TERMINATE AT THE NORTH LINE OF SAID SECTION 5 AND IN THE EAST LINE OF SAID SECTION 5.

ALSO, TOGETHER WITH GRANTOR'S RIGHT, TITLE AND INTEREST IN AND TO ALL WATER RIGHTS ATTACHED TO SAID PROPERTY.

4400

4400

INSURED BY SECURITY UNION TITLE INSURANCE COMPANY  
MICROGRAPHICS DIVISION

RIVERSIDE

EX-114 (Rev. 10-20-95)



2000-124054  
Esc No. 4223352-440  
2 of 3



**PURCHASE AND SALE OPTION AGREEMENT  
AND ESCROW INSTRUCTIONS**

This Purchase and Sale Option Agreement and Escrow Instructions (Agreement) is made and entered into on this 22nd day of January, 1999, by and between Fereydoun Ahadpour and Doris Ahadpour (collectively Seller) and Great Spring Waters of America, Inc., a Delaware corporation (Buyer), at Cabazon, California, with reference to the following facts and intentions:

A. Seller is the owner of certain unimproved real property located in the County of Riverside, State of California, consisting of approximately seven hundred twenty (720) acres and more particularly described in the legal description attached as Exhibit A, which is incorporated by this reference (Property);

B. Buyer is a leading producer of bottled spring water and desires to acquire the Property from Seller for the purpose of developing a spring located on the Property in order to meet Buyer's immediate and long-term needs for supplying bottled spring water to its customers;

C. Seller and Buyer entered into a Letter of Intent dated October 13, 1998, as amended on October 20, 1998 (Letter of Intent), in which Seller granted Buyer an option to purchase the Property pursuant to certain specific terms and conditions stated in the Letter of Intent including customary terms utilized for the purchase and sale of unimproved real property; and

D. Seller agrees to sell the Property to Buyer and Buyer agrees to purchase the Property from Seller pursuant to the terms and conditions of this Agreement as outlined in the Letter of Intent.

NOW, THEREFORE, the parties agree as follows:

1.0 **PROPERTY DESCRIPTION.** The term "Property" for the purpose of this Agreement shall include the following:

1.1 **Real Property.** The real property described in Exhibit A.

1.2 **Easements and Appurtenances.** All rights, privileges, easements, and appurtenances benefiting the Property including, without limitation, all mineral and water rights and all easements, rights-of-way and other appurtenances used or connected with the beneficial use or enjoyment of the Property;

1.3 **Untreated Water Service Agreement.** The Untreated Water Service Agreement, dated March 26, 1996, as amended on October 21, 1996 and December 16, 1996,

between Seller and the Cabazon County Water District (CCWD) (collectively Unreated Water Service Agreement), a copy of which is attached as Exhibit B and incorporated by this reference;

1.4 **Spring.** The spring(s) located on the Property including, but not limited to, the spring commonly referred to as the "Southern Pacific Spring" and spring water from any such spring(s) within the definition ascribed to spring and spring water by the United States Food and Drug Administration, Regulation 21 CFR section 165.110;

1.5 **Judgment.** Any rights decreed in the Judgment dated December 9, 1938 in the case In The Matter of the Determination of Relative Rights, Based Upon Prior Appropriation, of the Various Claimants to the Waters of White Water River and its Tributaries, in San Bernardino and Riverside Counties, California, Superior Court of California for the County of Riverside, Civil Case No. 18035; and

1.6 **Intangibles.** All interests in any intangible property used or useful in connection with the Property including, but not limited to, contracts, rights, warranties, guaranties, insurance policies for all periods of ownership of the Property by Seller, agreements, utility contracts and deposits, approvals (governmental or otherwise), surveys, plans and specifications, trade names used in connection with the Property, other rights related to the ownership, use and operation of the Property and any agreements, covenants or indemnifications received by Seller from a prior owner or any other third party relating to the Property.

2.0 **PURCHASE AND SALE OPTION.**

2.1 **Grant of Purchase and Sale Option.** For valuable consideration, the receipt and sufficiency of which is acknowledged, Seller grants an option (Option) to Buyer to purchase the Property from Seller pursuant to the terms and conditions of this Agreement.

2.2 **Option Term and Extensions.** The term of the Option commenced on October 13, 1998. Buyer has paid Seller the December 15, 1998 and January 15, 1999 Option payments through the Escrow Company (defined below), extending the termination date as provided in the following schedule (Term), which will be released to Seller upon the Opening of Escrow. The Term shall be automatically extended for such additional month(s), as provided below and subject to section 2.3 below, upon Buyer's timely payment to Seller of the option payment(s) (Option Payments) on or before each payment date (Payment Date), pursuant to the following schedule, unless Buyer elects to terminate this Agreement:

<u>Payment Dates</u>	<u>Option Payments</u>	<u>Extended Termination Dates</u>
December 15, 1998	REDACTED } } }	January 15, 1999
January 15, 1999		February 15, 1999
February 15, 1999		March 15, 1999
March 15, 1999		April 15, 1999
April 15, 1999		May 15, 1999

May 15, 1999  
 June 15, 1999  
 July 15, 1999  
 August 15, 1999  
 September 15, 1999  
 October 15, 1999  
 November 15, 1999  
 December 15, 1999  
 January 15, 2000  
 February 15, 2000

REDACTED

June 15, 1999  
 July 15, 1999  
 August 15, 1999  
 September 15, 1999  
 October 15, 1999  
 November 15, 1999  
 December 15, 1999  
 January 15, 2000  
 February 15, 2000  
 March 15, 2000

If any Payment Date occurs on a Saturday, Sunday or legal holiday, then the Payment Date shall be the next business day. Option Payments are nonrefundable and shall be applied toward the Purchase Price (defined below), unless otherwise provided in this Agreement.

**2.3 Termination Rights.**

2.3.1 Seller. If Buyer does not make timely payment of the Option Payment(s) to Seller as required to extend the Term, Buyer's failure to make such Option Payment(s) shall not affect the Term unless terminated by Seller as provided in this section. In such event, Seller shall provide Buyer written notice of any failure to make timely payment of the Option Payment(s) and provide Buyer thirty (30) days to make such Option Payment(s) (Cure Period). If Buyer fails to make any such Option Payment(s) prior to expiration of the Cure Period, this Agreement shall automatically terminate without further notice by Seller and Seller may retain the Option Payment(s) actually paid by Buyer as provided in this Agreement. If Buyer timely cures any default, this Agreement shall remain in full force and effect.

2.3.2 Buyer. Buyer shall be entitled to terminate this Agreement at any time during the Term by providing written notice to Seller without further obligation or liability to Seller except as provided in section 10.7 below. Buyer's termination shall not entitle Buyer to a refund of any Option Payment(s) unless such termination is the result of Seller's breach of this Agreement.

**2.4 Exercise of Option.** Buyer may exercise the Option at any time during the Term by written notice (Option Notice) delivered to Seller pursuant to this Agreement on or before termination of the Term, as extended, if any. The Option Notice shall state that Buyer unconditionally exercises the Option and agrees to purchase the Property on the terms and conditions stated in this Agreement. The form of the Option Notice is attached as Exhibit C and incorporated by this reference. If the Option is not exercised by Buyer during the Term, subject to the provisions of section 2.3, above, the Option shall automatically terminate without further notice by either party. In such event, Seller may retain the Option Payments without deduction or offset.

### 3.0 PURCHASE PRICE.

#### 3.1 Amount of Purchase Price.

REDACTED

3.2 Payment. Buyer shall pay Seller the Option Payment(s) and the Purchase Price (less the amount of the Option Payment(s) paid to Seller) pursuant to the provisions of this Agreement. The funds shall be payable in cash, wire transfer funds or certified or bank cashiers' check drawn upon a California bank or savings and loan association. Except as provided in section 2.2 above, Buyer shall pay the Option Payment(s) to Seller after Opening of Escrow. The Purchase Price (less Option Payment(s) paid to Seller) shall be paid to Escrow Company (defined below) but not released to Seller until the Close of Escrow.

### 4.0 ESCROW.

4.1 Escrow Company. Seller and Buyer agree to use Chicago Title Insurance Company located at 560 East Hospitality Lane, San Bernardino, California, 92408, as the escrow company for this transaction (Escrow Company). The escrow number for this transaction is 8223352.

4.2 Opening of Escrow. Seller and Buyer shall deposit two (2) executed originals of this Agreement with Escrow Company. Escrow shall be deemed open on the date Escrow Company has received executed counterparts of this Agreement from Seller and Buyer (Opening of Escrow). Escrow Company shall notify Seller and Buyer in writing of the date escrow is opened and shall furnish a fully executed original counterpart to each party.

4.3 Supplemental Escrow Instructions. Seller and Buyer agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions of Escrow Company or other instructions as may be reasonably required by Escrow Company in order to consummate the transactions contemplated by this Agreement. Any such supplemental escrow instructions shall not conflict, amend or supersede any portions of this Agreement. If there is any inconsistency between such supplemental instructions and this Agreement, this Agreement shall control with respect to any such inconsistency or conflict.

4.4 Close of Escrow. The close of escrow shall be the date the grant deed conveying title to the Property to Buyer is recorded in the official records of Riverside County, California (Close of Escrow). A copy of the grant deed which is attached as Exhibit D and incorporated by this reference (Grant Deed). The Close of Escrow shall occur on or before twenty (20) calendar days following Buyer's exercise of the Option.

4.5 Interest Bearing Accounts. Escrow Company shall deposit all funds deposited by the parties in an interest bearing account(s) or accounts and all interest on such account(s) shall be credited to the party depositing the funds.

## 5.0 CONDITION OF TITLE.

5.1 Preliminary Title Report. Seller, at Seller's sole cost and expense, has caused Escrow Company to issue a preliminary title report dated September 1, 1998 (Preliminary Title Report) on the Property together with full copies of all documents reflecting exceptions to the Preliminary Title Report and a map of the Property depicting easements, rights-of-way and other encumbrances on the Property for Buyer's review and approval or disapproval. Such documents shall include but are not limited to covenants, conditions, restrictions, reservations, easements, rights-of-way, liens, and other matters of record. A copy of the Preliminary Title Report is attached as Exhibit E and incorporated by this reference which is approved by Buyer.

