

San Bernardino County, California  
65± Miles North of San Bernardino  
20± Miles Northwest of Barstow

# LAND & ASSOCIATED WATER PRODUCTION RIGHTS AUCTION

## 640± acres

- Water consultants have estimated between 20,000 to 30,000 acre feet per year
- Historic use of 10,000± acre feet per year
- 23 years of alfalfa production
- Located at the Mouth of Black Canyon
- Historically Known as Water Valley
- Potential for 120MW Solar Farm (7± Miles Northeast of Large Solar Plant)

Thursday, February 28, 2013 • 1:00 PM

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California Aqueduct

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Real Estate and Auction Company, Inc.  
800-451-2709  
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**LEE ASSOCIATES**  
COMMERCIAL REAL ESTATE SERVICES

# LAND & ASSOCIATED WATER PRODUCTION RIGHTS AUCTION

in cooperation with  
**LEE ASSOCIATES**  
COMMERCIAL REAL ESTATE SERVICES

**SCHRADER**  
Real Estate and Auction Company, Inc.  
Corporate Headquarters  
950 N. Liberty Drive,  
Columbia City, IN 46725  
**California Real Estate Broker:**  
Clifford Crowe, Principal  
Lee & Associates, Carlsbad, CA  
License ID# 00982577

FEBRUARY 2013						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
	3	4	5	6	7	8
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	17	18	19	20	21	22
	24	25	26	27	28	

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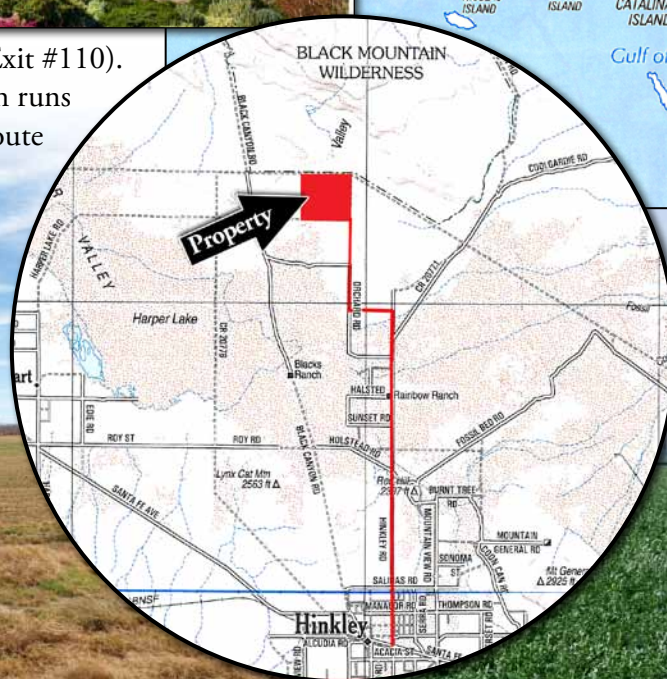
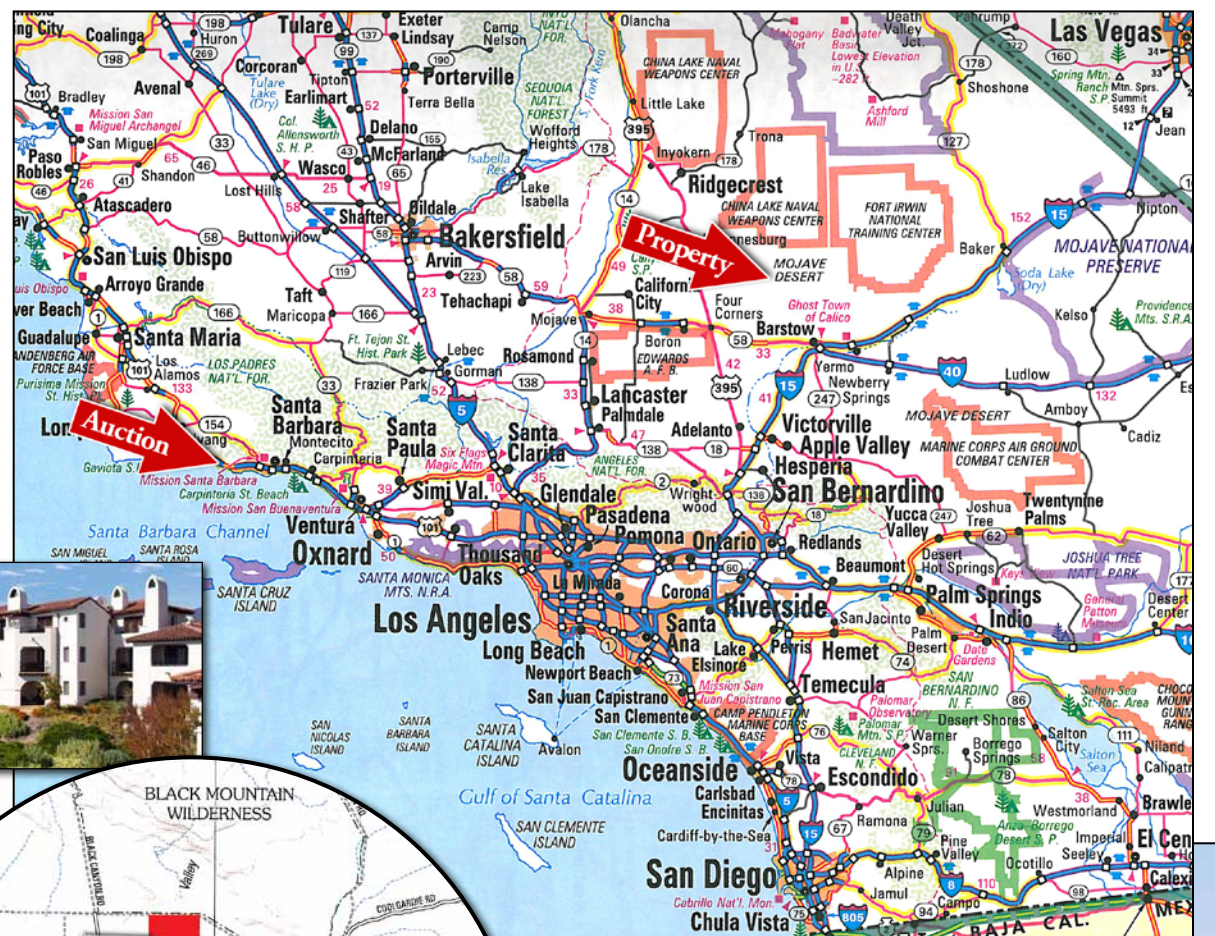
### Property Location

