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FORM 10-K405

CADIZ INC - CDZI

Filed: June 29, 1995 (period: March 31, 1995)

Annual report filed under Regulation S-K Item 405 (Discontinued)

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

MARK ONE [1]

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED MARCH 31, 1995

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROMTO.....

COMMISSION FILE NUMBER 0-12114

CADIZ LAND COMPANY, INC.
(EXACT NAME OF REGISTRANT SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

77-0313235
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

10535 FOOTHILL BOULEVARD, SUITE 150
RANCHO CUCAMONGA, CALIFORNIA
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

91730
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (909) 980-2738

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
NONE	NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
COMMON STOCK
(TITLE OF CLASS)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of regulation S-K ((S)220.405 of this chapter) is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. YES X NO

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As of June 23, 1995, the registrant had 17,053,455 shares of Common Stock outstanding. The aggregate market value of the Common Stock held by nonaffiliates as of June 23, 1995, was approximately \$76,432,060 based on the last sales price on that date.

DOCUMENTS INCORPORATED BY REFERENCE
NOTICE OF 1995 ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT
(INCORPORATED INTO PART III)

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PART I

ITEM 1. BUSINESS

Cadiz Land Company, Inc. (the "Company") identifies, acquires and develops properties (to date in the desert regions of Southern California) which have significant indigenous supplies of water. The Company currently owns or controls approximately 41,700 acres, with its largest property totalling approximately 31,800 acres at Cadiz, California.

The Company's primary objective is to maximize the long-term value of each of its properties through strategic use of the water resources associated with the properties. Management believes that, with the increasing scarcity of water supplies in California and increasing demand, the value of properties with sizable assured supplies of water will continue to appreciate. The various means by which the land and water resources available to these properties can be used are evaluated by management on an ongoing basis. The alternatives available to the Company include the transfer of water to third party users and/or the development of the properties, using indigenous water sources, for agricultural, commercial or residential purposes.

The transfer of water to third party users, both from the Cadiz property and from other Company properties, is being actively pursued by the Company. During the past year the Company has made significant progress in developing its water transfer project at Cadiz. Various independent studies and analyses pertaining to the design and financing of the proposed project have been completed. These analyses and reports are a necessary precursor for the regulatory approvals required prior to commencing construction of a water delivery project at Cadiz.

It is expected that water from the project will be sold to various California water agencies pursuant to water delivery contracts which the Company is currently negotiating. The Company expects that this water delivery project, when completed, will be capable of delivering between 30,000 and 50,000 acre-feet per year under long-term water delivery contracts.

In addition, due to the abundance of both water and land at Cadiz, as compared to other agricultural properties operating in similar climates, the Company is at a cost advantage in agricultural development. Therefore, in addition to its water transfer activities, the Company has developed 1,600 acres of agricultural land at Cadiz to date, and plans to develop additional agricultural land, with related residential and commercial facilities. Not only has this agricultural development helped, in management's opinion, to increase the value of the Company's surrounding landholdings, it also is expected to provide a return on capital during the next fiscal year. Agricultural operations are conducted largely through joint ventures and lease arrangements with third party growers, so as to obtain the best expertise available as well as to reduce the exposure of the Company to the performance of any single given crop. In each case, the Company retains ownership of the land and associated water resources.

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In furtherance of the Company's strategic business plan to maximize the value of the Company's assets, 54% of total cash used during fiscal 1995 and 40% of total cash used during each of the two preceding fiscal years was applied to investing activities. Such investment activities related to development of the water transfer project at Cadiz and a second water transfer project at Piute (See discussion at Item 1, "Resource Development - Piute"), as well as the development of seven production wells, state-of-the-art drip and micro spray irrigation systems, other necessary residential and commercial facilities and acquisition of additional acreage.

The Company will continue to seek additional properties for acquisition. To be considered suitable for acquisition, these properties must possess rights to commercially usable quantities of water. Properties with previously unexploited water resources will be identified through the use of the Company's expertise in identifying undeveloped ground water basins in arid regions. The Company will also consider acquiring developed properties with established water supplies in

order to create a strategic fit with the Company's existing properties.

(A) GENERAL DEVELOPMENT OF BUSINESS

The Company was formed in 1983 under the name AridTech, Inc. ("AridTech") for the purpose of identifying arid or semi-arid properties with underground water resources with a view to acquiring such properties for development. AridTech, in its search for underground water resources, applied advanced geological survey techniques derived, for the most part, from commercially available Landsat and U2 high altitude photographic surveys. In mid-1983, the Company identified a geological structure indicating a horseshoe shaped mountainous catchment area known as the Cadiz Valley consisting of about 1,400 square miles located 180 miles east of Los Angeles in San Bernardino County. See Item 2, "Properties - The Cadiz Property".

In pursuit of its business plan, AridTech negotiated options to purchase approximately 25,000 acres in this area which were owned in one square mile sections alternately by the Bureau of Land Management ("BLM") and the Southern Pacific Railroad. The options to purchase the land were exercised in 1986 and 1988.

Initially, the Company did not have the capability to develop such raw land through its internal operations, and the Company therefore entered into a series of development agreements with a Fresno, California based agricultural development and farm management company named Pacific Agricultural Services, Inc. ("PAS"). On May 9, 1988, the Company merged with PAS. Simultaneously, the name of the Company was changed to Pacific Agricultural Holdings, Inc. ("PAH"). With this merger, the Company's pre-existing operations were combined with those of PAS and the Company's corporate offices were relocated to Fresno, California.

In the years immediately following the merger, the Company sought to combine its landholdings with the development and third party farm management businesses acquired from PAS thereby creating a vertically integrated agribusiness concentrating on permanent specialty crops. However, the Company's third party farm management operations did not prove self-sufficient during this period, leading to significant operating losses and a re-evaluation by the Company of the desirability of continuing these agribusiness activities. In December 1990, the Company decided to limit its further exposure to agricultural risks by terminating the agribusiness activities acquired from PAS, and to conduct future farming operations, when possible, through lease or joint venture arrangements with third parties. All assets acquired in connection with the merger have been sold or written off.

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As part of its current business plan, the Company's land acquisition and development activities are conducted for the purpose of enhancing the long-term appreciation of its properties. See "Narrative Description of Business", below.

In May 1992, the Company's shareholders approved the reincorporation of the Company into Delaware under the name Cadiz Land Company, Inc. As a part of the reincorporation, the Company's common stock was reverse split on a one-for-five basis, giving each shareholder of the Company one share of Cadiz Land Company, Inc. stock for every five shares of Pacific Agricultural Holdings, Inc. stock held at the time of the reincorporation.

(B) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

During its fiscal year ended March 31, 1995, the Company operated in one industry segment: resource development. See Consolidated Financial Statements. Also, see Item 7, "Management's Discussion and Analysis".

(C) NARRATIVE DESCRIPTION OF BUSINESS

Pursuant to its business strategy, the Company seeks to maximize the value of its properties through the development of the land and water resources associated with these properties. The Company seeks to determine, for each of its properties, the form of development for the property's land and water resources which will maximize the property's long-term value. Development alternatives include the transfer of a portion of water resources from the property and/or development for agricultural, commercial or residential purposes. Currently, the Company is engaged in both water resource development and agricultural development.

WATER RESOURCE DEVELOPMENT

The Company's resource development activities include planning for the development and transfer of water from its Cadiz and Piute properties.

CADIZ. The Company's Cadiz properties overlies a substantial high quality

ground water basin with active recharge from basins covering approximately 1,400 square miles. The water is of excellent quality and well within recommended guidelines for drinking water. The Company proposes to sell to third party users water from this basin which is surplus to both the present and projected agricultural development requirements of the Company. To this end, the Company plans to transfer between 30,000 and 50,000 acre-feet of surplus water per year from the Company's well field to the Colorado River Aqueduct via a 30-mile pipeline, the capital cost of which is projected to total approximately \$50,000,000, although the final design criteria will determine the total capital cost. The Company has retained an investment banking firm to perform various economic analyses and advise the Company as to various alternative means of implementing this project. Based upon the results of analyses performed by its investment banker, management believes several alternative long-term financing arrangements are available to the Company which will be further evaluated once funding responsibility and ownership alternatives are determined. The various alternatives available for structuring the delivery of this water to third parties include the construction by the Company of a water delivery system for off-site delivery to third party purchasers, as well as the sale of water at the well head or in ground reserve with the purchaser or another third party assuming responsibility for transport of the water off-site. The investment banking firm is continuing to assist management in evaluating these delivery alternatives and in determining which alternatives maximize the Company's profit potential in addition to assisting in determining which financial structure will best accommodate such a plan.

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Based on preliminary negotiations to date, the Company expects to be able to enter into agreements with approximately four separate agencies to transfer approximately 30,000 acre-feet per year. Although, a final price formula for delivered water has not yet been finalized, the Company believes the price per acre-foot (net of capital amortization costs) will be at a premium to otherwise similar multi-year contracts in the San Joaquin Valley and will include provisions for escalation based on prices for similar water supplies. However, before construction can be completed and actual water delivery can commence, numerous regulatory and environmental approvals must be obtained. See "Regulation", below. In order to expedite completion of the Cadiz water transfer project, the Company is pursuing such approvals concurrently with its negotiation of water delivery agreements.