5.2 Permitted Exceptions. The term "Permitted Exceptions" shall mean all of the following, collectively:

5.2.1 Standard Exceptions. The title insurer standard printed exceptions and exclusions on its standard form of California Land Title Association (CLTA) owners policy of title insurance; or, if buyer elects to receive title insurers standard form American Land Title Association (ALTA) owners policy of title insurance, at buyers option, as provided in this Agreement, the printed exceptions contained on its in title insurance standard ALTA owners policy of title insurance;

5.2.2 Taxes. Any nondelinquent and general and special real property taxes and assessments;

5.2.3 Encumbrances. All covenants, conditions, restrictions, exceptions, reservations, rights, rights-of-way, easements, liens and other matters of record affecting title shown in the Preliminary Title Report; and

5.2.4 Other Documents All instruments and documents recorded with the mutual written approval of Seller and Buyer.

5.3 Title Insurance Policy. At the Close of Escrow, Escrow Company shall provide, at Seller's sole cost expense, a standard policy of CLTA title insurance, with liability not less than the Purchase Price for the Property insuring title in the name of Buyer. Buyer shall have the option to request from Seller a standard form ALTA policy of title insurance with Buyer paying for the additional cost of such ALTA policy in excess of the cost of the CLTA policy. The title insurance issued pursuant to this section shall show title to the Property vested in Buyer or its designee, subject only to the Permitted Exceptions.

5.4 Title. At the Close of Escrow, Seller shall convey to Buyer or Buyer's designee (subject to section 14.9 below), good, clear, marketable and insurable title to the Property, free and clear of all liens and encumbrances, including any existing monetary liens except as approved by Buyer and subject only to the Permitted Exceptions. Buyer shall notify Escrow Company of vesting of title prior to the Close of Escrow.

5.5 No Additional Encumbrances. Seller covenants and agrees that during the Term, Seller will not cause or permit any encumbrances or liens upon the Property in addition to the Permitted Exceptions, that will survive the Close of Escrow other than liens, if any, which are approved by Buyer in writing and fully covered by the title insurance protecting Buyer against loss by any reason or foreclosure.

#### 6.0 CONDITION OF PROPERTY.

6.1 Disclosures. Seller has provided Buyer with the following information and documents (Disclosure Documents), for Buyer's informational purposes only, at no cost or expense to Buyer:

6.1.1 Documents. A copy of all documents and materials related to the Property to the extent that such documents and materials are reasonably available to Seller. As used in this Agreement, the term "Reasonably Available" shall mean those documents and materials that are actually known by Seller to exist or that are readily identifiable through a review of records retained by Seller with respect to its acquisition and ownership of the Property or physically present in the records maintained by Seller's agents and consultants for such purposes including, but not limited to ascertaining the condition of the Property and advising with respect to improvement or development of the Property.

6.1.2 Access to Consultants. A list of the names, addresses and telephone numbers of those engineers, geologists, surveyors, land use planners, and other consultants or independent contractors actually known to Seller to have provided services related to ascertaining the condition of the Property, advising or making recommendations with respect to any proposed change in use of the Property or the development of all or any portion of the Property (Seller's Consultants).

6.1.3 Disclosure Authorization. Such consent or authorization letters as Buyer may reasonably request for the purpose of enabling Buyer to obtain from Seller's Consultants copies of any reports or studies prepared by Seller's Consultants for Seller and authorizing Seller's Consultants to discuss their findings and/or recommendations with Buyer.

6.2 Limitation on Disclosures. Buyer acknowledges that the Property is being purchased "AS IS" without any representations and warranties, except as expressly provided in this Agreement, and that Buyer is responsible for thoroughly and diligently inspecting the Property.

6.2.1 No Implied Warranties. Except as otherwise expressly stated in this Agreement, Seller makes no representations or warranties with respect to the Property including, without limitation: (1) the conformity of the Property to past, current or future applicable zoning, building code requirements or other applicable laws, rules, regulations and deadlines; (2) the existence of soil instability, soil conditions or susceptibility to landslides; (3) the existence or nonexistence of hazardous waste or materials; (4) the water rights pertaining to the Property or otherwise acquired by Seller related to the Property; and (5) any other material matter affecting the Property.

6.2.2 Limits on Seller's Disclosure Liability. Buyer acknowledges that: (1) any information whether written or oral or in the form of maps, surveys, plats, soil reports, engineering studies, environmental studies, inspection reports, plans, specifications, or similar materials pertaining to the Property, and any and all records or other documents pertaining to the Property and all matters concerning the condition, suitability, integrity, marketability, compliance with, or other attributes or aspects of the Property, shall be furnished to Buyer solely as a courtesy and for Buyer's information only in order to facilitate Buyer's examination and investigation of the Property; and (2) except as otherwise expressly stated in this Agreement, Seller has neither verified the accuracy of any statements or information contained in such documents nor the qualifications of the persons preparing such information and Seller has no acknowledge regarding material information relevant to Buyer's purchase of the Property regarding the above that has not been fully and completely disclosed to Buyer. Buyer is relying solely upon its investigation, inspection and analysis of the Property, verification of the disclosures and other information Seller provides to Buyer and the representations and warranties made by Seller in this Agreement.

6.3 Possession. Upon execution of this Agreement, Buyer shall be entitled to possession of the Property and to exercise the rights as provided in this Agreement. In the event this Agreement is terminated prior to the Close of Escrow, Buyer's right to possession shall terminate as provided in this Agreement.

6.4 Investigation. Buyer may inspect and investigate the Property as determined by Buyer at Buyer's sole discretion during the Term. Buyer's election to inspect or not inspect the Property shall in no way be interpreted as a waiver of any of Buyer's rights or remedies contained in this Agreement including, without limitation, Buyer's right to rely upon the disclosures, representations, and warranties made by Seller. Buyer and its agents, employees, consultants and contractors shall be afforded full access to the Property at any time after notice to Seller for the purpose of making such investigations as Buyer deems prudent with respect to the physical condition of the Property including, without limitation, engineering studies, seismic tests, environmental studies, surface and subsurface testing, borings, samplings and measurements, and a survey of the Property. Furthermore, Seller acknowledges and agrees that Buyer may verify regulatory approvals for and the legality of the commercial use of the water for Buyer's intended purposes. Buyer may conduct such feasibility studies as Buyer deems necessary and investigate all matters relating to the actual and/or projected water flow from the Property and the zoning, use and compliance with other applicable laws (including, any laws

governing the extraction of water from the Property in such amounts as may be required by Buyer for its intended uses), ordinance, rules and regulations of any governmental entity which relate to the development, use and/or occupancy of the Property and any proposed impositions, assessments or governmental regulations affecting the Property (including, without limitation, any assessments related to the extraction, diversion, pumping or other use of the water or any other development or production of water).

Except as otherwise provided in this Agreement, Buyer shall not be liable to Seller, nor shall Buyer have any obligation to hold harmless, defend or indemnify Seller from any liability, cause, damage or claims (including without limitation, claims that the Property has declined in value or that any use of the Property is rendered more difficult or is prevented or subjects Seller to any legal or regulatory action as a result of any such actions by Buyer) resulting from: (1) any applications, licenses, variances, permits, conditional use permits, special use permits or other regulatory approvals for any use of the Property or the water rights; (2) buyers actions, interviews or other contacts with any governmental employees and officials; or (3) discovery of any information potentially having a negative impact on the Property including, without limitation, any claims arising out of, resulting from or relating to the discovery of any toxic or hazardous substances on or about the Property. In the event Buyer discovers any toxic or hazardous substances on or about the Property, Buyer shall immediately notify Seller and not disclose such discoveries to any third party without the express written consent of Seller, except as otherwise required by law.

**6.5 Disapproval.** In the event that Buyer disapproves any matter concerning the condition of the Property during the Term, Seller may, at its option, within ten (10) business days of receipt of Buyer's written disapproval of any such matters that Buyer has the right to disapprove pursuant to this Section 6, advise Buyer that Seller intends to cure said disapproved matter(s) and Seller shall have until five (5) days prior to the Close of Escrow to cure such matter(s) and, if timely cured, escrow shall close as provided in this Agreement. Seller's failure to deliver such notice of intent to cure to Buyer within the above time period shall constitute Seller's refusal to cure any such disapproved matters. Upon expiration of such time period, Buyer shall have five (5) days in which to advise Seller in writing that Buyer is willing to waive the previously disapproved matters in which case escrow shall continue, otherwise this Agreement shall terminate at Buyer's sole written election, but Buyer shall not be entitled to a refund of the Option Payment(s) actually made to Seller,

**6.6 Development.** Prior to the Close of Escrow, Buyer shall have the right to install, develop, construct and maintain, at Buyer's sole cost and expense, all facilities and improvements including, but not limited to, bore holes, pipelines, storage tanks, and other improvements (collectively Facilities) necessary or desirable, in the sole opinion of Buyer, to fully and efficiently commercially develop the Spring to the maximum extent permitted by law and to meet Buyer's qualitative and quantitative standards. Buyer shall obtain, at Buyer's sole cost expense, all governmental permits, approvals and licenses (collectively Entitlements) necessary for any such work and Facilities and pay for all utilities related to the Facilities. Buyer shall not commence any construction of Facilities or make any applications for Entitlements



without first notifying Seller in writing and receiving Seller's approval, as provided below. The notice shall include a description of the work, Facilities or Entitlements proposed by Buyer with respect to the Property. The Seller shall have ten (10) days to approve or disapprove Buyer's request which approval shall not be unreasonably withheld. Seller's failure to provide approval or disapproval within the above ten (10) period shall be deemed approval. Seller shall promptly and reasonably cooperate with Buyer in obtaining any desired Entitlements or Facilities which cooperation shall be at Seller's sole cost and expense, except Seller shall not be responsible for any cost for which Buyer is responsible, as described above. Buyer shall not be entitled to a refund of the Option Payment(s) actually made to Seller, unless Buyer terminates this Agreement for Seller's breach of this Agreement.

Buyer shall develop the Spring in accordance with its standard practices and utilizing state-of-the-art technology as determined by Buyer to fully and most efficiently develop the Spring. Notwithstanding the above, Buyer shall have no liability for any damage to the Spring or water derived from the Spring including, but not limited to, chemical composition of the water from the Spring, which arises from or related to any drilling, construction, maintenance or other operation of the Facilities by Buyer.