From the intersection of I-15 and CA-58, 3 miles west of Barstow (exit 179), travel west on CA-58 Barstow-Bakersfield Hwy toward Bakersfield 8.8 miles to Hinkley Road. Turn right (north) on Hinkley Road and travel 8.1 miles to sign for Oasis Ranch. Turn left (west) and travel about 1 mile, then right (north) about 2.5 miles to the entrance of Oasis Ranch. Road signs are limited in the area. Watch for Auction Signage.

### Auction Location

**Bacara Resort,**  
8301 Hollister Avenue, Santa Barbara, CA  
(805) 968-0100

From the Santa Barbara Airport, travel north on William L. Moffett Place (which becomes Fowler Road) 0.3 miles. Fowler Road then becomes South Fairview Avenue, continue for 1.1 miles to US-101. Take the US-101 north ramp and travel 4 miles to Winchester Canyon Road/Hollister Avenue (Exit #110). At the first stop sign, go straight onto Calle Real, which runs parallel to US-101 north (NOTE: Do not exit onto Route 217-Hollister Avenue/Goleta). Turn left at the second stop sign toward Hollister Avenue (which takes you over the highway). Take the first right onto Hollister Avenue and continue to Bacara Resort.



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## Property Information

The Property consists of 640+ acres in Section 5 of Township 11 North, Range 3 West in San Bernardino County, State of California. The successful bidder at auction will receive the surface rights, mineral, oil, solar, First Tier Water Rights (the right to produce water from the property up to and including 10,000 acre-feet in any calendar year), and all other rights and interests of the Seller in the Property except for the Additional Water Rights (the right to produce water from the property in excess of 10,000 acre-feet in a calendar year). Additional Water Rights are not included in the auction but can be paid for post-closing, based on volume, in the amounts, at the times and in the manner set forth in the Agreement to Purchase on the following basic terms:

- 10,000 acre-feet up to 15,000 acre-feet shall be purchased as a permanent Additional Water Right at the price of \$5,500 per acre-foot. For example, if the purchaser/producer who previously had not produced water in a calendar year exceeding a volume of 10,000 acre-feet produces 12,002 acre-feet in a calendar year, that producer shall then pay to seller the sum of \$11,011,000.00 and shall have the permanent right to produce up to 12,002 acre-feet annually.
- 15,000 acre-feet up to 20,000 acre-feet shall be purchased as a permanent Additional Water Right at the price of \$6,500 per acre-foot.
- Production in excess of 20,000 acre-feet shall be purchased as a permanent Additional Water Right at the price of \$7,500 per acre-foot.
- The purchase price per acre foot for Additional Water Rights above shall be increased on each January 1 following the fourth year subsequent to the auction by the percentage increase in the Mojave Water Agency Replacement Water Assessment from January 1 of the previous year.
- A fixed-sum for the bundle of Additional Water Rights is available. Contact the Auction Company for Details.

Surface rights include, on the eastern half of the property, 2 Lindsay/Zimatic irrigation systems put up in approximately 2005. (The 2 irrigation systems on the western half of the property have been removed due to age.) Additional improvements include a 93'x200' hay barn, 50'x80' steel building with concrete floor used as a shop, a 3-bedroom home and a double-wide modular home.

The property has 3 unique features over almost any other property in the Mojave River Agency, an area roughly the size of Connecticut:

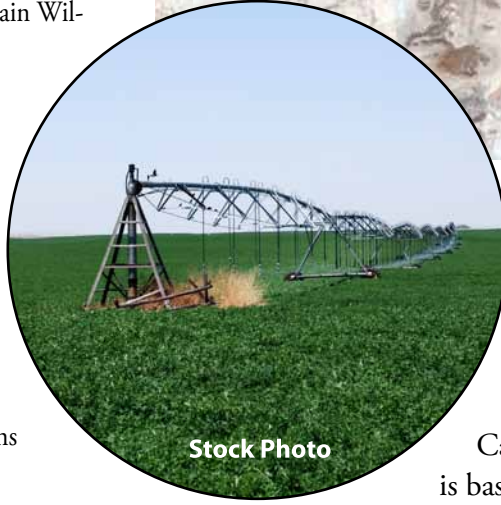
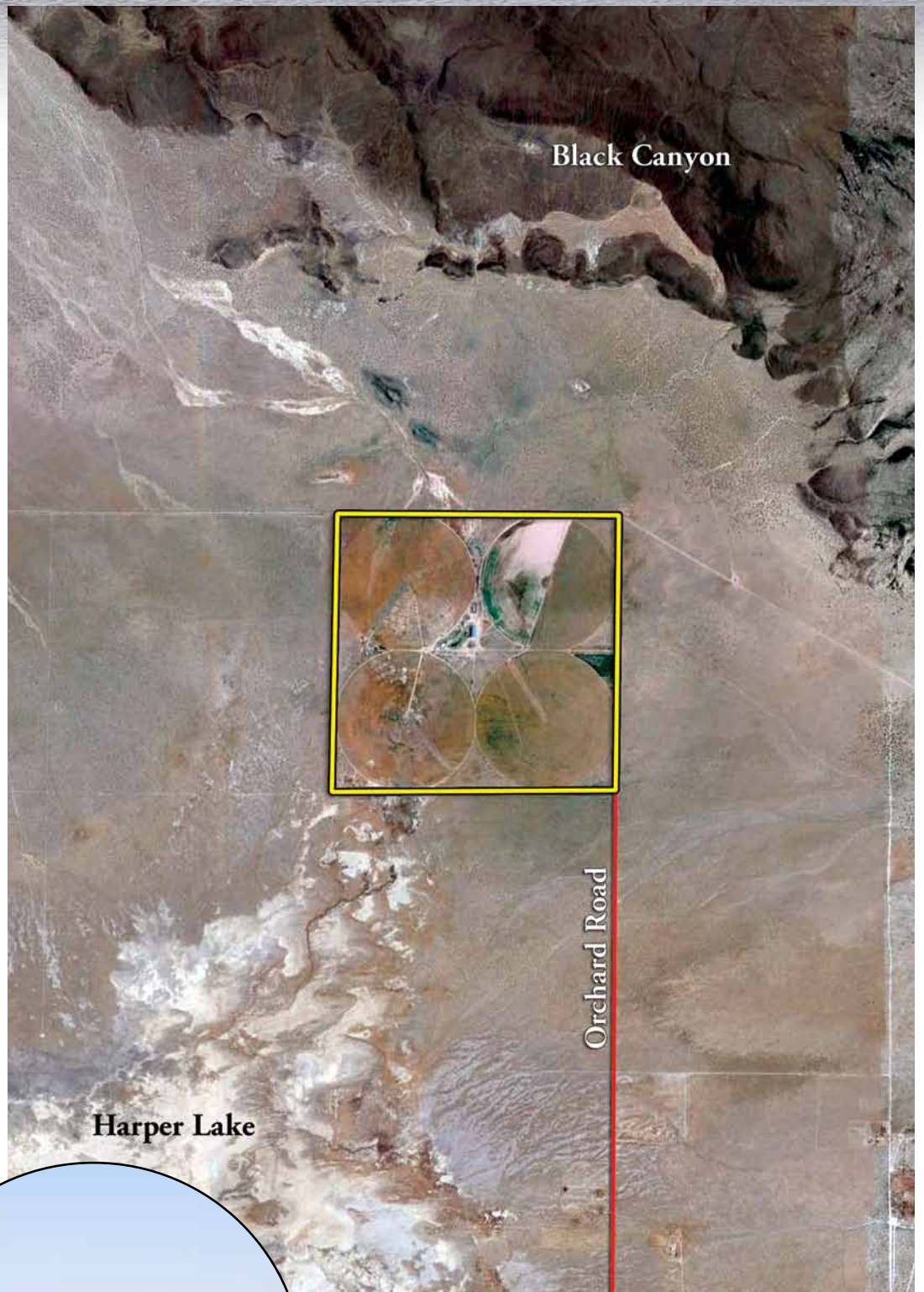
- 1) The property owner retains the legal right to pump water free of the restrictions imposed in the Mojave River Basin adjudication
- 2) The property lies at the mouth of the Black Canyon watershed, an area referred to as Water Valley (shown on map below)
- 3) There are few (if any) wells north of this property in the Black Mountain Wilderness Area

## History of Oasis Ranch

Purchased in 1979, Curt Jahnke developed the 640 acres into a profitable alfalfa operation, raising alfalfa until 2006 with an average annual production of approximately 6,000 tons of alfalfa hay under 4 pivots. Water for the pivots came from 5 wells, producing an estimated 10,000 acre-feet per year for the cropland, 2 lakes created on the property, 20,000 trees, and 16 miles of additional trees bordering the property. The water in the lakes brought geese, ducks, and sandhill cranes, and the transformation was complete: the property truly became The Oasis Ranch. Due to health issues with Mrs. Jahnke in 2006, Mr. Jahnke was not able to continue the operations at Oasis Ranch.