During the past year, since entering into a Memorandum of Understanding ("MOU") with the Mojave Water Agency ("MWA"), the Company has made significant progress. In June 1994, the MWA Board of Directors, by unanimous approval, authorized MWA staff to proceed with the environmental assessment of the proposed Cadiz water transfer project and to serve as Lead Agency for purposes of complying with the California Environmental Quality Act ("CEQA") upon completion and acceptance of a Final Draft Feasibility Report. The Final Draft Feasibility Report, prepared for the project under the joint review of the Company and MWA, included the various results of independent studies conducted throughout the year. Such independent studies included engineering alternatives for developing the ground water transfer system, as well as routing and designs of the transmission pipeline from the Company's well field to the Colorado River Aqueduct or other suitable points of delivery. Also included were results of production well drilling and computer modeling of a well field suitable for the proposed transfer project, evaluations of suitable power sources and evaluation of the feasibility for temporary banking of imported water. These independent reports and analyses, which were incorporated into a Final Draft Feasibility Report, confirmed the engineering feasibility of the project. The Company has submitted to MWA both this report and a Conceptual Ground Water Management Plan which clarifies many of the hydrological features and resource management concepts of the proposed water transfer project. The Company expects that all remaining required environmental reports will be filed within nine months. In addition, the specific terms of the Company's proposals with the water agencies are expected to be submitted for public review during this same time period.

In order to receive all necessary regulatory approvals and permits, the Company will be subject to various waiting periods applicable to required

submissions and responses. There is a risk that delays in this process will result in delays in completion of the Cadiz water project. Given the currently anticipated length of the regulatory review and pipeline construction process, the Company expects actual movement of water to the point of sale in early 1997, although no assurances can be given. In addition, the Company is involved in vigorously opposing a waste landfill project as discussed at Item 2, "Properties - Rail.Cycle".

PIUTE. The Company has also commenced water development operations at its

landholdings in the Piute valley, which is located approximately 12 miles from the Colorado River near the town of Needles, California. See Item 2, "Properties - The Piute Property". Following the drilling of a production well on the property in February 1995, and the results of preliminary engineering tests, the Company has determined both the quantity and the quality of the underlying water to be suitable for commercial development. In addition, it has been determined that the depth of the ground water table allows for economic production of ground water.

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A feasibility study on the transfer of water from the Piute property, which is a necessary precursor to serious negotiations on the sale of water from the property, has recently been completed. This study, together with other analyses, demonstrates that the Piute water transfer project is both technically and economically feasible. Several delivery alternatives are available and the Company is currently analyzing which option is preferable. The Company expects that the Piute water transfer project will be capable of transferring approximately 10,000 to 15,000 acre-feet per year via a pipeline, which could range in length from approximately 10 to 30 miles, depending upon route and delivery point selected.

The Company also expects it will be able to enter into water transfer agreements with a net profit per acre-foot similar to or greater than for the Cadiz project, although no assurances can be given. The Company also believes that much of the development work being performed for the Cadiz project will be transferable to the Piute project, thus making it possible for water transfers from Piute to begin in parallel or shortly after Cadiz.

AGRICULTURAL DEVELOPMENT

Agricultural development has been an integral part of the Company's ongoing business strategy as a means of maximizing the value of the Company's landholdings and a way to generate cash flow from such landholdings. As of March 31, 1995, approximately \$17 million has been invested by the Company in the agricultural development of its Cadiz properties, where 800 acres have been developed to table grapes, 560 acres have been developed to citrus, and 240 acres have been planted to various row crops. In addition to the land improvements, seven production wells, state-of-the-art drip and micro spray irrigation systems and facilities to accommodate a temporary contract labor force have been installed. In 1994, the Company received approval from San Bernardino County to develop up to 9,600 acres of its Cadiz property to agriculture. See Item 2, "Properties - The Cadiz Property".

As a result of the above, the Company has been able to attract third party growers with significant expertise in their respective purview and to enter into joint venture or leasing arrangements for the farming of crops on its properties. By associating with these third party growers, the Company is able to elevate the farming expertise available to its agricultural operations. In addition, the Company is able, through these joint ventures and lease arrangements with third party growers, to reduce the exposure of the Company to the performance of any single given crop.

Management believes that the terms of these arrangements and the crops which will be grown under these arrangements will vary from growing period to growing period. It is expected, however, that under such arrangements the grower will provide the growing expertise, seeds and crop marketing, and that the Company will provide the land, water, and facilities to accommodate the growers and marketers. In each case, the Company will continue to maintain management of the infrastructure associated with the Cadiz project as an integral part of its strategy to control the ultimate use of the resources associated with this property.

Since December 1992, the Company has leased its table grape vineyard to an

independent operator in return for both a fixed minimum income stream and a percentage of the gross revenue stream. Given the success of this arrangement for both the Company and the operator, both parties are currently renegotiating for an additional three-year term at an increased rate to the Company, although no assurances can be given.

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The 560-acre citrus orchard at Cadiz produced its first harvest in fiscal 1995, although the Company expects improved results during the 1996 fiscal year as the trees continue to mature. The Company currently markets the citrus through a large international marketing conglomerate.

In the winter of 1994-1995, the Company, in partnership with established row crop growers, concluded trial plantings of a variety of crops. Following the successful completion of these plantings, the Company entered into four separate ventures whereby a total of 240 acres at Cadiz were successfully planted to row crops such as honeydew melons, seedless watermelons, tomatoes and radicchio. Such crops generally develop to the point of harvest within several months of planting and generate multiple harvests from the same acreage each year. The first harvest has been completed successfully. A second planting will commence in autumn 1995 with harvest occurring approximately 100 days later.

The Company expects to develop a further 160 acres during the fiscal year ending March 31, 1996 to field or row crops. As discussed above, such development to row crops allows for multiple harvests from the same acreage each year, thus providing the Company with an opportunity for an immediate return on capital invested in the infrastructure. The Company has not yet determined the specific amount of acreage or which mix of crop it will choose for development in the longer term, however, the Company intends to cultivate the remaining acreage, along with related residential and commercial infrastructure as additional profitable arrangements are completed.

SEASONALITY

In connection with the resource development activities of the Company, revenues are not expected to be seasonal in nature. The Company does not expect that contracts entered into for the transfer of water will provide for revenue payments varying significantly from season to season. In addition, the Company's intended development of additional acreage to field and row crops allows for double and sometimes triple - cropping, whereby two and sometimes three different crops can be raised and harvested sequentially from the same acreage during one year. This type of agricultural development should provide a revenue stream that does not significantly vary between seasons.

COMPETITION

The Company faces competition for the acquisition, development and sale of its properties from a number of competitors, some of which have significantly greater resources than the Company. The Company may face competition in the development of water resources associated with its properties. Since California has scarce water resources and an increasing demand for available water, the Company believes that price and reliability of delivery are the principal competitive factors affecting transfers of water in California. In this regard, the ability of the Company to price its water on a competitive basis will depend upon the cost of constructing and maintaining delivery systems for its surplus water. Management of the Company believes, however, that the geographic proximity of its available water supplies to its potential customers, coupled with the Company's ability to guarantee long-term access to its water supplies, will provide the Company with a competitive advantage with respect to such customers.

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The Company may also face substantial competition from existing agricultural producers in the sales of its produce, which could affect the successful agricultural development of the Cadiz property, although such competition may be reduced in the future by urban encroachment in competing agricultural areas. The Company believes that factors such as climate and water quality and availability may provide the Company's Cadiz property with significant competitive advantages for agricultural development. In addition, many of the competitors of the Cadiz property rely on federally subsidized sources of water. If those subsidies are reduced or gradually eliminated, the Cadiz property,

which has its own non-subsidized water source, may gain a competitive advantage.

EMPLOYEES

As of March 31, 1995, the Company employed a total of 35 full-time employees, of whom 9 were engaged in resource development activities, 5 were engaged in general and administrative activities and 21 were engaged in support of the Company's infrastructure and land development. The Company from time to time engages various part-time and seasonal employees. The Company's employees are not represented by a labor union, and the Company has not had any work stoppages, strikes or organization attempts. The Company believes that its employee relations are good.

REGULATION

Certain segments of the Company's operations are subject to varying degrees of federal, state and local laws and regulations. For example, farm operations such as those conducted on Company properties are subject to federal, state and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. Existing environmental regulations have not, in the past, had a materially adverse effect upon the operations of the Company, and the Company believes that existing environmental regulations will not, in the future, have a materially adverse effect upon its operations. There can be no assurances, however, as to the effect of any environmental regulations which may be adopted in the future.

As the Company proceeds with the development of its properties, including related infrastructure, the Company will be required to satisfy various regulatory authorities that it is in compliance with the laws, regulations and policies enforced by such authorities. Ground water development, and the export of surplus ground water for sale to single entities such as public water agencies, are not subject to regulation by existing statutes, other than general environmental statutes applicable to all development projects. Although applicable laws, regulations and policies have not had a materially adverse effect upon the ability of the Company to develop its Cadiz or other properties to date, management cannot predict with certainty what requirements, if any, may be imposed by regulators upon future development. In addition, the time and costs associated with obtaining regulatory approvals for resource development are significant, and there can be no assurance that the Company will receive desired approvals for future development plans.

ITEM 2. PROPERTIES

The principal properties owned or controlled by the Company and its affiliates are located in the desert regions of Southern California.

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THE CADIZ PROPERTY

In 1984, the Company conducted an investigation of the feasibility of the agricultural development of land located in the Mojave desert near Cadiz, California, and confirmed the availability of prime quality water in commercial quantities. Since 1985, the Company has acquired over 26,000 acres and the right to purchase an additional 5,652 acres in the Cadiz vicinity.

The Company has determined that the ground water basin which underlies the Cadiz property contains more water than is needed for both the present and projected agricultural development requirements of the property. The Company therefore proposes to transfer water from this basin to third party users. See Item 1, "Business - Narrative Description of Business - Water Resource Development".

In November 1993, the San Bernardino County Board of Supervisors unanimously approved a General Plan Amendment establishing an agricultural land use designation for 9,600 acres at Cadiz. This Board action represented the largest land use approval on behalf of a single property holder in the County's known history. This action also approved permits to construct infrastructure and facilities to house as many as 1,150 seasonal workers and 170 permanent residents (employees and their families) and allows for the withdrawal of more than 1,000,000 acre-feet of ground water from the Company's underground water basin.

To date, 1,600 acres of the Cadiz property have been developed for table grapes, citrus and row crops. See Item 1, "Business - Narrative Description of Business - Agricultural Development".