Buyer shall have the exclusive right to all water from the Spring during the Term in the amounts as Buyer elects to develop, collect and transport for Buyer's commercial purposes up to the maximum amount that Seller is entitled to extract from the Spring. The Option Payment(s) are partial consideration for Buyer's right to develop the Spring and extract water for Buyer's commercial purposes pursuant to this Agreement during the Term. No further payments other than the Option Payment(s) shall be required to be paid by Buyer for the right to take such quantities of water.

In the event this Agreement is terminated, Buyer shall have a temporary license for a period not exceeding ninety (90) days from such termination to enter the Property to remove the Facilities on the Property except all fixtures, equipment and materials that are permanently attached to the real property, which shall remain with the Property. After expiration of the above ninety (90) day period, ownership of any remaining Facilities shall vest in Seller. In no event shall Buyer be obligated to: (1) restore the Spring or the Property to any pre-development condition; (2) remove the Facilities or any portion of the Facilities Buyer elects to abandon; or (3) restore any bore hole. Any portion of the Facilities not removed by Buyer shall become the property of Seller.

6.7 **Insurance.** Prior to accessing the Property for purpose of conducting an investigation or the development of the Property, Buyer shall, at its sole cost and expense, procure and maintain insurance policies providing the following insurance coverages:

6.7.1 **Commercial General Liability Insurance.** Commercial general liability insurance to protect against claims arising from death, bodily or personal injury, or damage to property resulting from actions, failures to act, operations or equipment of the insured, or its employees, agents, consultants, or by anyone directly or indirectly employed by

the insured. The amount of the insurance shall be not less than Five Million Dollars (\$5,000,000) combined single limit per occurrence coverage applying to bodily and personal injury and property.

6.7.2 Automobile Liability Insurance. Automobile liability insurance to protect against claims arising from death, bodily or personal injury, or damage to property resulting from actions, failures to act, operations or equipment of the insured, or its employees, agents, consultants, or by anyone directly or indirectly employed by the insured. The amount of insurance shall be not less than Two Million Dollars (\$2,000,000) combined single limit per accident coverage applying to bodily and personal injury and property damage.

6.7.3 Workers' Compensation Insurance. California workers' compensation insurance to protect the insured and its employees, agents, consultants, or subcontractors from all claims under California Workers' Compensation and Employers' Liability Acts, including Longshoremen's and Harbor Workers' Act. Such coverage shall be maintained in type and amount in strict compliance with all applicable state and federal statutes and regulations.

6.7.4 General Insurance Requirements. The above insurance coverages shall include the following additional provisions: The insurer's waiver of subrogation, Seller shall be named as additional insured, the policy shall not be canceled without at least thirty (30) days prior written notice to Seller; the policy shall be primary and Seller's insurance, if any, shall be noncontributing, and a severability of interest and cross-liability coverage.

The insurance carrier(s) shall have a Best's rating of not less than A-/VIII. Buyer shall provide Seller with certificates of insurance evidencing the above policies and coverages prior to Buyer's entry onto the Property. The above insurance requirements shall not be construed as limiting Buyer's liability or responsibility under this Agreement.

## 7.0 WARRANTIES.

7.1 Seller's Representation and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes the representations and warranties contained in this section, each of which is material and is being relied upon by Buyer, the continued truth and accuracy of which shall constitute a condition precedent to Buyer's obligations under this Agreement. If any of Seller's representations or warranties becomes untrue, such changed circumstance shall not entitle Buyer to a refund of the Option Payment(s) unless Seller had actual knowledge or caused, directly or indirectly, such changed circumstance which caused the representations or warranties to become untrue. As used in this section, the term "to the best of Seller's knowledge" shall mean Seller's actual knowledge including those matters which Seller, and Seller's agents, consultants, employees, and contractors should actually knew or reasonably should have known, but without conducting an independent investigation or inquiry.

7.1.1 Authority. Seller has the right, power and authority to sell, convey and transfer the Property to Buyer as provided in this Agreement, and to enter into and carry out the terms of this Agreement and execute and deliver all of the documents referenced in this Agreement. No further consent of any person or entity is required in connection with the execution and delivery of or performance by Seller of their obligations under this Agreement, including, without limitation, the consent or approval of any bankruptcy or other court having jurisdiction over Seller or the Property.

7.1.2 Validity of Agreement. This Agreement is a valid and binding obligation of Seller, and enforceable against Seller in accordance with the terms of this Agreement.

7.1.3 Agreements. There are, to the bests of Seller's knowledge, no agreements, oral or written, affecting or relating to the right of Seller with respect to all or any portion of the Property, which are obligations that will in any way affect the Property, whether prior to or after the Close of Escrow, and which the entering into and the consummation of this Agreement by Seller would constitute or result in Seller's default under any such agreement. Seller has not entered into any agreements for the sale of water or water rights from the Property other than disclosed to Buyer in writing.

7.1.4 Threatened Action. There are, to the best of Seller's knowledge, no actions, suits or other proceedings pending against or threatening or affecting the Property in law or in equity.

7.1.5 Notices. Seller has not received nor, to the best of Seller's knowledge, aware of any notification from any governmental entity having jurisdiction affecting the Property or requiring any work to be done to the Property and there are no violations of zoning laws with respect to the Property actually known to Seller, without any independent investigation, that have not been disclosed to Buyer in writing. Seller further represents and warrants that, if Seller receives any such notification or notices prior to the Close of Escrow, Seller shall immediately submit a copy to Buyer, together with a written election to either: (1) perform, at Seller's sole cost and expense, all work required by such notice on or before the Close of Escrow; or (2) not perform the work required by the notice. If Seller elects not to perform the work required by the notice, Buyer shall, within five (5) days of receipt of Seller's election agree in writing to purchase the Property subject to the notice, in which event Seller shall not be obligated to perform the required work, or terminate this Agreement. If Buyer elects to terminate this Agreement pursuant to this section, Buyer shall not be entitled to a refund of the Option Payment(s).

7.1.6 Compliance with Law. Seller is not aware, without any independent investigation, of the existence of any violation of law or governmental regulation with respect to the Property and, to the best of Seller's knowledge, all laws, ordinance, rules, requirements and regulations of any governmental agency have been complied with by Seller.

7.1.7 Documents. To the best of Seller's knowledge, without any independent investigation, all documents delivered to Buyer pursuant to this Agreement are true and correct copies of the originals and any and all information supplied to Buyer by Seller pursuant to this Agreement are true, correct and accurate.

7.1.8 Hazardous Substances. To the best of Seller's knowledge other than disclosed in writing to Buyer: (1) no hazardous or toxic substances have been stored on the Property by Seller nor is Seller aware of any such substances being stored or used on the Property by any other person or entity; (2) no pollutants or waste materials from the Property have ever been discharged by Seller into any body of water nor is Seller aware of any such pollution emission by any other person or entity; and (3) no portion of the Property has been used by Seller as a waste storage or disposal site, nor is Seller aware of any such prior use; any of which violates any hazardous or toxic substance law.

7.1.9 Complete Disclosure. Seller has made complete and full disclosure to Buyer of all material information relevant to Buyer's purchase of the Property and actually known to Seller and which have a material adverse affect on Buyer's ability to use and develop the Property as contemplated by Buyer and described in this Agreement including, but not limited to, physical condition of the Property, access to the Property, the potential use, development or improvement of the Property, which are actually known to Seller, but without conducting an informative investigation. In the event that Seller discovers, during the Term, that any such information is untrue, inaccurate, or incomplete, Seller shall immediately notify Buyer in writing.

7.1.10 Representations at Closings. Except as otherwise expressly stated in this Agreement, the representations and warranties of Seller shall be true on and as of the Close of Escrow.

7.2 Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property to Buyer, Buyer makes the following representations and warranties, each of which is material and is being relied upon by Seller, the continued truth and accuracy of which shall constitute a condition precedent to Seller's obligations under this Agreement:

7.2.1 Corporate Status. Buyer is a corporation validly existing and in good standing under the laws of the State of Delaware and authorized to transact business in the State of California.

7.2.2 Authority. Buyer has the right, power and authority to enter into and carry out the terms of this Agreement and execute and deliver all of the documents referenced in this Agreement. No further consent of any person or entity is required in connection with the execution and delivery of or performance by Buyer of its obligations under this Agreement, including, without limitation, the consent or approval of any bankruptcy or other court having jurisdiction over Buyer.

7.2.3 Default. Buyer's execution and performance of this Agreement shall not cause any default under contracts or agreements to which Buyer is a party that would adversely affect Buyer's obligations under this Agreement.

7.2.4 Validity of Agreement. This Agreement is a valid and binding obligation of Buyer, and enforceable against Buyer in accordance with the terms of this Agreement.

7.2.5 Representations at Closing. Except as otherwise expressly stated in this Agreement, the representations and warranties of Buyer shall be true on and as of the Close of Escrow.

## 8.0 CONDITIONS AND CONTINGENCIES.

8.1 Buyer's Contingencies. The Close of Escrow and Buyer's obligation to consummate the transactions contemplated by it are subject to Buyer's exercise of the Option and the satisfaction of the following conditions and contingencies for Buyer's benefit and in Buyer's sole option and discretion:

8.1.1 Conditions. All conditions and contingencies described in section 6.0, above, have either been deemed satisfied or waived by Buyer;

8.1.2 Document and Funds. All documents and Seller's funds, if any, have been delivered to Escrow Company;

8.1.3 Default. Seller shall not be in material default in the performance of any covenant or agreement to be performed by Seller under this Agreement;

8.1.4 Representations and Warranties. All representations and warranties made by Seller shall be true and correct on and as of the Close of Escrow;

8.1.5 Title Insurance. The Escrow Company is in a position to issue Buyer a CLTA policy of title insurance or, if desired, an ALTA policy of title insurance, for the Property subject only to the Permitted Exceptions;

8.1.6 No Material Adverse Change. There has been no material adverse change in the condition of the Property as approved by Buyer during the Term; and

8.1.7 Untreated Water Service Agreement. CCWD has agreed to assignment of the Untreated Water Service Agreement to Buyer or Buyer has negotiated a modification or termination of the untreated water service agreement and/or negotiated a new agreement with CCWD which is acceptable to Buyer, but not effective until the Close of Escrow.

8.2 **Seller Contingencies.** The Close of Escrow and Seller's obligation to consummate the transactions contemplated in it are subject to Buyer's exercise of the Option and satisfaction of the following conditions and contingencies for Seller's benefit and in Seller's sole option and discretion.

