

STIPULATION FOR DISMISSAL OF PROTEST

This Stipulation is made and entered into this 20 day of March, 2007 by and between Chino Basin Watermaster ("CBWM") and the California Department of Fish and Game ("CDFG"), collectively referred to as the ("Parties.")

RECITALS

1. CBWM filed Application No. 31369 on November 4, 2002 with the California State Water Resources Control Board ("SWRCB") for a water right permit to withdraw 97,000 acre-feet of water per year from Deer Creek, Day Creek, Etiwanda Creek, San Sevaine Creek, Chino Creek, San Antonio Creek, and Cucamonga Creek, all tributaries to the Santa Ana River.

2. CDFG protested Application No. 31369 because of the potential adverse effects of the diversions on fish and wildlife resources and their habitats; particularly that of the federally threatened Santa Ana Sucker.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties do agree as follows:

1. CDFG hereby withdraws its protest to Application 31369 based upon the terms and conditions set forth below.

2. CBWM agrees to continue its existing monthly monitoring and report the results of such monitoring annually to CDFG in a form approved by the Department. Reporting should include at a minimum the following: Average monthly flow data that indicates amount of flow in each tributary before and after diversions and the amount of flow entering the Santa Ana River at each tributary.

3. The Parties do not anticipate an impact on fish, wildlife or other instream beneficial uses ("Resources") as a result of CBWM's requested appropriation described in Application 31369. The parties agree that they will meet annually for the first five years after a permit is issued to confirm that no such impacts have resulted.

4. In the event that either Party determines that CBWM's actual appropriation pursuant to a permit issued under Application 31369 causes adverse impacts on the Resources, then the Parties agree to meet and confer and work together in good faith to develop a mechanism for the immediate mitigation of such impacts.

5. In the event the Parties are unable to agree as to either the impacts of CBWM's appropriation on the Resources or a mitigation mechanism within 60 days from the date that one party gives written notice that it believes an adverse impact has occurred, they will jointly request that the SWRCB, subject to its retained jurisdiction over CBWM's permit, determine whether CBWM's appropriation is the cause of negative impacts on the Resources and requires amendment of CBWM's permit in order to avoid such impacts. The Parties shall each have the opportunity to submit evidence to the SWRCB in regard to their dispute.

6. The parties agree that CBWM will provide a copy of this Stipulation to the SWRCB as soon as possible upon execution by all Parties, and present it as evidence on the date of the hearing regarding Application 31369. CBWM shall request that the SWRCB include the following among the conditions of any permit issued pursuant to Application No. 31369:

- i. CBWM's implementation of the measures set forth in Sections 2, 3, 4, and 5 above; and
- ii. The terms and conditions of this Stipulation shall bind any transferees and assignees of the water rights granted under Application 31369.

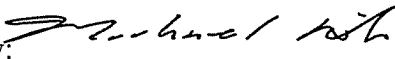
7. CDFG shall not be precluded from appearing as an interested party in the hearing on the Santa Ana River applications and petition, but shall not oppose the SWRCB's issuance of a permit to CBWM upon the conditions described in paragraph 6, above, and shall not maintain a position inconsistent with this Stipulation.

8. This Stipulation sets forth the entire agreement of the Parties. No changes or amendments of this Stipulation shall be binding unless agreed to in writing by the Parties.

IN WITNESS WHEREOF, the Parties have executed this Stipulation as of the dates written below.

Date: 3/26/07

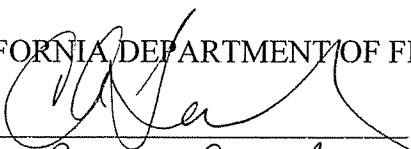
CHINO BASIN WATERMASTER

By: 

Title: General Counsel

Date: 3/28/07

CALIFORNIA DEPARTMENT OF FISH AND GAME

By: 

Title: Regional Manager