A total of 680 acres of the table grape vineyard and 2,560 acres of undeveloped land at Cadiz are held by Southwest Fruit Growers, L.P. ("SWFG"), a limited partnership in which the Company acts as general partner. SWFG was formed as a part of the restructuring of certain entities which had invested with PAS and PAH in table grape properties at Cadiz and at Hyder, Arizona. The Company holds a 65.4 percent limited partnership interest in SWFG.

Substantially all other Cadiz acreage is held directly by the Company or through its wholly-owned subsidiary, Cadiz Valley Development Corporation ("CVDC"), with 5,652 acres subject to an option and the remainder held in fee.

THE PIUTE PROPERTY

The Piute property consists of 6,315 acres and is located approximately 60 miles east of Cadiz and approximately 15 miles west of the Colorado River and Laughlin, Nevada, a fast growing town with hotels, casinos and water recreation facilities. The Piute property was identified for acquisition by the Company by a combination of the satellite imaging and geological techniques which were used by the Company to identify water at Cadiz.

The Piute acreage adjoins Highway 95, which is a direct route to Las Vegas, approximately 60 miles north. The Santa Fe Railroad passes through the land and Interstate 40 is approximately 12 miles to the south. The property is held by the Company in fee title as to approximately 3,000 acres, with the remaining acreage under option.

The Company has commenced the development of the water resources of this property. See Item 1, "Business - Narrative Description of Business - Water Resource Development".

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THE HOMER PROPERTY

The Homer property, consisting of approximately 2,500 acres held in fee, is located approximately six miles southwest of Piute in an ecologically protected area. The value of the Homer land as part of an ecologically protected area should allow the Company, if it so chooses, to exchange the property for land elsewhere or to allow for consolidation of other areas of ownership.

OTHER PROPERTIES

In addition to the Cadiz, Piute and Homer properties, the Company owns approximately 1,079 additional acres in the Mojave Desert as to which development has not yet commenced. The Company will continue to seek to acquire additional properties both in Southern California desert regions and elsewhere which are believed to be suitable for development.

All of the Company's fee property is subject to encumbrances in favor of the Company's two primary lenders as security for loans with outstanding balances aggregating approximately \$16.8 million.

RAIL.CYCLE

A proposal is currently before the San Bernardino County Board of Supervisors (the "Board of Supervisors") for approval of a waste landfill project (the "Rail.Cycle Project") at a site located approximately one mile from the western border of the Cadiz property. The Company has raised objections to the Rail.Cycle Project on a number of grounds, and contends that the project, as currently designed, poses environmental risks both to the Company's agricultural operations at Cadiz and to the ground water basin underlying the Cadiz property.

In early 1995, the San Bernardino County Planning Commission (the "Planning Commission") recommended approval of the Rail.Cycle Project, with four of the seven members of the Planning Commission voting in favor of approval and the remaining three members abstaining. The Company has appealed this decision. The Board of Supervisors, which is hearing this appeal, has decided to consolidate the appeal with its decision on the proposed Rail.Cycle Project. At its most recent meeting, the Board of Supervisors announced that there would be no further public hearings on this appeal, and that the Board's consideration of

the matter would be continued due to the need for more time to review all of the information presented by both opponents and proponents of the proposed project. The Board of Supervisors also indicated that it would take no further action on this matter until the latter part of the summer.

The Company intends to continue its opposition to the Rail.Cycle Project through a variety of available legal means. In addition, the Company has joined a local coalition which aims to put a county-wide initiative on the ballot at the next general election. This initiative, if approved, would require that no large solid waste landfill shall overlie or be located within 10 miles from the point of extraction of a significant water resource, unless such a facility had been fully permitted, constructed or operational as of March 14, 1995.

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ITEM 3. LEGAL PROCEEDINGS

On April 8, 1992, the Company, SWFG and CVDC, among others, were named in an action filed by Percy R. and Helen H. Turner and by James R. and Susan Turner Steen in the Superior Court of Maricopa County, Arizona. The complaint alleged various claims arising from the purchase by the plaintiffs of several agricultural properties (including properties purchased prior to the 1988 Merger from affiliates of PAS), the farming of these properties subsequent to purchase, and the formation of SWFG. The complaint requested damages in an unspecified amount, but in excess of \$1,000,000, plus treble damages plus punitive damages. On May 2, 1994, the plaintiffs' claims were dismissed with prejudice and cannot be asserted again. On June 23, 1994, the Company was awarded full reimbursement for all of its legal fees and costs incurred in defending this action. Subsequently, the plaintiffs filed several motions for a new trial, all of which were denied. In October 1994, plaintiffs filed an appeal from the Court's judgement. The briefing schedule was completed May 18, 1995. A decision is expected in approximately six months, however, it may take as long as a year. Meanwhile, the plaintiffs have posted a cash bond totalling over \$500,000 from which the Company will collect its judgement if the trial court's decisions are affirmed.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the Nasdaq Stock Market under the symbol "CLCI". Since July 1994, the Company's common stock has been traded as a National Market System security. The following table reflects, for periods up until the period ended June 30, 1994, inter-dealer quotations, without retail markup, markdown or commission, and may not necessarily represent actual transactions. For the periods ended September 30, 1994 and thereafter, the table reflects actual sales transactions. The high and low range of the common stock and bid prices, where applicable, for the dates indicated have been provided by Nasdaq.

QUARTER ENDED -----	BID PRICES		ASKED PRICES	
	HIGH -----	LOW -----	HIGH -----	LOW -----
1993:				
March 31	\$1.688	\$0.625	\$1.875	\$1.000
June 30	\$3.688	\$0.750	\$3.875	\$0.875
September 30	\$4.000	\$2.875	\$4.250	\$3.125
December 31	\$5.550	\$3.000	\$5.875	\$3.375
1994:				
March 31	\$6.125	\$4.375	\$6.500	\$4.625
June 30	\$6.000	\$3.750	\$6.250	\$4.125
	HIGH SALES PRICE -----		LOW SALES PRICE -----	

September 30	\$5.2500	\$ 3.75
December 31	\$5.2500	\$ 4.25
1995:		
March 31	\$5.4375	\$4.125

On June 23, 1995, the high, low and last sales prices for the shares, as reported by Nasdaq, were \$4.75, \$4.625 and \$4.75, respectively.

The Company has also authorized a class of preferred stock, although no shares of preferred stock have yet been issued. The estimated number of beneficial owners of the Company's common stock is approximately 1,300 and the number of stockholders of record on June 23, 1995, was 196.

To date, the Company has never paid a cash dividend and currently, the Company's ability to pay cash dividends is restricted by agreements with the Company's lenders. The Company has retained an investment banking firm to, among other things, advise the Company as to the most tax-efficient means of distributing revenues from the Company's operations to its shareholders when revenues from the transfer of water commence.

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data insofar as it relates to each of the years ended March 31, 1995, 1994, 1993, 1992 and 1991 has been derived from financial statements audited by Price Waterhouse LLP, independent accountants. Consolidated balance sheets at March 31, 1995 and 1994 and the related consolidated statements of operations and of cash flows for the three years ended March 31, 1995 and notes thereto appear elsewhere herein. See also Item 7, "Management's Discussion and Analysis".

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CADIZ LAND COMPANY, INC.

Selected Financial Data (In thousands, except for per share data)

	YEAR ENDED MARCH 31,				
	1995	1994	1993	1992	1991
Statement of Operations Data:					
Revenues	\$ 543	\$ 190	\$ -0-	\$ -0-	\$ 1,142
Loss from continuing operations before extraordinary items	\$ (4,706)	\$ (4,239)	\$ (4,087)	\$ (4,659)	\$ (8,966)
Loss from operations of discontinued segment/(1)/	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (2,195)
Gain (loss) from disposal of discontinued segment/(1)/	\$ -0-	\$ 145	\$ -0-	\$ (4,189)	\$ (8,371)
Extraordinary items	\$ 115	\$ 343	\$ -0-	\$ 200	\$ -0-
Net loss	\$ (4,591)	\$ (3,751)	\$ (4,087)	\$ (8,648)	\$ (19,532)
Per Share:					
Net loss from continuing operations before extraordinary items	\$ (0.29)	\$ (0.33)	\$ (0.47)	\$ (0.82)	\$ (2.03)
Net income (loss) from					

operations of discounted segment and disposal of discontinued segment/(1)/	\$ -0-	\$ 0.01	\$ -0-	\$ (0.74)	\$ (2.39)
Extraordinary items	\$ 0.01	\$ 0.03	\$ -0-	\$ 0.04	\$ -0-
Net income loss	\$ (0.28)	\$ (0.29)	\$ (0.47)	\$ (1.52)	\$ (4.42)
Dividends	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Weighted average common shares and equivalents	16,500	12,800	8,700	5,700	4,400

AS OF MARCH 31,

	1995	1994	1993	1992	1991
Balance Sheet Data:					
Total assets	\$ 34,888	\$ 34,058	\$ 27,635	\$ 27,862	\$ 34,526
Long-term debt	\$ 16,381	\$ 13,740	\$ 17,939	\$ 18,846	\$ 19,909
Common stock and additional paid-in-capital	\$ 62,857	\$ 60,044	\$ 45,199	\$ 40,813	\$ 35,204
Retained earnings (accumulated deficit)	\$ (45,909)	\$ (41,318)	\$ (37,567)	\$ (33,480)	\$ (24,832)
Stockholders' equity	\$ 16,948	\$ 18,726	\$ 7,632	\$ 7,333	\$ 10,372

/1/ In December 1990, the Company committed to a plan to eliminate all agribusiness operations. See "Business - General Development of Business".

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Cadiz Land Company, Inc. (formerly known as Pacific Agricultural Holdings, Inc.) was incorporated in Delaware on May 26, 1992. On May 6, 1992, the shareholders of Pacific Agricultural Holdings, Inc. approved its reincorporation as a Delaware corporation, a one-for-five reverse stock split, and the change of its name to Cadiz Land Company, Inc. (the "Company"). The reincorporation, reverse split, and name change became effective on May 26, 1992.