8.2.1 **Documents and Funds.** All document and funds have been delivered by Buyer to Escrow Company;

8.2.2 **Default.** Buyer shall not be in material default in the performance of any covenant or agreement to be performed by Buyer pursuant to this Agreement;

8.2.3 **Representations and Warranties.** All representations and warranties made by Buyer shall be true and correct on and as of the close of escrow.

9.0 **COVENANTS OF SELLER PRIOR TO CLOSING.** During the Term and prior to the Close of Escrow or the termination of this Agreement, Seller shall, in addition to the covenants stated elsewhere in this Agreement:

9.1 **Notification.** Promptly notify Buyer in writing if any of the representations and warranties stated in this Agreement are no longer true and correct;

9.2 **Interests In Property.** Not sell, convey, assign, transfer, encumber or otherwise dispose of all or any portion or interest in the Property and shall not, without the prior written consent of Buyer, which approval shall not be reasonably withheld, make any modifications or alterations to the Property;

9.3 **Adverse Actions.** Not take any other action which may have an adverse effect upon the Property, the water rights related to the Property, or upon Buyer's acquisition of the Property;

9.4 **Actions.** Not commence any action with respect to the Property, without first obtaining the prior written consent of Buyer, which consent may be withheld in Buyer's sole and absolute discretion, unless such action is necessary to protect the Property or Seller's interest in it. If any action is commenced without Buyer's written approval, Buyer shall be entitled to a refund of the Option Payment(s) in the event Buyer elects to terminate this Agreement pursuant to this provision.

9.5 **Water Rights.** Not transfer or permit the transfer of any of the Water Rights to any person; or

9.6 **CCWD.** Not take any action to hinder, interfere with, delay, or frustrate the use of the Property or the Water Rights by Buyer pursuant to the Untreated Water Service Agreement with CCWD.

9.7 **Cooperation.** Cooperate with Buyer with respect to any and all of Buyer's rights with respect to the Property including, but not limited to, permits, licenses, and other approvals of governmental agencies, at Buyer's sole costs and expense, except Seller shall be responsible and pay for the cost and expense for any attorneys, consultants, investigation, or other action which Seller deems appropriate or advisable.

## 10.0 **CLOSING PROCEDURE.**

10.1 **Seller's Deliveries to Escrow Company.** On or before one (1) day before the Close of Escrow, Seller shall deliver to Escrow Company all of the following:

10.1.1 **Grant Deed.** The fully executed notarized Grant Deed conveying fee title to the Property to Buyer, subject only to the Permitted Exceptions and a separate statement of documentary transfer tax.

10.1.2 **Assignment.** Two (2) original counterpart assignments of intangible property in a form reasonably acceptable to Seller and executed by Seller conveying to Buyer all of Seller's interest in and rights to the intangible property;

10.1.3 **Affidavit.** An original affidavit executed by Seller which satisfies the requirements of section 1445 of the Internal Revenue Code, as amended;

10.1.4 **Certificate.** An original withholding exemption certificate form RE-590 or, in the event that Seller is a non-California resident, a certificate issued by the California Franchise Tax Board, pursuant to Revenue and Taxation Code sections 18662 and 18668, stating either the amount of withholding required from Seller's proceeds or that Seller is exempt from such holding requirements;

10.1.5 **Untreated Water Service Agreement.** An original counterpart assigning the Untreated Water Service Agreement to Buyer or, if Buyer has negotiated a new agreement with CCWD, an original counterpart agreement terminating the Untreated Water Service Agreement; and

10.1.6 **Other Documents.** Such other instruments and documents as may be reasonably requested by Escrow Company or otherwise reasonably required by Buyer to transfer the Property to Buyer.

10.2 **Buyer's Deliveries to Escrow Company.** On or before one (1) day before the close of escrow, Buyer shall deliver to Escrow Company all of the following:

10.2.1 **Assignment.** Two (2) original counterpart assignments of intangible property executed by Buyer, assuming Seller's interest in and obligations with respect to the intangible property;

10.2.2 Preliminary Change of Ownership. An original preliminary change of ownership form executed by Buyer;

10.2.3 Funds. The balance of the Purchase Price and Buyer's portion of the closing costs; and

10.2.4 Untreated Water Service Agreement. An original counterpart assigning the Untreated Water Service Agreement to Buyer or, if Buyer has negotiated a new agreement with CCWD, an original counterpart agreement terminating the Untreated Water Service Agreement.

10.2.5 Other Documents. All other instruments and documents as may be reasonably requested by Escrow Company or otherwise required to transfer the Property to Buyer.

10.3 Close of Escrow. Upon receipt of all funds and documents described in this Agreement, and upon satisfaction or waiver of all conditions and contingencies in this Agreement, Escrow Company shall;

10.3.1 Grant Deed. Record the Grant Deed in the official records of Riverside County, California, with direction that the documentary transfer stamps be attached and delivered to Buyer after recordation;

10.3.2 Title Insurance. Cause the Escrow Company to issue to Buyer the policy of title insurance;

10.3.3 Untreated Water Service Agreement. Deliver the original counterpart assignment of the Untreated Water Service Agreement to Buyer, with a copy to Seller, or, if Buyer has negotiated a new agreement with CCWD, deliver the original counterpart agreement terminating the Untreated Water Service Agreement to Buyer, with a copy to Seller.

10.3.4 Other Documents. Deliver to Buyer and Seller a fully executed copy of the section 1445 affidavit, a copy of the withholding certificate, at least one conformed copy of the recorded Grant Deed and any other documents to which either of the parties is entitled to receive upon the close of escrow;

10.3.5 Proceeds of Sale. Disburse all funds deposited with Escrow Company by Buyer in payment of the Purchase Price for the Property as follows:

(1) To the extent that any person comprising Seller is a foreign person pursuant to section 1445 of the Internal Revenue Code, as amended, and is not otherwise exempt from such sections' withholding requirements, withhold the cash equivalent of ten percent (10%) of the Purchase Price;



(2) To the extent that any person comprising Seller is a non-California resident pursuant to Revenue and Tax Code sections 18662 and 18668 and is not otherwise exempted from such sections' withholding requirements, withhold the cash equivalent of three and one-third percent (3 1/3%) of the Purchase Price;

(3) Deduct the amount of all items chargeable to the account of Seller; and

(4) Deliver to Seller the remaining portion of the funds deposited by Buyer.

**10.4 Prorations and Credits.** Escrow Company shall prorate general and special real property taxes and assessments based on the most recently available tax information as of the Close of Escrow. Such proration shall be based on a thirty (30) day month and a three hundred sixty (360) day year.

**10.5 Costs of Escrow.**

10.5.1 Seller. Except as otherwise provided in this Agreement, Seller shall pay: one-half (1/2) the escrow fees; the premium for the standard CLTA owner's policy of title insurance; the documentary transfer tax in connection with the recordation of the Grant Deed and Assignment of Intangible Property; the cost of preparing, acknowledging and recording the Grant Deed; any transfer taxes, where applicable; and the cost of any of Seller's obligations as required by this Agreement.

10.5.2 Buyer. Except as otherwise provided in this Agreement, Buyer shall pay one-half (1/2) of the escrow fees; any additional premium for an ALTA policy of title insurance if Buyer elects to receive such a policy; and the cost of any of Buyer's other obligations as required by this Agreement.

**10.6 Broker's Commission.** Upon the Close of Escrow, Seller shall pay all real estate broker's commission(s) or finder's fee(s) with respect to this transaction in accordance with Seller's separate agreement with such broker(s) or other persons, including, but not limited to Mozafak Behzad, BEK Consulting Engineers, Inc., or CAL PAC Associates, Inc. Seller shall indemnify, defend and hold Buyer harmless from any such commission obligation or any other claim for commission or finder's fee. Buyer represents to Seller that Buyer has not retained the services of a real estate broker or other person, and that no commissions or finder's fee(s) will be incurred as a result of this transaction. Buyer shall indemnify, defend and hold harmless Seller from any such commission obligation or any other claim for commission or finder's fee.

**10.7 Termination and Cancellation of Escrow.**

10.7.1 Breach by Buyer. If escrow fails to close as provided in this Agreement, as a result of Buyer's breach or default of this Agreement, this Agreement may be terminated and the escrow canceled, in Seller's sole discretion, and any and all Option Payments made by Buyer to Seller or Escrow Company, shall be retained by Seller, which shall be Seller's sole and exclusive remedy against Buyer, whether in law or equity, and Seller waives and releases Buyer from any and all liabilities, damages or responsibilities arising from or related to this Agreement or the transactions contemplated by it, except for Buyer's indemnification obligation in section 12.2, below. It is the intention of Seller in executing this Agreement, that the above waiver and release shall be effective as a bar to each and every claim, demand, liability, or cause of action waived and/or released as specified in this Agreement. In furtherance of this intention, Seller expressly waives any and all rights and benefits conferred upon said party by the provisions of Section 1542 of the California Civil Code, which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

The signatory(s) for Seller signifies that they have read California Civil Code Section 1542 and indicates that fact by signing their initials below:

\_\_\_\_ Fereydoun Ahadpour

\_\_\_\_ Doris Ahadpour

Seller understands and acknowledges that the significance and consequences of this waiver of California Civil Code Section 1542 is that even if Seller should eventually suffer additional damages arising out of the facts referred to in this Agreement, Seller will not be able to make any claims for those damages. Furthermore, Seller acknowledges that it consciously intends these consequences even as to those claims for damages that may exist as of the date of this Agreement, but which it does not know exist and which, if known, would materially affect Seller's decision to execute this Agreement, regardless of whether their lack of knowledge is the result of ignorance, oversight, error, negligence or any other cause.

10.7.2 Breach by Seller. If escrow fails to close as provided in this Agreement, as a result of Seller's breach or default of this Agreement, this escrow may be terminated by Buyer, in Buyer's sole discretion, and any and all Option Payment(s) and deposits made by Buyer to Seller or Escrow Company whether released to Seller or deemed refundable or nonrefundable, shall be returned to Buyer by Seller and/or Escrow Company and Buyer shall retain all of Buyer's rights against Seller, whether in law or equity.

10.7.3 General. In the event escrow fails to close as provided in this Agreement, this Agreement shall automatically terminate and Escrow Company is instructed to terminate the escrow without any further instructions from any party. Except as provided in this Agreement, in the event of such termination, neither party shall have any further rights, obligations or liabilities. If both parties advise Escrow Company that they elect not to terminate this Agreement and the escrow, the escrow shall not terminate and Escrow Company shall proceed with the escrow pursuant to the instructions of both parties.