## 2011 Water Testing

In a 2011 Hydrogeologic Evaluation of the property, Well #3 was test pumped for 72 hours and had an average pumping rate of 1,621 gpm. During the 72-hour test, a total of about 7,000,000 gallons were pumped or 21.5 acre-feet. The five surrounding wells were monitored around the pumping well on the property showing a drawdown of 2 inches (from well 3,732 feet northeast of the pump) to 18 inches (from well 1,222 feet south of the pump) during the test. After 72 hours, the water level in the pumping well had drawn down about 27 feet. Within 6 seconds after turning the pump off the water level had risen to 77% of total recovery. One minute after turning the pump off, the water level had risen to 100 percent. (Refer to Property Information Booklet and Test Pump Log, available from the Auction Company)



There is no limitation on the amount which can be produced annually except for natural limitations of the sustainable availability of water. Further, the water may be used to supply beneficial demands on property off of the ranch under the paramount appropriative right which would be established by the project. Under California common law, the priority of appropriative rights is based on first in time is first in right. We are not aware of other appropriative production in the area of concern. To understand this important principle, you need to understand the definition of overlying rights and appropriative rights. They are: Overlying rights are the use of water produced from land owned by a party and used on land owned by the same party. Appropriative rights may be generally described as the use of water produced from land owned by one party on land owned by another party. For example, retail water supply systems operated by public entities and public utilities are examples of appropriative use of water. While overlying use has a priority to appropriative use, we know of no significant overlying production in the area of concern. I know of no water producer or potential water producer other than Oasis Ranch within the jurisdiction of the Mojave Water Agency which has the legal opportunity to provide a substantial quantity of water to third parties free of the constraints of the judgement entered in the Mojave Basin adjudication.

-James L. Markman



**Solar Plant**

Located 7± Miles Southwest of Oasis Ranch

## Terms & Conditions

**DOWN PAYMENT:** 10% down payment on the day of auction. Bidders can either preregister with the Auction Company on or before Thursday, February 21st, 2013 by submitting the preregistration form available on our website, or provide a bank letter of credit on the day of auction to qualify to register to bid. The down payment may be made in the form of cashier's check, personal check, or corporate check. **YOUR BIDDING IS NOT CONDITIONAL UPON FINANCING,** so be sure you have arranged financing, if needed, and are capable of paying cash at closing.  
**ACCEPTANCE OF BID PRICES:** The successful bidder will be required to enter into a Purchase Agreement at the auction site immediately following the close of the auction. The final bid

price is subject to the Seller's acceptance or rejection.  
**EVIDENCE OF TITLE:** Seller shall provide an owner's title insurance policy in the amount of the purchase price of the land.  
**DEED:** Seller shall provide Warranty Deed(s).  
**CLOSING:** The balance of the purchase price is due at closing, which will take place within 30 days of presentation of insurable title. Costs for an insured closing shall be shared 50:50 between Buyer(s) and Seller.  
**POSSESSION:** Possession at closing.  
**REAL ESTATE TAXES:** Prorated to day of closing.  
**ACREAGE:** All tract acreages, dimensions, and proposed boundaries are approximate and have been estimated based on current legal descriptions and/or aerial photos.  
**SURVEY:** No new survey to be supplied. Seller to use existing

legal description.  
**AGENCY:** Schrader Real Estate & Auction Company, Inc. and its representatives are exclusive agents of the Seller.  
**DISCLAIMER AND ABSENCE OF WARRANTIES:** All information contained in this brochure and all related materials are subject to the terms and conditions outlined in the Purchase Agreement. The property is being sold on an "AS IS, WHERE IS" basis, and no warranty or representation, either expressed or implied, concerning the property is made by the Seller or the Auction Company. All sketches and dimensions in the brochure are approximate. Each potential bidder is responsible for conducting his or her own independent inspections, investigations, inquiries, and due diligence concerning the property. The information contained in this brochure is subject to verification

by all parties relying on it. No liability for its accuracy, errors, or omissions is assumed by the Seller or the Auction Company. Conduct of the auction and increments of bidding are at the direction and discretion of the Auctioneer. The Seller and Selling Agents reserve the right to preclude any person from bidding if there is any question as to the person's credentials, fitness, etc. All decisions of the Auctioneer are final. Historical water usage is based on Seller's representation.  
**ANY ANNOUNCEMENTS MADE THE DAY OF THE SALE TAKE PRECEDENCE OVER PRINTED MATERIAL OR ANY OTHER ORAL STATEMENTS MADE.**  
**PHOTOGRAPHY:** Some stock photography is used for illustrative purposes. Some historical photos from the property have also been used.