RESULTS OF OPERATIONS

The following is management's discussion of certain factors which have affected the Company's financial condition and results of operations included in the consolidated financial statements through its fiscal year ended March 31, 1995.

YEAR ENDED MARCH 31, 1995 COMPARED TO YEAR ENDED MARCH 31, 1994

During the year ended March 31, 1995, the Company had a net loss of \$4,591,000 as compared to a net loss of \$3,751,000 during the previous year. The following table summarizes the net loss for both periods (in thousands):

	1995	1994
Revenues	\$ 543	\$ 213
Costs and expenses:		
Resource development	2,166	1,367
General and administrative	1,641	1,998
Amortization	234	234
Interest expense, net	1,208	853
Gain on disposal of		

discontinued segment	-0-	(145)
Gain on debt settlement	(115)	(343)
	-----	-----
Net loss	\$4,591	\$3,751
	=====	=====

REVENUES. Revenue was recognized from the Company's resource development as a

result of its agricultural operations. A combination of gross crop proceeds from the citrus orchard and both rent and a percentage of gross crop proceeds from the vineyard totalled \$543,000 and \$213,000 for the years ended March 31, 1995 and 1994, respectively.

Management expects revenue from the Company's agricultural development will increase over the next several years as a result of increased revenues from existing developed acreage and the further development of additional acreage.

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RESOURCE DEVELOPMENT. The Company, in furtherance of its strategic plan to

develop the resources associated with its properties so as to maximize the value of the Company's landholdings, incurred costs related to the development and planning of the Company's transfer water projects, overhead related to management of the Cadiz agricultural development and legal and other expenses related to development activities. The Company is planning for the development and transfer of water from its Cadiz and Piute properties. See Item, "Business - - Narrative Description of Business - Water Resource Development". The Company believes it will enter into binding contracts with third parties which will provide for the realization by the Company of a revenue stream from its land and water resources commencing in calendar year 1997, although no assurance can be given.

Resource development expenses increased in 1995 by \$799,000 as compared to the prior year primarily due to an overall increase in resource development, largely resulting from activities related to the water transfer project, and the establishment of an Agricultural Development Department in April 1994. In addition, depreciation on the citrus orchard commenced in April 1994 when management determined that the crop had matured sufficiently to produce the first commercial harvest. As a result, depreciation expense increased \$180,000. It is expected that agricultural operations, exclusive of overhead and depreciation, will be cash flow positive in 1996 and are expected to remain cash flow positive.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses for

both periods consisted primarily of salaries and professional fees. These expenses decreased by \$357,000 for the year ended March 31, 1995 compared to the same period last year. Professional fees declined from \$970,000 in 1994 to \$768,000 in 1995, primarily as a result of the favorable conclusion of litigation in May 1994.

INTEREST EXPENSE. Net interest expense totalled \$1,208,000 during the year

ended March 31, 1995, compared to \$853,000 during the same period in 1994. The following table summarizes the components of interest expense for the years ended March 31, 1995 and 1994 (in thousands):

	1995	1994
	-----	-----
Interest expense on outstanding debt	\$ 842	\$ 831
Interest on citrus orchard capitalized	-0-	(252)
Amortization of financing costs	479	340
Interest income	(113)	(66)
	-----	-----
Net Expense	\$1,208	\$ 853
	=====	=====

Interest expense on outstanding debt increased due to higher interest rates on the Rabobank loan and an increase in Ansbacher debt outstanding. See "Liquidity and Capital Resources - Current Financing Arrangements". Interest expense related to the citrus orchard was capitalized in 1994, as the orchard had not yet reached maturity during the period. As the orchard is no longer in the developmental stage, such interest is no longer capitalized. The amortization of debt issue costs and debt discount increased \$139,000 in 1995 compared to 1994 due to the costs related to the refinancing of the Rabobank and Ansbacher loans in January 1994. Such costs are amortized over the life of the debt arrangement, which matures on January 31, 1997. Interest income increased in 1995 compared to 1994 due to higher cash balances throughout 1995.

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GAIN ON DISPOSAL OF DISCONTINUED SEGMENT. There were no such

 transactions during the fiscal year ended March 31, 1995. However, during the fiscal year ended March 31, 1994, the Company reversed valuation reserves and liabilities related to discontinued operations totalling \$145,000. Of this amount, \$75,000 resulted from a reduction in a reserve no longer necessary following the disposition of a cooler property in Arizona as part of a settlement of a \$925,000 note obligation, as discussed under "Gain on Debt Settlement", below. In addition, approximately \$70,000 resulted from a write-off of an accrued liability for certain crop advances previously received by the Company which the Company determined would not be claimed by the advancing party.

GAIN ON DEBT SETTLEMENT. In June 1994, the Company retired a note

 payable in the amount of \$249,000 to an individual at a discounted amount resulting in an extraordinary gain on settlement of debt of \$115,000. The note, which originated in 1985, was scheduled to be retired with a balloon payment in December 1996. During the quarter ended June 1993, the Company concluded a settlement agreement regarding a \$925,000 note obligation which resulted in a extraordinary gain of \$300,000 on settlement of debt. See "Year ended March 31, 1994 Compared to Year ended March 31, 1993 - Gain on Debt Settlement". In addition, during the third quarter of fiscal year 1994, the Company recorded an additional extraordinary gain of \$43,000 which resulted from the forgiveness of debt due under a note payable issued several years earlier.

YEAR ENDED MARCH 31, 1994 COMPARED TO YEAR ENDED MARCH 31, 1993

During the year ended March 31, 1994, the Company had a net loss of \$3,751,000 as compared to a net loss of \$4,087,000 during the previous year. The following table summarizes the net loss for both periods (in thousands):

	1994	1993
	-----	-----
Revenues	\$ 213	\$ -0-
	-----	-----
Costs and expenses:		
Resource development	1,367	702
General and administrative	1,998	2,249
Amortization	234	234
Interest expense, net	853	902
Gain on disposal of discontinued segment	(145)	-0-
Gain on debt settlement	(343)	-0-
	-----	-----
Net loss	\$3,751	\$4,087
	=====	=====

REVENUES. Revenue of \$213,000 was recognized from the Company's

 resource development activity for the year ended March 31, 1994.

RESOURCE DEVELOPMENT. Resource development expenses, which include

overhead related to management of the Cadiz agricultural development, legal and other expenses related to development activities, increased in 1994 by \$665,000 as compared to the prior year. This increase was due to establishment of the Resource Development Department during December 1992 which resulted in four quarters of activity in fiscal 1994 as compared to one quarter of activity in fiscal 1993 and an overall increase in development. In addition, depreciation of the Cadiz vineyard which totalled \$163,000 was included in expense for fiscal year 1994, whereas such depreciation was included in growing crops inventory until the vineyard was leased to a third party effective January 1, 1993.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative

expenses which consisted primarily of salaries and professional expenses totalled \$1,998,000 for the fiscal year ended March 31, 1994 as compared to \$2,249,000 for the year ended March 31, 1993. Professional expense declined from \$1,145,000 for fiscal year 1993 to \$970,000 for fiscal year 1994 as a result of lower legal and consulting fees. In addition, general and administrative expenses were reduced by approximately \$52,000 due to the write-off of payables resulting from a negotiated reduction in banking and legal fees previously accrued. The decline in professional expenses was offset, in part, by an increase in facilities cost resulting from the establishment of the Company's new Rancho Cucamonga headquarters office and the inclusion of expenses relating to the operations of the Company's Los Angeles office, which expenses had been recorded as real estate expenses prior to the relocation of the Company's real estate operations from Los Angeles to Rancho Cucamonga. As a result of all of the foregoing, general and administrative expenses declined by a total of approximately \$251,000 during the period.

INTEREST EXPENSE. Interest expense decreased approximately \$49,000

during the year ended March 31, 1994 compared to the year ended March 31, 1993 due to lower interest rates; however, this was partially offset by the fixing of Rabobank's interest rate through 1994 in anticipation of a general interest rate increase. The amortization of warrants of approximately \$246,000 and \$137,000 for the years ended March 31, 1994 and 1993, respectively, is also included in interest expense as such warrants were issued to lenders in consideration for reduced interest rates. Amortization of financing fees totalling approximately \$95,000 and \$25,000 for the years ended March 31, 1994 and 1993, respectively, is also included in interest expense.

GAIN ON DISPOSAL OF DISCONTINUED SEGMENT. During the fiscal year

ended March 31, 1994, the Company reversed valuation reserves and liabilities related to discontinued operations totalling \$145,000. For a further discussion, see "Year ended March 31, 1995 Compared to Year ended March 31, 1994 - Gain on Disposal of Discontinued Segment".

GAIN ON DEBT SETTLEMENT. In connection with the Company's

discontinued agribusiness segment, in July 1993, the Company entered into a revised agreement with the holder of a purchase money mortgage related to certain commercial property owned by the Company for the satisfaction of this obligation. See "Year ended March 31, 1995 Compared to Year ended March 31, 1994 - Gain on Debt Settlement". In connection with this transaction, the Company recorded an extraordinary gain of \$300,000 during the year ended March 31, 1994.

In addition, during the third quarter of fiscal year 1994, the Company recorded an additional extraordinary gain of \$43,000 which resulted from the forgiveness of debt due under a note payable issued several years earlier.

YEAR ENDED MARCH 31, 1993

During the year ended March 31, 1993, the Company had a net loss of \$4,087,000. No revenues were recognized from the Company's resource development operations in that year. As discussed above, agribusiness revenues and expenses for all years presented have been reclassified to discontinued operations.

RESOURCE DEVELOPMENT. The resource development segment operating loss

amounted to \$702,000. Although as a part of its business strategy the Company did not complete any significant sales transactions during the year, certain costs related to resource development activities were incurred amounting to \$702,000. Such costs principally related to overhead expenses and include legal and other expenses related to development activities.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative costs

for the fiscal year ended March 31, 1993 consisted principally of salary, wages and fringe benefits of \$499,000 and professional fees, including legal, of \$1,145,000.