10.7.4 Costs. If escrow fails to close by reason of the default of either party, cancellation or termination charges shall be borne by the defaulting party.

11. CONDEMNATION. If the Property, or any portion of or interest in the Property that would materially and adversely affect Buyer's use of the Property is taken by eminent domain or any proceeding for such purpose is commenced prior to the Close of Escrow, then Buyer shall have the option to proceed with this transaction or to terminate this Agreement and the escrow. If Buyer does not terminate this Agreement, then the Purchase Price shall remain unaffected, but Seller shall assign to Buyer all rights that it may have in any proceeds or awards resulting from such action and participate and direct the negotiations or defense of such action at Buyer's sole cost and expense, subject to Seller's approval which shall not be unreasonably withheld.

## 12. INDEMNIFICATION

12.1 Indemnification by Seller. Seller shall indemnify, defend and hold harmless Buyer, its directors, officers, employees, agents, and consultants from and against all damages, liabilities, claims, actions, demands, costs and expenses including, but not limited to, costs of investigations, lawsuits and other proceeding whether in equity or law, settlement costs, attorneys' fees and costs, and penalties or violations of any kind, which occur prior to the Close of Escrow and arise out of, result from, or relate to: (1) the use, ownership, or occupancy of the Property by Seller or its agents, representatives, contractors, employees, invitees, licensees or lessees; (2) any negligent or intentional act or omission on the part of the Seller or its agents, representatives, contractors, employees, invitees, licensees, or lessees in the performance of this Agreement, except as caused by the negligence of Buyer; (3) any breach of the terms and conditions of this Agreement by Seller.

12.2 Indemnification by Buyer. Buyer shall indemnify, defend and hold harmless Seller, their directors, officers, employees, agents, and consultants from and against all damages, claims, actions, demands, liabilities, costs and expenses including, but not limited to, costs of investigations, lawsuits and other proceeding whether in equity or law, settlement costs, attorneys' fees and costs, and penalties or violations of any kind, which occur after the date of this Agreement and arise out of, result from, or relate to: (1) investigation, testing, development, design and construction of improvements, use, or occupancy of the Property by Buyer or its agents, representatives, contractors, employees, invitees, licensees or lessees; (2) any negligent or intentional act or omission on the part of the Buyer or its agents, representatives, contractors, employees, invitees, licensees, or lessees in the performance of this Agreement except as caused

by the negligence of Seller; (3) any breach of the terms and conditions of this Agreement by Buyer; (4) Buyer's extraction and distribution of Spring Water; (5) Buyer's violation of any law, ordinance or statute; and (6) Buyer's release or discharge of any hazardous or toxic substance on the Property in violation of applicable federal, state or local laws..

**12.3 Indemnification Procedures.** If any person that is an indemnified party (Indemnified Party) has a claim for indemnification (Claim) against another party (the Indemnifying Party) under this section, then the Indemnified Party shall promptly notify each Indemnifying Party in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation unless (and then solely to the extent) the Indemnifying Party is prejudiced. Further, the Indemnified Party shall promptly notify the Indemnifying Party of the existence of any claim, demand, or other matter to which the indemnification obligations would apply, and shall give the Indemnifying Party a reasonable opportunity to defend the same at its own expense and with counsel of its own selection; provided that the Indemnified Party shall at all times also have the right to fully participate in the disputed claims at its own expense. If the Indemnifying Party shall, within a reasonable time after this notice, fail to defend, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle (exercising reasonable business judgement), the Claim or other matter, on behalf or for the account, and at the risk, of the Indemnifying Party. If the Claim is one that cannot by its nature be defended solely by the Indemnifying Party, then the Indemnified Party shall make all information and assistance to the Indemnifying Party that the Indemnifying Party may reasonably request.

### 13.0 REMEDIES

**13.1 Arbitration.** Except as provided in this section, any controversy or claim arising out of this Agreement (Dispute) between Seller and Buyer (Disputing Parties), which cannot be otherwise resolved by the Disputing Parties themselves, shall be settled by arbitration by a neutral arbitrator mutually acceptable to Seller and Buyer in an arbitration proceeding conducted in a location as the Disputing Parties may agree or determined in accordance with the then existing commercial rules of the American Arbitration Association. Arbitration proceeding shall be initiated by either Disputing Party by sending a demand for Arbitration to the American Arbitration Association and the other Disputing Party by first class mail postage prepaid. If arbitration is necessary, only one neutral arbitrator shall be appointed jointly by the Seller and Buyer. If the Seller and Buyer cannot agree on a neutral arbitrator within ten (10) business days of the initiation of the arbitration proceeding, a neutral arbitrator shall be selected by the Disputing Parties in accordance with the rules of the American Arbitration Association. The arbitrator must be a person who has actively engaged in the practice of law with at least fifteen (15) years expertise in water utility operations, water rights, and the process of deciding disputes and interpreting contracts. Prior to the commencement of proceedings, the appointed arbitrator will take an oath of impartiality. The Disputing Parties shall use their reasonable best efforts to have the arbitration proceeding concluded within sixty (60) business days of the initiation of the arbitration proceeding.

In rendering the award, the arbitrator shall determine the rights and obligations of the parties according to the substantive and procedural laws of California. Limited discovery shall be permitted for the production of documents and the taking of depositions. All discovery shall be governed by the California Code of Civil Procedure. All issues regarding compliance with discovery requests shall be decided by the arbitrator. The arbitrator award shall be in writing and shall specify the factual and legal bases for the award. The decision of such arbitrator shall be final, and judgement upon the award rendered by the arbitrator may be entered in any court having jurisdiction upon application of any party to the arbitration.

Except as provided in this section with respect to provisional or interim relief, the arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant, including, without limitation, specific performance of any obligation created under this Agreement, equitable remedies (e.g. declaratory relief and an accounting), the issuance of an injunction, or the imposition of sanctions for abuse or frustration of the arbitration process; except, the arbitrator shall have no power to award punitive damages, which right is expressly waived by the parties. Either disputing party may seek from a court any provisional or interim relief (e.g., preliminary injunction) that is necessary to protect the rights or property of that disputing party, pending the appointment of the neutral arbitrator and the neutral arbitrator's determination of the merits of the dispute.

**13.2 Specific Performance and Waiver of Rights.** Each party acknowledges that its obligations under this Agreement are unique. Each party further acknowledges that a remedy at law for any breach or attempted breach of this Agreement will be inadequate and expressly waives the defense that a remedy in damages will be adequate, and agrees that each other party shall be entitled to specific performance and injunctive and other equitable relief in case of any such breach or attempted breach. Notwithstanding any breach or default by any of the parties of any of their respective obligations, representations, warranties, covenants, or agreements under this Agreement, each of the parties waives any rights that it or they may have to rescind this Agreement or the transactions contemplated by it, provided, however, that this waiver shall not effect any other rights or remedies available to the parties under this Agreement or at law.

**13.3 Attorneys' Fees.** If any action at law or equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover actual attorneys' fees and costs which may be determined by the court in the same action or in a separate action brought for that purpose. The attorneys' fees and costs to be awarded shall be made to fully reimburse for all attorneys' fees, paralegal fees, costs and expenses actually incurred in good faith, regardless of the size of the judgment or decision, it being the intention of the parties to fully compensate for all attorneys' fees, paralegal fees, costs and expenses paid or incurred in good faith.

**13.4 Jury Trial.** For those claims or actions brought before a tribunal or where a jury trial is available, if any, the parties irrevocably waive all rights to a jury trial.

13.5 Governing Law. The validity and interpretation of this Agreement shall be governed by the laws of the State of California without giving effect to the principles of conflict laws.

13.6 Cumulation of Remedies. No remedy or election shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

14.0 GENERAL PROVISIONS.

14.1 Cooperation. The parties shall, whenever and as often as reasonably requested to do so by the other party, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any and all documents and instruments as may be necessary, expedient or proper in the reasonable opinion of the requesting party to carry out the intent and purposes of this Agreement, provided that the requesting party shall bear the cost and expense of such further instruments or documents (except that each party shall bear its own attorneys' fees).

14.2 Authority. The individuals executing this Agreement represent and warrant that they have the authority to enter into this Agreement and to perform all acts required by this Agreement, and that the consent, approval or execution of or by any third party is not required to legally bind either party to the terms and conditions of this Agreement.

14.3 Construction. The provisions of this Agreement should be liberally construed to effectuate its purposes. The language of all parts of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either party, as each party has participated in the drafting of this document and had the opportunity to have their counsel review it. Whenever the context and construction so requires, all words used in the singular shall be deemed to be used in the plural, all masculine shall include the feminine and neuter, and vice versa.

14.4 Notice. All notices, approvals, acceptances, demands and other communications required or permitted hereunder, to be effective shall be in writing and shall be delivered either in person or by mailing the same by United States mail (postage prepaid, registered or certified, return receipt requested) or by Federal Express or other similar overnight delivery service to the party to whom the notice is directed at the address of such party as follows:

Buyer: Great Spring Waters of America, Inc.  
2767 E. Imperial Highway  
Brea, CA 92621  
Attention: Director of Manufacturing

With Copy To: Hatch and Parent  
21 East Carrillo Street  
Santa Barbara, CA 93101  
Attention: Kevin J. Neese and  
Gary M. Kvistad

With Copy To: Jackson, Demarco & Peckenpaugh  
4 Park Plaza, 16th Floor  
Irvine, CA 92623-9704  
Attention: Jay R. Steinman

Seller: Fereydoun and Doris Ahadpour  
1442 Galaxy  
Newport Beach, CA 92660

Any written communication given by mail shall be deemed delivered two (2) business days after such mailing date and any written communication given by overnight delivery service shall be deemed delivered one (1) business day after the dispatch date. Either party may change its address by giving the other party written notice of its new address as provided in this section.

**14.5 Successors and Assigns.** This Agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

**14.6 Severability.** If any term, provision, covenant or condition of this Agreement shall be or become illegal, null, void or against public policy, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, whether a material term or otherwise, the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated. The term, provision, covenant or condition that is so invalidated, voided or held to be unenforceable, whether a material term or otherwise, shall be modified or changed by the parties to the extent possible to carry out the intentions and directives stated in this Agreement and if the parties cannot agree upon the change or modification, the dispute shall be subject to arbitration.

