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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  
1959 - 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

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

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

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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 appropriate 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

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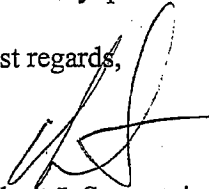
County Water District (see License 000174 and Statement of Diversion S001101), or to the Property through a six-inch diameter pipe. Although the spring expression may vary seasonally and climatically, the portion of the flow captured into the French drain is remarkably constant. Thus, the flow through 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