INTEREST EXPENSE. Net interest expense (i.e., interest expense offset

by interest income) amounted to \$902,000 in 1993.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY AND CAPITAL RESOURCES

Pursuant to its business strategy, the Company utilizes its working capital primarily for development purposes; that is, for purposes designed to increase the long term value of its properties. A substantial portion of these developmental expenses are being incurred in connection with the development of the Company's water transfer projects at Cadiz and Piute. As the Company does not expect to receive significant revenues from these water transfer projects until 1997, the Company has been required to obtain financing to bridge the gap between the time development expenses are incurred and the time that a revenue stream will commence. Accordingly, the Company has looked to outside funding sources to address its liquidity and working capital needs. Since the beginning of the 1992 fiscal year, the Company has addressed these needs primarily through secured debt financing arrangements with its lenders, private equity placements and the exercise of outstanding stock options.

With the implementation of the Company's program to conduct agricultural operations on its properties primarily through third party leasing and joint ventures operations, agricultural operations are expected to be cash flow positive in 1996 and subsequent years.

CURRENT FINANCING ARRANGEMENTS. The Company's two primary lenders are

Cooperative Centrale Raiffeisen-Boerenleenbank B.A., a Netherlands commercial bank ("Rabobank") and Henry Ansbacher & Co. Limited, a banking corporation organized under the laws of England ("Ansbacher") (collectively, the "Banks"). At March 31, 1995, the Company's obligations to Rabobank and Ansbacher amounted to \$9.1 million and \$7.7 million, respectively. Ansbacher and Rabobank hold senior and subordinate deeds of trust, respectively, on substantially all of the Company's property.

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In furtherance of the Company's business strategy and in light of the Company's progress with its business plan, in January 1994, the Banks completed arrangements which extended the maturity dates of the debt from December 31, 1994 until January 31, 1997, and fixed the interest rates for the period. Rabobank agreed to accrue and capitalize interest payments through December 1994. Ansbacher agreed to accrue and capitalize interest through maturity and further agreed to give the Company an additional line of credit of approximately \$800,000 which may be used to pay interest to Rabobank with effect from January 1995. In addition, the Company reduced its obligation to Rabobank by \$4,000,000 by way of a \$2,000,000 advance from Ansbacher, together with \$2,000,000 of proceeds raised from a private placement in January 1994.

In March 1995, the Company arranged to draw \$2.45 million from an additional \$3 million loan facility provided by Ansbacher. From these proceeds, the Company used \$250,000 to reduce the Company's existing Rabobank loan and to reimburse Rabobank for various fees and expenses with the applied to be used towards the Company's estimated working capital requirements through March 31, 1996. The remaining \$550,000 of this facility is expected to be drawn down April 1, 1996 for application towards the Company's estimated working capital requirements for

the fiscal year ending March 31, 1997. Ansbacher agreed to accrue and capitalize interest on the outstanding principal amount of these advances through January 1997. In connection with this facility, the Company issued 110,000 shares of common stock to Ansbacher and issued to Rabobank 35,000 common stock purchase warrants exercisable for three years at \$0.05 per share.

As the Company continues to aggressively pursue its business strategy, additional financing specifically in connection with the Company's water projects will be obtained. See Item 1, "Description of Business - Narrative Description of Business - Water Resource Development". The nature of such additional financing for the water transfer projects will depend upon how the development and ownership of each project is ultimately structured, and how much of each project's funding will be the Company's responsibility. Should the Company determine that it will be able to maximize its profit potential through construction and ownership of the water delivery systems used in the project, the Company will be required to obtain long term project financing. Based upon the results of analyses performed by the Company's investment banking firm, management believes that several alternative long-term financing arrangements are available to the Company which will be further evaluated once funding responsibility and ownership alternatives are determined.

EQUITY PLACEMENTS. During the fiscal year ended March 31, 1995, the

Company raised proceeds of approximately \$2.3 million through the exercise of outstanding stock options and warrants. The Company utilized such proceeds to fund its capital projects related to development of its water transfer projects, production well development, development of further agricultural acreage and purchase of additional acreage.

WORKING CAPITAL RESOURCES. The Company has adopted an unclassified

balance sheet (eliminating the distinction between current assets and long-term assets and current liabilities and long-term liabilities). Accordingly, any historical or forward looking discussion of the Company's working capital resources should focus on the receipt and use of cash as opposed to the broader concepts of working capital and current ratio.

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The following table summarizes the Company's cash position for the periods indicated (amounts in thousands):

	YEAR ENDED MARCH 31,	
	1995	1994
Net cash used for continuing operations	\$ (2,890)	\$ (3,427)
Net cash provided by discontinued operating activities	57	52
Net cash used for operating activities	(2,833)	(3,375)
Net cash used for investing activities	(3,368)	(2,064)
Net cash provided by financing activities	4,247	9,788
Net increase (decrease) in cash	(1,954)	4,349
Cash, beginning of year	4,408	59
Cash, end of year	\$ 2,454	\$ 4,408

CASH USED FOR OPERATING ACTIVITIES. During the year ended March 31, 1995, net

cash used for continuing operations decreased to \$2.89 million from \$3.427 million during the 1994 period. Net cash provided by discontinued operating activities totalled \$57,000 and \$52,000 during the year ended March 31, 1995 and 1994, respectively. Net cash used for operating activities totalled \$2.833 million and \$3.375 million for the year ended March 31, 1995 and 1994, respectively, resulting in a decrease of \$542,000. This decrease is primarily due to less cash expended in 1995 for the settlement of legal matters than during the 1994 period.

The Company currently pays no income taxes. As of March 31, 1995, the Company has a net operating loss (NOL) carryforward of approximately \$48 million for federal and \$20 million for state income tax purposes. Such carryforwards expire in varying amounts through the year 2010. In accordance with the Tax Reform Act of 1986, NOL utilization may be subject to an annual limitation. As a result at March 31, 1995, approximately \$15 million of federal NOL is currently available to offset federal taxable income in future years. Similar limitations apply to the state NOL, the amount of which has not been determined.

CASH USED FOR INVESTING ACTIVITIES. In furtherance of the Company's strategic

business plan to maximize the value of its landholdings, during the year ended March 31, 1995, net cash used for investing activities totalled \$3.368 million (or 54% of available cash) compared to \$2.064 million (or 40% of available cash) in 1994. The increase of \$1.304 million compared to 1994 is due to developmental expenses incurred in connection with the development of the Company's water transfer projects, well development, development of further agricultural acreage and purchase of additional acreage.

During fiscal year 1995, the Company continued its development of the water transfer project at Cadiz. In addition, the Company began development of a second water transfer project in the Piute valley by drilling a production well and the retention of an independent engineering firm to complete a feasibility study for the project.

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During 1995, the Company also developed 240 acres of land to row crops, developed two new production wells, and improved the existing facilities. These improvements have enabled the Company to attract third party agricultural entities to Cadiz and to establish Cadiz as a developing area for produce trade. The Company intends to further develop the Cadiz area with both residential and commercial improvements which will support the increase in agricultural development. The Company also intends to develop additional acreage to row crops in the coming year which will allow for double and sometimes triple cropping, whereby two and sometimes three different crops can be planted and harvested sequentially from the same acreage during one year. This type of agricultural development has proven to be successful and provides the possibility for an immediate return on capital.

CASH PROVIDED BY FINANCING ACTIVITIES. During the year ended March 31, 1995,

net cash flows generated by financing activities totalled \$4.2 million primarily from proceeds resulting from the exercise of stock options and warrants granted in prior years totalling \$2.3 million and the completion of additional financing from Ansbacher in the amount of \$2.45 million. During 1995, the Company reduced debt payable to Rabobank and other notes payable by \$530,000.

SHORT-TERM OUTLOOK

During fiscal 1995, the Company's working capital requirements were funded primarily from available cash at the beginning of the year and from the proceeds from the exercise of outstanding stock options. The \$2.45 million in proceeds received in March 1995 from the additional loan facility provided by Ansbacher will be applied toward the Company's working capital requirements through March 31, 1996. The Company most likely will require additional funds in pursuit of the various environmental and entitlement approvals required as a prerequisite to the commencement of construction of the Cadiz water delivery project and capital obligations relating to continuing agricultural development at Cadiz. The Company will work with its investment banking firm in choosing the form of funding most appropriate under the circumstances. As stock options with an aggregate exercise price of approximately \$9.5 million are currently outstanding, any remaining working capital needs during fiscal 1996 can

potentially be met through the exercise of outstanding stock options. Other possible alternatives include deposits from water agencies or other pre-sale arrangements related to the Company's water transfer projects. Private equity placements to institutional shareholders may be undertaken, but only to the extent necessary so as to minimize the dilutive effect of any such placements upon the Company's existing shareholders.

LONG-TERM OUTLOOK

Historically, the Company has financed both its working capital and property acquisition cash requirements from outside resources via a combination of debt and equity placements. Although the Company expects the revenue stream from its agricultural operations will increase in fiscal 1996 and a revenue stream from its other landholdings and associated resources will commence in calendar 1997, no assurance can be given as to whether such revenues will be of sufficient levels by the end of fiscal 1996 to fund the Company's ongoing cash requirements. Such cash requirements will be dependent, in large part, upon the form of the arrangements utilized by the Company for the development of its resources.

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As the Company is actively pursuing the development of its water resources, it is seeking finalization of the regulatory approvals needed to commence construction of a water delivery project at Cadiz. The Company is also negotiating the terms of water delivery contracts with various California water agencies, which terms include institutional arrangements, financing, pricing concepts and formulas and ownership of the pipeline and the delivery system.