**14.7 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**14.8 Good Faith.** The parties agree to exercise their best efforts and utmost good faith to effectuate all the terms and conditions of this Agreement and to execute such further instruments and documents as are necessary or appropriate to effectuate all of the terms and conditions of this Agreement.

**14.9 Assignment.** Buyer shall have the right to assign its rights or delegate any of its obligations or duties under this Agreement, without the consent of Seller, to a wholly owned subsidiary of Buyer or an entity in which Buyer owns at least fifty-one percent (51%) ownership interest. Seller shall not have the right to assign its rights or delegate any of its obligations or duties under this Agreement without the express written consent of Buyer, which consent shall not be unreasonably withheld.

**14.10 Waiver.** The waiver of any breach of any provision of this Agreement by any party to this Agreement shall not be deemed to be a waiver of any proceeding or subsequent breach under the Agreement, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

**14.11 Recitals.** The recitals stated at the beginning of this Agreement of any matters or facts shall be conclusive proof of the truthfulness of those matters and the terms and conditions stated in the recitals, if any, shall be deemed a material part of this Agreement.

**14.12 Captions, Heading and Abbreviations.** The captions and heading of this Agreement are for convenience only and have no force and effect in the interpretation or construction of this Agreement. Wording indicated in parenthesis signify an abbreviation for the previous set of words or terms, so that when the abbreviations is used within the Agreement, it shall have the same meaning as a full statement of the words or terms.

**14.13 Survival.** The covenants, representations, warranties and agreements contained in this Agreement shall survive the Close of Escrow and any termination of this Agreement.

**14.14 Memorandum of Agreement.** The parties shall execute and have notarized a memorandum of this Agreement in a form identical to the attached Exhibit F, which is incorporated by this reference (Memorandum of Agreement). The Memorandum of Agreement shall be recorded in the official records of the County Recorder's Office for Riverside County, California. Buyer agrees to execute a quitclaim, in a form reasonably acceptable to Seller, releasing Buyer's interest in the Property. The quitclaim shall be deposited with Escrow Company and delivered by Escrow Company to Seller, upon five (5) business days written notice by Seller to Buyer and Escrow Company, if escrow does not close during the Term or as a result of Buyer's material breach of this Agreement.

**14.15 Conflicts.** In the event of a conflict between this Agreement and any of the exhibits attached to this Agreement, to the extent this Agreement, and any such exhibit(s) cannot be interpreted consistently, this Agreement, shall control in all respects.

**14.16 Interpretation.** The provisions and language of this Agreement shall be interpreted in accordance with their plain meaning and shall not be construed for or against any of the parties, as all parties have participated in, and have approved, the drafting of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original.



**14.17 Entire Agreement and Amendment.** This Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature binding except as stated in this Agreement. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the parties have executed this document as of the date first stated above.

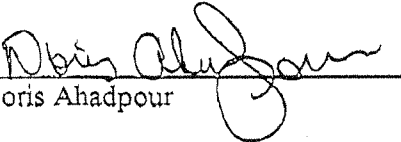
**SELLER**

**BUYER**

Great Spring Waters of America, Inc.

 1/22/99  
 Fereydoun Ahadpour

By: \_\_\_\_\_  
 \_\_\_\_\_

 1/22/99  
 Doris Ahadpour

14.17 Entire Agreement and Amendment. This Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature binding except as stated in this Agreement. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the parties have executed this document as of the date first stated above.

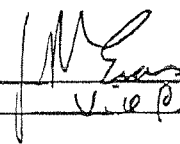
SELLER

BUYER

Great Spring Waters of America, Inc.

\_\_\_\_\_  
Fereydoun Ahadpour

By: \_\_\_\_\_

  
\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Doris Ahadpour

Page 1

Escrow No. 8223352 -K40

LEGAL DESCRIPTION EXHIBIT

PARCEL 1:

SECTION 32, TOWNSHIP 2 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THAT PORTION CONVEYED TO CABAZON COUNTY WATER DISTRICT BY DEED RECORDED MAY 27, 1994 AS INSTRUMENT NO. 219179 OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION;

THENCE NORTH 89° 44' 07" EAST, ALONG THE SOUTH LINE OF SAID SECTION 32, A DISTANCE OF 770.00 FEET;

THENCE NORTH 00° 20' 04" WEST, PARALLEL WITH THE WEST LINE OF SAID SECTION 32, A DISTANCE OF 1300.00 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH 89° 39' 56" WEST, A DISTANCE OF 90.00 FEET;

THENCE NORTH 00° 20' 04" WEST, A DISTANCE OF 660.00 FEET;

THENCE NORTH 89° 39' 56" EAST, A DISTANCE OF 330.00 FEET;

THENCE SOUTH 00° 20' 04" EAST, A DISTANCE OF 660.00 FEET;

THENCE SOUTH 89° 39' 56" WEST, A DISTANCE OF 240.00 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ALL MINERALS AND MINERAL RIGHTS, INTERESTS, AND ROYALTIES, INCLUDING WITHOUT LIMITING THE GENERALITY THEREOF, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AS WELL AS METALLIC OR OTHER SOLID MINERALS, IN AND UNDER THE PROPERTY; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OF THE PROPERTY IN CONNECTION THEREWITH, AS RECORDED IN THE DEED RECORDED DECEMBER 22, 1989 AS INSTRUMENT NO. 448969 OFFICIAL RECORDS.

PARCEL 2:

THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 2 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM ALL MINERALS AND MINERAL RIGHTS, INTERESTS, AND ROYALTIES, INCLUDING WITHOUT LIMITING THE GENERALITY THEREOF, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AS WELL AS METALLIC OR OTHER SOLID MINERALS, IN AND UNDER THE PROPERTY; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OF THE PROPERTY IN CONNECTION THEREWITH, AS RECORDED IN THE DEED RECORDED DECEMBER 22, 1989 AS INSTRUMENT NO. 448969 OFFICIAL RECORDS.

PARCEL 3:

TOGETHER WITH GRANTOR'S RIGHT, TITLE AND INTEREST IN THAT CERTAINSTRIP OF LAND, 15 FEET WIDE, SITUATED IN SAID SECTION 5 AND IN SECTION 8, TOWNSHIP 3 SOUTH, RANGE 2 EAST, S.B.B. AND M., LYING 7.5 FEET EACH SIDE OF THE FOLLOWING:

Page 2

Escrow No. 8223352 -K40

LEGAL DESCRIPTION EXHIBIT

BEGINNING AT A POINT IN THE NORTH LINE OF SAID SECTION 5 DISTANT EASTERLY, ALONG SAID NORTH LINE, 2518.30 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 5; THENCE SOUTH 20 DEGREES 22' 00" EAST 2173 FEET; THENCE SOUTH 22 DEGREES 19' 20" EAST 566 FEET; THENCE SOUTH 25 DEGREES 13' 30" EAST 2983.4 FEET TO THE SOUTH LINE OF SAID SECTION 5, DISTANT THEREON 466.6 FEET WESTERLY FROM THE SOUTHEAST CORNER OF SAID SECTION 5; THENCE SOUTH 25 DEGREES 13' 30" EAST 1091.5 FEET TO THE EAST LINE OF SAID SECTION 8 DISTANT SOUTH 0 DEGREES 06' 12" EAST, ALONG LAST SAID LINE, 986.7 FEET.

THE SIDE LINE OF SAID LAND, 15 FEET WIDE, TO TERMINATE IN THE NORTH LINE OF SAID SECTION 5 AND IN THE EAST LINE OF SAID SECTION 8.

ALSO, TOGETHER WITH GRANTOR'S RIGHT, TITLE AND INTEREST IN AND TO ALL WATER RIGHTS ATTACHED TO SAID PROPERTY.

State Water Resources Control Board  
DIVISION OF WATER RIGHTS  
P.O. Box 2000 SACRAMENTO, CA 95812-2000  
901 P STREET, SACRAMENTO, CA (916) 657.1364 FAX; (916) 657-1485

REPORT OF LICENSEE FOR 1988, 1989, 1990

OWNER OF RECORD: GREAT SPRING WATERS OF AMERICA, INC.

GREAT SPRING WATERS OF AMERICA, INC.  
2767 E. Imperial Hwy.  
Brea, California 92821

APPLICATION: A000553

LICENSE: 000659

TELEPHONE NUMBER:  
(714) 792-2235

SOURCE:

MILLARD CANYON

COUNTY

RIVERSIDE

PURPOSE:

DIVERSION/STORAGE SEASON

ACRES/HP:

IRRIGATION  
DOMESTIC

JAN 01 TO DEC 31 /  
JAN 01 TO DEC 31 /

AMOUNT: 0.16 CFS

THIS REPORT IS REQUIRED BY THE TERMS AND CONDITIONS OF YOUR LICENSE

IMPORTANT! EVERY license is subject to the conditions therein. I have currently reviewed my license: YES [X] NO [ ]. I am complying with the conditions of my license: YES [X] NO [ ]. Identify any noncompliance by license number under "Remarks" on reverse side. This report is important in providing the record of use needed in maintaining your water right. It should be filled out carefully and returned promptly to the above-listed address.

THE PROJECT HAS BEEN ABANDONED. AND I REQUEST REVOCATION OF THE LICENSE: YES [ ].

COMPLETE FOR DIRECT DIVERSION PROJECTS.

1. Have you used the full licensed amount of water each year? YES [X] NO [ ]
2. State the quantity of water used each month in gallons or acre-feet (if not known, check months water was used).

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total Annual
1988	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af
1989	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af
1990	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af

COMPLETE FOR STORAGE PROJECTS	1988	1989	1990
3. Did your reservoir spill this year? .....			
4. If not, how many feet below spillway vertically was the water level at maximum storage? .....			
5. Have you emptied the reservoir? .....			
6. How many feet below spillway vertically was it drawn down at end of season? .....			

(Continues on reverse side)

**USE (COMPLETE FOR ALL PROJECTS)**

(see page 1 for year of use)

7. Acreage irrigated .....	13	13	13
8. Stockwatering - number of stock .....	500	500	500
9. Domestic - number of persons .....			
garden area, etc. ....			
10. Recreational - nature of use .....			
11. Industrial - nature of use .....			
12. Municipal - approximate population .....			
13. Power generation - K.W. ....			
14. Other .....			

15. If no water was used in one or more years, briefly state the reason under "Remarks".
16. If the location of the point of diversion or place of use or type of use(s) has been changed and the permission of this Board has not yet been obtained, please describe nature of changes under "Remarks".

**PLEASE ANSWER ONLY THOSE QUESTIONS BELOW WHICH ARE APPLICABLE TO YOUR PROJECT.**  
*(Please note that future amendments to claims below will not be accepted)*

**CONSERVATION OF WATER**

17. Describe any water conservation efforts you may have started: \_\_\_\_\_
18. If you want to claim credit under Section 1011 01 the Water Code for beneficial use of water under this license for water not used due to a conservation effort, you must identify the amounts of water conservation in the spaces below. The amounts applicable to any claim shall be limited to the amounts shown for the year(s) on this report.
- 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

**WATER QUALITY AND WASTEWATER RECLAMATION**

19. Are you now or have you been using reclaimed water from a wastewater treatment facility, desalination facility or water polluted by waste to a degree which unreasonably affects such water for other beneficial uses? YES [ ] NO [ ]
20. If credit toward use under this license through substitution or reclaimed water, desalinated water or polluted water in lieu of appropriated water is claimed under Section 1010 of the Water Code, please show amounts of reduced diversion and amounts of reclaimed water used: 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

**CONJUNCTIVE USE OF SURFACE WATER AND GROUNDWATER**

21. Are you now using groundwater in lieu of surface water? YES [ ] NO [ ]
22. If credit toward use under this license through substitution of groundwater in lieu of appropriated water is claimed under Section 1011.5 of the Water Code, please show the amounts of groundwater used:
- 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

**REMARKS:** (Identify the item you are explaining. Additional pages may be attached.)  
License 659 is exercised in conjunction with Licensee's riparian and pre-1914 appropriate right. See Certificate of Adjudicated Water Right (Certificate 66g, dated 3/8/39) and Statement of Diversion and Use filed concurrently with this report.

I declare under penalty of perjury that the information in this report is true to the best of my knowledge and belief.

Date: 7/6/01 Sign Here: [Signature] FOR GREAT SPRING WATERS OF AMERICA, INC.  
LICENSEE (OR AGENT OR DESIGNEE)

State Water Resources Control Board  
 DIVISION OF WATER RIGHTS  
 P.O. Box 2000 SACRAMENTO, CA 95812-2000  
 901 P STREET, SACRAMENTO, CA (916) 657.1364 FAX; (916) 657-1485

**REPORT OF LICENSEE FOR 1991, 1992, 1993**

OWNER OF RECORD: GREAT SPRING WATERS OF AMERICA, INC.

APPLICATION: A000553

GREAT SPRING WATERS OF AMERICA, INC.  
 2767 E. Imperial Hwy.  
 Brea, California 92821

LICENSE: 000659

TELEPHONE NUMBER:  
 (714) 792-2235

SOURCE:

COUNTY

MILLARD CANYON

RIVERSIDE

PURPOSE:

DIVERSION/STORAGE SEASON

ACRES/HP:

IRRIGATION  
 DOMESTIC

JAN 01 TO DEC 31 /  
 JAN 01 TO DEC 31 /

AMOUNT: 0.16 CFS

THIS REPORT IS REQUIRED BY THE TERMS AND CONDITIONS OF YOUR LICENSE

**IMPORTANT!** EVERY license is subject to the conditions therein. I have currently reviewed my license: YES  NO  . I am complying with the conditions of my license: YES  NO  . Identify any noncompliance by license number under "Remarks" on reverse side. This report is important in providing the record of use needed in maintaining your water right. It should be filled out carefully and returned promptly to the above-listed address.

THE PROJECT HAS BEEN ABANDONED. AND I REQUEST REVOCATION OF THE LICENSE: YES  .

COMPLETE FOR DIRECT DIVERSION PROJECTS.

1. Have you used the full licensed amount of water each year? YES  NO
2. State the quantity of water used each month in gallons or acre-feet (if not known, check months water was used).

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total Annual
1991	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af
1992	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af
1993	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af

COMPLETE FOR STORAGE PROJECTS	1991	1992	1993
3. Did your reservoir spill this year? .....			
4. If not, how many feet below spillway vertically was the water level at maximum storage? .....			
5. Have you emptied the reservoir? .....			
6. How many feet below spillway vertically was it drawn down at end of season? .....			

(Continues on reverse side)

USE (COMPLETE FOR ALL PROJECTS)

(see page 1 for year of use)

7. Acreage irrigated .....	13	13	13
8. Stockwatering - number of stock .....	500	500	500
9. Domestic - number of persons .....			
garden area, etc. ....			
10. Recreational - nature of use .....			
11. Industrial - nature of use .....			
12. Municipal - approximate population .....			
13. Power generation - K.W. ....			
14. Other .....			

15. If no water was used in one or more years, briefly state the reason under "Remarks".
16. If the location of the point of diversion or place of use or type of use(s) has been changed and the permission of this Board has not yet been obtained, please describe nature of changes under "Remarks".

PLEASE ANSWER ONLY THOSE QUESTIONS BELOW WHICH ARE APPLICABLE TO YOUR PROJECT.

(Please note that future amendments to claims below will not be accepted)

CONSERVATION OF WATER

17. Describe any water conservation efforts you may have started: \_\_\_\_\_
18. If you want to claim credit under Section 1011.01 the Water Code for beneficial use of water under this license for water not used due to a conservation effort, you must identify the amounts of water conservation in the spaces below. The amounts applicable to any claim shall be limited to the amounts shown for the year(s) on this report.
- 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

WATER QUALITY AND WASTEWATER RECLAMATION

19. Are you now or have you been using reclaimed water from a wastewater treatment facility, desalination facility or water polluted by waste to a degree which unreasonably affects such water for other beneficial uses? YES [ ] NO [ ]
20. If credit toward use under this license through substitution or reclaimed water, desalinated water or polluted water in lieu of appropriated water is claimed under Section 1010 of the Water Code, please show amounts of reduced diversion and amounts of reclaimed water used: 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

CONJUNCTIVE USE OF SURFACE WATER AND GROUNDWATER

21. Are you now using groundwater in lieu of surface water? YES [ ] NO [ ]
22. If credit toward use under this license through substitution of groundwater in lieu of appropriated water is claimed under Section 1011.5 of the Water Code, please show the amounts of groundwater used:
- 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

REMARKS: (Identify the item you are explaining. Additional pages may be attached.)

License 659 is exercised in conjunction with Licensee's riparian and pre-1914 appropriative right. See Certificate of Adjudicated Water Right (Certificate 66g, dated 3/8/39) and Statement of Diversion and Use filed concurrently with this report.

I declare under penalty of perjury that the information in this report is true to the best of my knowledge and belief.

Date: 7/6/01 Sign Here: [Signature] FOR GREAT SPRING WATERS OF AMERICA, INC.  
LICENSEE (OR AGENT OR DESIGNEE)



State Water Resources Control Board  
 DIVISION OF WATER RIGHTS  
 P.O. Box 2000 SACRAMENTO, CA 95812-2000  
 901 P STREET, SACRAMENTO, CA (916) 657.1364 FAX; (916) 657-1485

**REPORT OF LICENSEE FOR 1994, 1995, 1996**

OWNER OF RECORD: GREAT SPRING WATERS OF AMERICA, INC.

APPLICATION: A000553

GREAT SPRING WATERS OF AMERICA, INC.  
 2767 E. Imperial Hwy.  
 Brea, California 92821

LICENSE: 000659

TELEPHONE NUMBER:  
 (714) 792-2235

SOURCE:

COUNTY

MILLARD CANYON

RIVERSIDE

PURPOSE:

DIVERSION/STORAGE SEASON

ACRES/HP:

IRRIGATION  
 DOMESTIC

JAN 01 TO DEC 31 /  
 JAN 01 TO DEC 31 /

AMOUNT: 0.16 CFS

**THIS REPORT IS REQUIRED BY THE TERMS AND CONDITIONS OF YOUR LICENSE**

**IMPORTANT!** EVERY license is subject to the conditions therein. I have currently reviewed my license: YES  NO  .  
 I am complying with the conditions of my license: YES  NO  . Identify any noncompliance by license number  
 under "Remarks" on reverse side. This report is important in providing the record of use needed in maintaining your water  
 right. It should be filled out carefully and returned promptly to the above-listed address.

THE PROJECT HAS BEEN ABANDONED. AND I REQUEST REVOCATION OF THE LICENSE: YES  .

**COMPLETE FOR DIRECT DIVERSION PROJECTS.**

1. Have you used the full licensed amount of water each year? YES  NO
2. State the quantity of water used each month in gallons or acre-feet (if not known, check months water was used).

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total Annual
1994	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af
1995	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af
1996	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af

COMPLETE FOR STORAGE PROJECTS	1994	1995	1996
3. Did your reservoir spill this year? .....			
4. If not, how many feet below spillway vertically was the water level at maximum storage? .....			
5. Have you emptied the reservoir? .....			
6. How many feet below spillway vertically was it drawn down at end of season? .....			

(Continues on reverse side)

**USE (COMPLETE FOR ALL PROJECTS)**

(see page 1 for year of use)

7. Acreage irrigated	13	13	13
8. Stockwatering - number of stock	500	500	500
9. Domestic - number of persons			
garden area, etc.			
10. Recreational - nature of use			
11. Industrial - nature of use			
12. Municipal - approximate population			
13. Power generation - K.W.			
14. Other			

15. If no water was used in one or more years, briefly state the reason under "Remarks".
16. If the location of the point of diversion or place of use or type of use(s) has been changed and the permission of this Board has not yet been obtained, please describe nature of changes under "Remarks".