The Company's investment banking firm has performed various economic analyses of the Company's Cadiz water transfer project and has advised the Company as to various alternative means of implementing this project. The various alternatives available for structuring the delivery of this water to third parties include the construction by the Company of a water delivery system for off-site delivery to third party purchasers as well as the sale of water at the well head or as in-ground reserve, with the purchaser or another third party assuming responsibility for transport of the water off-site. The Company's investment banking firm is continuing to assist management in evaluating these delivery alternatives and in determining which alternatives maximize the Company's profit potential in addition to assisting in determining which financial structure will best accommodate such a plan.

In addition, as a result of San Bernardino County's approval of a General Plan Amendment covering 9,600 acres of the Company's landholdings at Cadiz and the increased grower interest in Cadiz as an agricultural area, the Company expects to continue further development of its landholdings to agriculture. Such development will be systematic and in furtherance of the Company's business strategy to provide for maximization of the value of its assets. Such development is expected to be accomplished through negotiated arrangements with third parties, which will significantly reduce any capital outlay required of a Company in connection with such development activities.

Aggregate maturities of debt for fiscal years subsequent to March 31, 1995, are approximately as follows: 1996 - \$34,000; 1997 - \$16,820,000; 1998 - \$7,000; and none thereafter.

Since the Company's inception, inflation has not had a material impact either on the costs of materials required in the development of property and/or in labor costs. Similarly, the value of the Company's real property has not been materially impacted by inflation. In the event the rate of inflation should accelerate in the future, the Company believes the increase in the value of its real property will exceed any increases in costs attributable to inflation.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is submitted in response to Part IV hereof. See the Index to Consolidated Financial Statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information called for by this Item is incorporated herein by reference to the definitive proxy statement involving the election of directors which the Company intends to file with the Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after March 31, 1995.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this Item is incorporated herein by reference to the definitive proxy statement involving the election of directors which the Company intends to file with the Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after March 31, 1995.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for by this Item is incorporated herein by reference to the definitive proxy statement involving the election of directors which the Company intends to file with the Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after March 31, 1995.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by this Item is incorporated herein by reference to the definitive proxy statement involving the election of directors which the Company intends to file with the Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than 120 days after March 31, 1995.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

- (a) 1. Financial Statements. See Index to Consolidated Financial Statements.
2. Financial Statement Schedules. See Index to Consolidated Financial Statements.
3. Exhibits.

The following exhibits are filed or incorporated by reference as part of this Registration Statement.

- 3.1 - Articles of Incorporation of the Company, as amended to date./ (8) /
- 3.3 - Bylaws of the Company, as amended to date./ (4) /
- 4.1 - Specimen Form of Stock Certificate for the Company's registered stock./ (4) /
- 10.1 - The Company's 1984 Incentive Stock Option Plan./ (2) /
- 10.2 - Pacific Agricultural Holdings, Inc. 1988 Nonstatutory Stock Option Plan./ (1) /
- 10.3 - Stock Purchase and Fee Agreement dated March 22, 1989 between the Company and Mark A. Liggett./ (2) /
- 10.4 - Form of Limited Partnership Agreement of Southwest Fruit Growers,

L.P./ (3)/

- 10.5 - Farm Management Agreement dated as of March 28, 1990 between the Company and Southwest Fruit Growers, L.P./ (3)/
- 10.6 - Promissory Note in the amount of \$3,486,868 dated as of March 28, 1990 issued by Southwest Fruit Growers, L.P. in favor of the Company. (Hyder Note)./ (3)/
- 10.7 - Promissory Note in the amount of \$4,934,922 dated as of March 28, 1990 issued by Southwest Fruit Growers, L.P. in favor of the Company. (Cadiz Note)./ (3)/
- 10.8 - Promissory Note in the amount of \$3,141,344 dated as of March 28, 1990 issued by Southwest Fruit Growers, L.P. in favor of the Company. (Farming Note)./ (3)/
- 10.9 - Agricultural Lease between Southwest Fruit Growers, L.P. and the Company, on the one hand, and Donald Kizirian, on the other hand, dated December 20, 1992./ (5)/

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- 10.10 - Convertible Promissory Note dated December 15, 1993 in the principal amount of (Pounds)300,000 issued by the Company in favor of Midland Montagu Asset Management./ (5)/
- 10.11 - Compensation Agreement dated April 2, 1993 between the Company and Dwight Makins./ (5)/
- 10.12 - Option Agreement dated April 2, 1993 between the Company and Dwight Makins./ (5)/
- 10.13 - Compensation Agreement dated April 2, 1993 between the Company and J.F.R. Hammond./ (5)/
- 10.14 - Option Agreement dated April 2, 1993 between the Company and J.F.R. Hammond./ (5)/
- 10.15 - Compensation Agreement dated April 2, 1993 between the Company and Keith Brackpool./ (5)/
- 10.16 - Option Agreement dated April 2, 1993 between the Company and Keith Brackpool./ (5)/
- 10.17 - Employment Agreement dated December 1, 1992 between the Company and Ted Dutton./ (5)/
- 10.18 - Option Agreement dated April 2, 1993 between the Company and Ted Dutton./ (5)/
- 10.19 - Form of Non-Executive Option Agreement./ (5)/
- 10.20 - Second Amendment and Supplement to Stock Purchase and Fee Agreement, dated December 23, 1992 between the Company and Mark Liggett./ (5)/
- 10.21 - Option Agreement dated September 20, 1993 between the Registrant and Stephen D. Weinress./ (6)/
- 10.22 - Option Agreement dated October 12, 1993 between the Registrant and Susan Chapman./ (6)/
- 10.23 - Second Loan Modification Agreement dated as of September 15, 1993 by and between the Company, CVDC and Rabobank./ (7)/
- 10.24 - Second Agreement to Modify Loans dated September 23, 1993 by and between the Company, CVDC and Ansbacher./ (7)/
- 10.25 - Memorandum of Understanding dated January 11, 1994 by and between

the Company and the Mojave Water Agency./(7)/

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- 10.26 - Third Agreement to Modify Loads dated January 11, 1994 by and between the Company, CVDC and Ansbacher./(7)/
- 10.27 - Third Loan Modification Agreement dated as of January 12, 1994 by and between the Company, CVDC and Rabobank./(7)/
- 10.28 - Letter re: Modification Agreement dated January 20, 1994 from Rabobank to the Company./(7)/
- 10.29 - Form of Subscription Agreement between the Company and Purchasers of Placement Shares./(8)/
- 10.30 - Severance and Release Agreement dated August 26, 1993 by and between the Company and George P. Rice./(8)/
- 10.31 - Letter re: Employment dated August 5, 1993 from the Company to Stephen D. Weinress./(8)/
- 10.32 - Letter Agreement re: Employment dated October 15, 1993 between the Company and Susan K. Chapman./(8)/
- 10.33 - Form of Employment Agreement dated April 11, 1994 between the Company and David Peterson./(8)/
- 10.34 - Form of Option Agreement dated April 29, 1994 between the Company and David Peterson./(8)/
- 10.35 - Form of Option Agreement dated May 3, 1994 between the Company and Keith Brackpool, Dwight Makins, J.F.R. Hammond, Stephen D. Weinress, and Ted W. Dutton, respectively./(8)/
- 10.36 - Form of Option Agreement dated May 3, 1994 between the Company and Susan K. Chapman./(8)/
- 10.37 - Form of Option Agreement dated May 5, 1994 between the Company and James R. Smirl./(8)/
- 10.38 - Letter Agreement re: Services dated August 31, 1994 between the Company and Prudential Securities Incorporated.
- 10.39 - Letter Agreement re: Services dated October 5, 1994 between L.H. Friend, Weinress & Frankson, Inc. and Prudential Securities Incorporated.
- 10.40 - Letter Agreement re: Services dated February 1, 1995 between the Company and L.H. Friend, Weinress, Frankson & Presson, Inc.
- 10.41 - Loan Agreement dated March 15, 1995 between the Company, CVDC and Ansbacher.

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- 10.42 - Fourth Loan Modification Agreement dated March 15, 1995 between the Company, CVDC and Rabobank.
- 10.43 - Form of Option Agreement dated April 20, 1995 between the Company and David Peterson.
- 21.1 - List of Subsidiaries.

23.1 - Consent of Independent Accountants (included in Part IV of the Form 10-K).

- /1/ Previously filed as Exhibits to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1988.
- /2/ Previously filed as Exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1989.
- /3/ Previously filed as Exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1990.
- /4/ Previously filed as Exhibit to the Company's Report on Form 8-K dated May 6, 1992.
- /5/ Previously filed as Exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1993.
- /6/ Previously filed as Exhibit to the Company's Registration Statement on Form S-8 (Registration No. 33-73936) effective January 10, 1994.
- /7/ Previously filed as Exhibit to the Company's Report on Form 10-Q for the quarter ended December 31, 1993.
- /8/ Previously filed as Exhibit to the Company's Registration Statement on Form S-1 (Registration No. 33-75642) declared effective May 16, 1994.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

CADIZ LAND COMPANY, INC.

By: /s/ Keith Brackpool ----- Keith Brackpool, Chief Executive Officer and Director	By: /s/ Susan K. Chapman ----- Susan K. Chapman, Chief Financial Officer and Secretary
---	--

Date: June 28, 1995

Date: June 28, 1995

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

NAME AND POSITION

DATE

/s/ Dwight Makins

June 28, 1995

Dwight Makins, Chairman of the Board
and Director

/s/ Keith Brackpool

June 28, 1995

Keith Brackpool, Chief Executive Officer
and Director (Principal Executive Officer)

/s/ Susan K. Chapman

June 28, 1995

Susan K. Chapman, Chief Financial Officer
and Secretary (Principal Financial

and Accounting Officer)

/s/ J.F.R. Hammond

June 28, 1995

J.F.R. Hammond, Director

/s/ Stephen D. Weinress

June 28, 1995

Stephen D. Weinress, Director

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CADIZ LAND COMPANY, INC.