**PLEASE ANSWER ONLY THOSE QUESTIONS BELOW WHICH ARE APPLICABLE TO YOUR PROJECT.**  
*(Please note that future amendments to claims below will not be accepted)*

**CONSERVATION OF WATER**

17. Describe any water conservation efforts you may have started: \_\_\_\_\_
18. If you want to claim credit under Section 1011.01 the Water Code for beneficial use of water under this license for water not used due to a conservation effort, you must identify the amounts of water conservation in the spaces below. The amounts applicable to any claim shall be limited to the amounts shown for the year(s) on this report.
- 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

**WATER QUALITY AND WASTEWATER RECLAMATION**

19. Are you now or have you been using reclaimed water from a wastewater treatment facility, desalination facility or water polluted by waste to a degree which unreasonably affects such water for other beneficial uses? YES [ ] NO [ ]
20. If credit toward use under this license through substitution or reclaimed water, desalinated water or polluted water in lieu of appropriated water is claimed under Section 1010 of the Water Code, please show amounts of reduced diversion and amounts of reclaimed water used: 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

**CONJUNCTIVE USE OF SURFACE WATER AND GROUNDWATER**

21. Are you now using groundwater in lieu of surface water? YES [ ] NO [ ]
22. If credit toward use under this license through substitution of groundwater in lieu of appropriated water is claimed under Section 1011.5 of the Water Code, please show the amounts of groundwater used:
- 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

**REMARKS:** (Identify the Item you are explaining. Additional pages may be attached.)

License 659 is exercised in conjunction with Licensee's riparian and pre-1914 appropriative right. See Certificate of Adjudicated Water Right (Certificate 66g, dated 3/8/39) and Statement of Diversion and Use filed concurrently with this report.

I declare under penalty of perjury that the information in this report is true to the best of my knowledge and belief.

Date: 7/6/01 Sign Here: [Signature] **FOR GREAT SPRING WATERS OF AMERICA, INC.**  
 LICENSEE (OR AGENT OR DESIGNEE)

300

State Water Resources Control Board  
 DIVISION OF WATER RIGHTS  
 P.O. Box 2000 SACRAMENTO, CA 95812-2000  
 901 P STREET, SACRAMENTO, CA (916) 657.1364 FAX; (916) 657-1485

### REPORT OF LICENSEE FOR 1997, 1998, 1999

**OWNER OF RECORD:** GREAT SPRING WATERS OF AMERICA, INC.

**APPLICATION:** A000553

GREAT SPRING WATERS OF AMERICA, INC.  
 2767 E. Imperial Hwy.  
 Brea, California 92821

**LICENSE:** 000659

**TELEPHONE NUMBER:**  
 (714) 792-2235

**SOURCE:**

**COUNTY**

MILLARD CANYON

RIVERSIDE

**PURPOSE:**

**DIVERSION/STORAGE SEASON**

**ACRES/HP:**

IRRIGATION  
 DOMESTIC

JAN 01 TO DEC 31 /  
 JAN 01 TO DEC 31 /

**AMOUNT:** 0.16 CFS

**THIS REPORT IS REQUIRED BY THE TERMS AND CONDITIONS OF YOUR LICENSE**

**IMPORTANT! EVERY** license is subject to the conditions therein. I have currently reviewed my license: YES  NO  .  
 I am complying with the conditions of my license: YES  NO  . Identify any noncompliance by license number  
 under "Remarks" on reverse side. This report is important in providing the record of use needed in maintaining your water  
 right. It should be filled out carefully and returned promptly to the above-listed address.

THE PROJECT HAS BEEN ABANDONED. AND I REQUEST REVOCATION OF THE LICENSE: YES  .

**COMPLETE FOR DIRECT DIVERSION PROJECTS.**

1. Have you used the full licensed amount of water each year? YES  NO  .
2. State the quantity of water used each month in gallons or acre-feet (if not known, check months water was used).

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total Annual
1997	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af
1998	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af
1999	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	115.2 af

COMPLETE FOR STORAGE PROJECTS	1997	1998	1999
3. Did your reservoir spill this year? . . . . .			
4. If not, how many feet below spillway vertically was the water level at maximum storage? . . . . .			
5. Have you emptied the reservoir? . . . . .			
6. How many feet below spillway vertically was it drawn down at end of season? . . . . .			

(Continues on reverse side)

L. Please answer only those questions below which are applicable to your project.

- 1. Conservation of water
  - a. Describe any water conservation efforts you may have started: \_\_\_\_\_
  
- 2. Water quality and wastewater reclamation
  - a. Are you now or have you been using reclaimed water from a wastewater treatment facility, desalination facility or water polluted by waste to a degree which unreasonably affects such water for other beneficial uses? YES \_\_\_ NO \_\_\_

I declare under penalty of perjury that the information in this report is true to the best of my knowledge and belief.

DATE: 7/6/01 At SANTA BARBARA, California.

SIGNATURE: \_\_\_\_\_

PRINTED NAME: ROBERT J. SAPERSTEIN  
(first name) (middle init.) (last name)

COMPANY NAME: FOR GREAT SPRING WATERS OF AMERICA, INC


The location of the diversion point and the place of use may be sketched on the section grid provided. If it is used, please enter the section(s), township, range and the base & meridian below. Also, show any streams or other landmarks that will assist in identifying the area.

Section(s) 32  
Township 2S  
Range 2E  
SB B&M

GENERAL INFORMATION PERTAINING TO WATER RIGHTS IN CALIFORNIA

There are two principal types of surface water rights in California. They are riparian and appropriative rights.

A riparian right enables an owner of land bordering a natural lake or stream to take and use water on his riparian land. Riparian land must be in the same watershed as the water source and must never have been severed from the source of supply by an intervening parcel without reservation of the riparian right to the severed parcel. Generally, a riparian water user must share the water supply with other riparian users. Riparian rights may be used to divert the natural flow of a stream but may not be used to 1) store water for later use 2) divert water which originates in a different watershed 3) divert water released from storage, or 4) divert return flows from groundwater use.

An appropriative right is required for use of water on non riparian land and for storage of water. Generally, appropriative rights may be exercised only when there is a surplus not needed by riparian water users. Since 1914 new appropriators have been required to obtain a permit and license from the State.

Statements of Water Diversion and Use must be filed by a riparian and per-1914 appropriative water users. The filling of a statement (1) provides a record of water use, (2) enables the State to notify such users if someone proposes a new appropriation upstream from their diversion, and (3) assists the State to determine if additional water is available for future appropriators.

The above discussion is provided for general information. For more specific information concerning water rights, please contact an attorney or write to this office. We have several pamphlets available. They include: (1) Statements of Water Diversion and Use, (2) Information Pertaining to Water Right in California and (3) Appropriation of Water in California.

**State of California**  
**State Water Resources Control Board**  
**DIVISION OF WATER RIGHTS**  
**P.O. Box 2000, Sacramento, CA 95812-2000**  
 Info: (916) 341-5300, FAX: (916) 341-5400, Web: <http://www.waterrights.ca.gov>  
**STATEMENT OF WATER DIVERSION AND USE**

(This is not a Water Right)

This Statement should be typewritten or legibly written in ink and submitted to the address above.  
 A separate statement should be filed for each point of diversion. A duplicate copy will be returned for your file.

A. Name of person diverting water Great Spring Waters of America, Inc.  
 Address 2767 E. Imperial Highway, Brea, CA 92821

B. Water is used under: Riparian claim XXX Pre 1914 right XXX Other (explain) \_\_\_\_\_

C. Name of the body of water at the point of diversion  
Millard Canyon  
 Tributary to San Geronio Wash

D. Point of diversion is located within Riverside County on Assessors Parcel # \_\_\_\_\_, being within the NE 1/4 of SW 1/4 of Section 32, of Township 2S, Range 2E, SB B&M. Name of works Southern Pacific Springs

E. Do you own the land at the point of diversion? Yes XX NO \_\_\_\_\_ The name and address of the owner of the land is: \_\_\_\_\_

F. Capacity of diversion works > 300 gpm (cfs, gpm, or gpd) Capacity of storage tanks or reservoir \_\_\_\_\_ (gallons or acre-feet)  
 Type of diversion facility: Gravity XX Pump \_\_\_\_\_  
 Method of measurement: Weir \_\_\_\_\_ Flume \_\_\_\_\_ Electric Meter \_\_\_\_\_ Estimate XX

G. Enter the amount (or approximate amount) of water used each month.  
 Amounts below are shown in: Gallons \_\_\_\_\_ Acre-feet XX Other \_\_\_\_\_

Year	Jan	Feb.	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total Annual
2000	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	86.4

H. Annual water use in recent years: Maximum 125 acre-feet (gallons or acre-feet) Minimum 50 acre feet (gallons or acre-feet)  
 Year of first use (nearly as known) 1877

I. Purpose of use: What is the water being used for: (example, number of acres and type of crop irrigated, average number of persons served, number of stock watered, etc.) Irrigation of natural vegetation, pasture and stock watering of approximately 50 cattle.

J. General description or location of place of use (example: 40 acres of pasture located 3 miles from Happyville on Alpha Road) 32.5 acres of pasture, located approximately two miles north of Interstate 10 at Cabazon, in Riverside County.

K. Map: Please locate the point of diversion and place of use on a print of a USGS quad map, or make a sketch on the section grid provided on the reverse side of this form. The sketch should identify the section lines, prominent local landmarks and roads, your point of diversion, and your place of use (your house, acreage irrigated, etc.).

**USE (COMPLETE FOR ALL PROJECTS)**

(see page 1 for year of use)

7. Acreage irrigated .....	13	13	13
8. Stockwatering - number of stock .....	500	500	500
9. Domestic - number of persons .....			
garden area, etc. ....			
10. Recreational - nature of use .....			
11. Industrial - nature of use .....			
12. Municipal - approximate population .....			
13. Power generation - K.W. ....			
14. Other .....			

15. If no water was used in one or more years, briefly state the reason under "Remarks".
16. If the location of the point of diversion or place of use or type of use(s) has been changed and the permission of this Board has not yet been obtained, please describe nature of changes under "Remarks".

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18. If you want to claim credit under Section 1011 01 the Water Code for beneficial use of water under this license for water not used due to a conservation effort, you must identify the amounts of water conservation in the spaces below. The amounts applicable to any claim shall be limited to the amounts shown for the year(s) on this report.
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**WATER QUALITY AND WASTEWATER RECLAMATION**

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**CONJUNCTIVE USE OF SURFACE WATER AND GROUNDWATER**

21. Are you now using groundwater in lieu of surface water? YES [ ] NO [ ]
22. If credit toward use under this license through substitution of groundwater in lieu of appropriated water is claimed under Section 1011.5 of the Water Code, please show the amounts of groundwater used:
- 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg) 19 \_\_\_\_\_ (af/mg)

**REMARKS:** (Identify the Item you are explaining. Additional pages may be attached.)  
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I declare under penalty of perjury that the information in this report is true to the best of my knowledge and belief.

Date: 7/6/01 Sign Here: [Signature] FOR GREAT SPRING WATERS OF AMERICA, INC.