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AND SUPPLEMENTARY DATA

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(Schedules other than those listed above have been omitted since they are either not required, inapplicable, or the required information is included on the financial statements or notes thereto.)

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[PRICE WATERHOUSE LLP]
LETTERHEAD

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Stockholders of
Cadiz Land Company, Inc.

In our opinion, the financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Cadiz Land Company, Inc. and its subsidiaries at March 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP
Los Angeles, California
June 9, 1995

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CADIZ LAND COMPANY, INC.
CONSOLIDATED BALANCE SHEET

ASSETS
(\$ in thousands)

	MARCH 31,	
	1995	1994
	-----	-----
Cash and cash equivalents	\$ 2,454	\$ 4,408
Inventory	198	-0-
Net assets of discontinued segment	-0-	57
Property and equipment, net (Note 3)	2,308	1,137
Land and improvements, net (Note 4)		
Developed property	9,715	10,044
Unimproved land	11,792	11,563
Water transfer projects (Note 5)	1,764	217
Excess of purchase price over net assets acquired, net	5,389	5,623
Debt issue costs and other assets	1,268	1,009
	-----	-----
	\$34,888	\$34,058
	=====	=====

See accompanying notes to the consolidated financial statements.

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CADIZ LAND COMPANY, INC.
CONSOLIDATED BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

(\$ in thousands)

	MARCH 31,	
	1995	1994
Accounts payable	\$ 1,174	\$ 1,034
Other liabilities	385	558
Debt (Note 6)	16,381	13,740
Contingencies (Note 9)		
Stockholders' equity (Note 1)		
Common stock - \$.01 par value, 24,000,000 shares authorized; shares issued and outstanding - 16,988,454 at March 31, 1995 and 15,430,864 at March 31, 1994	170	154
Additional paid-in-capital	62,687	59,890
Accumulated deficit	(45,909)	(41,318)
Total stockholders' equity	16,948	18,726
	\$ 34,888	\$ 34,058

See accompanying notes to the consolidated financial statements.

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CADIZ LAND COMPANY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(\$ in thousands)

	YEARS ENDED MARCH 31,		
	1995	1994	1993
Cash flows from operating activities:			
Loss from continuing operations	\$ (4,591)	\$ (3,751)	\$ (4,087)
Adjustments to reconcile loss from continuing operations to net cash used for continuing operating activities:			
Depreciation and amortization	1,450	1,029	687
Extraordinary gains on debt settlement	(115)	(343)	-0-
Stock issued for services	-0-	17	80
Interest capitalized to debt	734	760	-0-
The effect on net cash used for continuing operating activities from changes in assets and liabilities:			
Inventory and notes receivable	(198)	19	24
Other assets	(158)	(396)	(20)
Accounts payable and other liabilities	(12)	(762)	1,021
Net cash used for continuing operating activities	(2,890)	(3,427)	(2,295)
Net cash provided by (used for) discontinued operating activities	57	52	(567)

Net cash used for operating activities	(2,833)	(3,375)	(2,862)
	-----	-----	-----
Cash flows from investing activities:			
Land purchase and development	(315)	(1,441)	(1,654)
Water transfer projects	(1,547)	(217)	-0-
Additions to property and equipment	(1,506)	(406)	(163)
	-----	-----	-----
Net cash used for investing activities	(3,368)	(2,064)	(1,817)
	-----	-----	-----
Cash flows from financing activities:			
Net proceeds from issuance of common stock	2,307	11,925	4,307
Proceeds from issuance of debt	2,470	2,485	465
Principal payments on debt	(530)	(4,622)	(761)
	-----	-----	-----
Net cash provided by financing activities	4,247	9,788	4,011
	-----	-----	-----
Net increase (decrease) in cash	(1,954)	4,349	(668)
Cash, beginning of year	4,408	59	727
	-----	-----	-----
Cash, end of year	\$ 2,454	\$ 4,408	\$ 59
	=====	=====	=====

See accompanying notes to the consolidated financial statements.

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CADIZ LAND COMPANY, INC.

CONSOLIDATED STATEMENT OF OPERATIONS
(\$ in thousands except per share data)

	YEARS ENDED MARCH 31,		
	1995	1994	1993
	-----	-----	-----
Revenues	\$ 543	\$ 190	\$ -0-
	-----	-----	-----
Costs and expenses			
Resource development	2,166	1,344	702
General and administrative	1,641	1,998	2,249
Amortization	234	234	234
	-----	-----	-----
	4,041	3,576	3,185
	-----	-----	-----
Operating loss	(3,498)	(3,386)	(3,185)
Interest expense, net	1,208	853	902
	-----	-----	-----
Loss before discontinued operations and extraordinary item	(4,706)	(4,239)	(4,087)
Gain (loss) on disposal of discontinued segment	-0-	145	-0-
	-----	-----	-----
Loss before extraordinary item	(4,706)	(4,094)	(4,087)
Extraordinary item - gain on debt settlement (Note 6)	115	343	-0-
	-----	-----	-----
Net loss	\$ (4,591)	\$ (3,751)	\$ (4,087)
	=====	=====	=====

Earnings (loss) per share:			
Loss before discontinued operations and extraordinary item	\$ (.29)	\$ (.33)	\$ (.47)
Gain (loss) on disposal of discontinued segment	-0-	.01	-0-
Extraordinary item	.01	.03	-0-
	-----	-----	-----
Net loss per share	\$ (.28)	\$ (.29)	\$ (.47)
	=====	=====	=====

See accompanying notes to the consolidated financial statements.

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CADIZ LAND COMPANY, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(\$ in thousands)

	COMMON STOCK		PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS EQUITY
	SHARES	AMOUNT			
Balance as of March 31, 1992	7,644,719	\$ 77	\$40,736	\$ (33,480)	\$ 7,333
Issuance of shares in connection with private placements	2,311,844	23	4,180		4,203
Issuance of stock warrants for services	145,000	1	7		8
Issuance of shares for professional services	103,300	1	174		175
Net loss				(4,087)	(4,087)
Balance as of March 31, 1993	10,204,863	102	45,097	(37,567)	7,632
Issuance of shares in connection with private placements	4,320,000	43	11,832		11,875
Issuance of stock upon conversion of debt	512,251	5	1,358		1,363
Issuance of shares for professional services	155,000	1	541		542
Issuance of stock for vineyard parcel	78,750	1	235		236
Issuance of stock warrants for services			779		779
Exercise of stock options	160,000	2	48		50
Net loss				(3,751)	(3,751)
Balance as of March 31, 1994	15,430,864	154	59,890	(41,318)	18,726
Issuance of shares for professional services	110,000	1	384		385
Issuance of stock warrants for services			121		121
Exercise of stock options and warrants	1,447,590	15	2,292		2,307
Net loss				(4,591)	(4,591)
Balance as of March 31, 1995	16,988,454	\$170	\$62,687	\$ (45,909)	\$ 16,948

See accompanying notes to the consolidated financial statements.

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - CURRENT STATUS AND DESCRIPTION OF BUSINESS

BUSINESS OF THE COMPANY

Cadiz Land Company, Inc. (the "Company") identifies, acquires and develops properties (to date in the desert regions of Southern California) which have significant indigenous supplies of water. The Company currently owns or controls approximately 41,700 acres, with its largest property totalling approximately 31,800 acres at Cadiz, California.

The Company's primary objective is to maximize the long-term value of each of its properties through strategic use of the water resources associated with the properties. Management believes that, with the increasing scarcity of water supplies in California and increasing demand, the value of properties with sizable assured supplies of water will continue to appreciate. The various means by which the land and water resources available to these properties can be used are evaluated by management on an ongoing basis. The alternatives available to the Company include the transfer of water to third party users and/or the development of the properties, using indigenous water sources, for agricultural, commercial or residential purposes.

CURRENT OPERATING ENVIRONMENT

The transfer of water to third party users, both from the Cadiz property and from other Company properties, is being actively pursued by the Company. It is expected that water from the Cadiz water transfer project will be sold to various California water agencies pursuant to water delivery contracts which the Company is currently negotiating. The Company expects that this water delivery project, when completed, will be capable of delivering between 30,000 and 50,000 acre-feet of water per year under long-term water delivery contracts. The Company has also commenced water development operations at its landholdings in the Piute valley which are expected to be capable of delivering approximately 10,000 to 15,000 acre-feet of water per year.

During the past year, since entering into a Memorandum of Understanding ("MOU") with the Mojave Water Agency ("MWA"), the Company has made significant progress. In June 1994, the MWA Board of Directors, by unanimous approval, authorized MWA staff to proceed with the environmental assessment of the proposed Cadiz water transfer project and to serve as Lead Agency for purposes of complying with the California Environmental Quality Act ("CEQA") upon completion and acceptance of a Final Draft Feasibility Report. The Final Draft Feasibility Report, prepared for the project under the joint review of the Company and MWA, included the various results of independent studies conducted throughout the year. The Company has submitted to MWA both this report and a Conceptual Ground Water Management Plan which clarifies many of the hydrological features and resource management concepts of the proposed water transfer project. The Company expects that all remaining required environmental reports will be filed within fiscal 1996. In addition, the specific terms of the Company's proposals with the water agencies are expected to be submitted for public review during this same time period.

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - CURRENT STATUS AND DESCRIPTION OF BUSINESS (CONTINUED)

The Company has also commenced water development operations at its landholdings in the Piute valley, which is located approximately 12 miles from the Colorado River near the town of Needles, California. Following the drilling of a production well on the property in February 1995, and the results of preliminary engineering tests, the Company has determined both the quantity and the quality of the underlying water to be suitable for commercial development and that the depth of the ground water table allows for economic production of ground water. The Company believes that the Piute water transfer project is both technically and economically feasible and is currently analyzing its options for development.

Additionally, agricultural development has been an integral part of the

Company's ongoing business strategy as a means of maximizing the value of the Company's landholdings and a way to generate cash flow from such landholdings. As of March 31, 1995, 800 acres have been developed to table grapes, 560 acres have been developed to citrus, and 240 acres have been planted to various row crops. In addition to the land improvements, seven production wells, drip and micro spray irrigation systems and facilities to accommodate a temporary contract labor force have been installed.

The Company has raised objections to a proposed waste landfill project to be located adjacent to its Cadiz landholdings. It is management's opinion that the proposed project, as currently designed, poses environmental risks both to the Company's agricultural operations at Cadiz and to the ground water basin underlying the Cadiz property.

Pursuant to its business strategy, the Company utilizes its working capital primarily for development purposes; that is, for purposes designed to increase long-term value of its properties. As the Company does not expect to receive significant revenues from its water transfer projects until 1997, the Company has been required to obtain financing to bridge the gap between the time development expenses are incurred and the time that a revenue stream will commence. During the fiscal years ended March 31, 1994 and 1993, the Company raised \$11.9 million and \$4.2 million, respectively, from external sources which was used for debt reduction, the purchase and development of land, and working capital. In March 1995, the Company received \$2.45 million from an additional loan facility provided by its primary lender which is expected to fund the majority of the Company's working capital requirements for the next fiscal year. As stock options with an aggregate exercise price of approximately \$9.5 million are currently outstanding, any remaining working capital needs during fiscal 1996 can potentially be met through the exercise of these stock options. Other possible alternatives include deposits from water agencies or other pre-sale arrangements related to the Company's water transfer projects or via a combination of debt or equity placements. Management is confident that sufficient working capital can be raised to allow the Company to continue to pursue its business strategies during fiscal 1996, although no assurance can be made.

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - CURRENT STATUS AND DESCRIPTION OF BUSINESS (CONTINUED)

ORGANIZATION AND MERGER

In order to effectuate the reincorporation of the Company into the State of Delaware, on May 26, 1992, Pacific Agricultural Holdings, Inc. ("PAH"), as the Company was formerly known, merged with and into its wholly owned subsidiary, Cadiz Land Company, Inc. ("CLCI"), with CLCI the surviving entity. Concurrently with the reincorporation, the Company authorized 100,000 preferred shares and approved a one-for-five reverse stock split of the common shares. CLCI did not conduct any operations prior to the effective date of this merger.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Cadiz Valley Development Corporation, Inc. and Southwest Fruit Growers Limited Partnership, a limited partnership ("SWFG") in which the Company is the general partner and has an approximate 65.4 percent partnership interest. SWFG owns a total of 680 acres of table grape vineyard and 2,560 acres of undeveloped land at Cadiz, California. Allocable losses incurred in the year ended March 31, 1991 served to eliminate the minority interest. All material intercompany balances and activity have been eliminated from the consolidated financial statements.

DEVELOPED PROPERTY

- -----
Developed property is stated at cost which management believes is less than net realizable value. Cost includes land acquisitions and improvements, and, during development periods, interest and direct holding costs which consist principally of net farming costs. The development costs associated with mature properties are depreciated on a straight-line basis over the estimated productive life of the property.

UNIMPROVED LAND
- -----

Unimproved land consists of approximately 40,280 acres of undeveloped land in Cadiz, Piute and other desert regions of California. Unimproved land is stated at cost, which management believes is less than net realizable value.

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
- -----

PROPERTY AND EQUIPMENT
- -----

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five to fifteen years for land improvements and buildings, seven years for machinery and equipment, two to six years for autos and trucks and four years for office furniture and equipment.

WATER TRANSFER PROJECTS
- -----

The water transfer projects are stated at cost, which management believes is less than net realizable value. Costs directly attributable to the development of the Cadiz and Piute water transfer projects, such as drilling costs, hydrological costs, and other fees are being capitalized.

INVENTORY
- -----

Growing crops are stated at the lower of cost or estimated market. Cost consists of cultural and harvest costs and are accumulated by commodity.

REVENUES
- -----

Revenues from crop proceeds are recorded when received.

AMORTIZATION
- -----

The excess of purchase price over net assets acquired is being amortized at the rate of \$234,000 annually on a straight-line basis over thirty years. Accumulated amortization was \$1,617,000 and \$1,383,000 at March 31, 1995 and 1994, respectively. The Company reviews the recoverability of intangible assets by comparing projected operating income on an undiscounted basis to the net book value of the related assets.

DEBT ISSUE COSTS
- -----

Debt issue costs relate to the March 1995 and January 1994 debt agreements as described in Note 6. These charges totalled approximately \$593,000 and \$850,000, respectively, and are being amortized over the remaining life of the debt. The accumulated amortization at March 31, 1995 is \$361,000.

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Company considers any highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. Cash paid for interest, during 1995, 1994, and 1993 was \$6,000, \$131,000, and \$789,000, respectively. Interest capitalized and added to principal, in accordance with debt arrangements, totalled \$734,000 and \$760,000 in 1995 and 1994, respectively. In addition, interest of approximately \$250,000 was capitalized as part of the development cost of the citrus orchard in 1994 and 1993. Interest related to the citrus orchard was not capitalized in 1995 as the orchard produced its first harvest in fiscal 1995.

Non-cash transactions have been excluded from the statement of cash flows in all years presented. There were no significant non-cash transactions in 1995, however, significant non-cash transactions in 1994 consisted of assets exchanged for debt (\$.4 million), stock issued for debt (\$1.4 million), stock issued for property (\$.2 million) and stock issued for fees (\$.5 million) and in 1993, the cancellation of debt in exchange for assets (\$1.2 million). Cash provided by or used for the Company's discontinued agribusiness segment is recorded net in the consolidated statement of cash flows.

INCOME TAXES

Income taxes are accounted for using an asset and liability approach which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities at the applicable enacted tax rates.

EARNINGS PER SHARE

Earnings per share is computed for each year presented using the weighted average number of shares outstanding during the year. The weighted average number of shares outstanding used to calculate earnings per share were approximately 16.5 million, 12.8 million and 8.7 million, for the years ended March 31, 1995, 1994, and 1993, respectively.

DISCONTINUED OPERATIONS

In December 1990, the Company decided to terminate its agribusiness operations which involved farm management and farm contract services in connection with the development and maintenance of certain permanent specialty crops. These operations were not profitable and at the same time required substantial working capital. Agribusiness assets and liabilities pertaining to discontinued operations are included on the balance sheet as "Net assets of discontinued segment". Agribusiness revenue and expenses pertaining to discontinued operations are charged to applicable reserves or are included on the statement of operations as "Gain (loss) on disposal of discontinued segment".

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARD

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121"). SFAS

No. 121 establishes new guidance in accounting for the impairment of long-lived assets, including identifiable intangibles. When circumstances indicate that the carrying amount of the asset may not be recoverable as demonstrated by estimated cash inflows, an impairment loss shall be recorded based on fair value. Management believes SFAS No. 121 will have no material effect on the financial statements of the Company upon adoption in fiscal 1997.

RECLASSIFICATIONS

Certain reclassifications have been made to the March 31, 1994 balances to conform with the March 31, 1995 presentation.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (net of accumulated depreciation, in thousands):

	MARCH 31,	
	1995	1994
Land improvements	\$ 1,732	\$ 735
Buildings	730	543
Equipment	365	346
Autos and trucks	303	178
Office furniture and equipment	292	160
	-----	-----
	3,422	1,962
Less accumulated depreciation	(1,114)	(825)
	-----	-----
	\$ 2,308	\$1,137
	=====	=====

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - LAND AND IMPROVEMENTS

Developed property consisted of the following (net of accumulated depreciation, in thousands):

	MARCH 31,	
	1995	1994
Land	\$ 2,307	\$ 2,307
Citrus orchard	3,613	3,599
Vineyard	4,885	4,885
	-----	-----
	10,805	10,791
Less accumulated depreciation	(1,090)	(747)
	-----	-----

\$ 9,715 \$10,044
 ===== =====

Unimproved land consisted of the costs directly related to the acquisition of approximately 40,000 acres, such as the cost to purchase, commissions, real estate taxes and legal and other professional fees.

NOTE 5 - WATER TRANSFER PROJECTS
 - - - - -

The Company currently has two water transfer projects under development. All costs directly attributable to the development of the water transfer projects are being capitalized by the Company. These costs consist of drilling costs, hydrological costs, consulting fees for various engineering, environmental and feasibility studies, and other professional and legal fees. Both water transfer projects are stated at cost, which management believes is less than net realizable value.

NOTE 6 - LONG-TERM DEBT
 - - - - -

The Company maintains its primary financing relationships with Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank) and Henry Ansbacher & Co. Limited (Ansbacher), collectively the "Banks". At March 31, 1995, the Company's obligations to Rabobank and Ansbacher amounted to \$9.1 million and \$7.7 million, respectively. Ansbacher and Rabobank hold senior and subordinate deeds of trust, respectively, on substantially all of the Company's property.

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM DEBT (CONTINUED)
 - - - - -

At March 31, 1995, and 1994, the Company's outstanding debt is summarized as follows (in thousands):

	1995 -----	1994 -----
Rabobank	\$ 9,100	\$ 8,807
Ansbacher	7,713	4,944
Other	48	544
	-----	-----
Debt discount	16,861 (480)	14,295 (555)
	-----	-----
	\$16,381	\$13,740
	=====	=====

In furtherance of the Company's business strategy and in light of the Company's progress with its business plan, in 1993, the Banks completed arrangements which allowed for both banks to accrue and capitalize monthly interest payments through December 31, 1994, the maturity date of the loans. In consideration of this restructuring, the Company issued each of the Banks 125,000 warrants to purchase the Company's common stock at \$.05 per share exercisable for three years following the date of issuance. In addition, Ansbacher and Rabobank received additional collateral in the form of senior and subordinate deeds of trust, respectively, on the Homer and Piute properties.

In January 1994 the Banks entered into a further arrangement regarding the Company's debt. Under terms of this arrangement, the Banks extended the maturity dates of the Company's debt until January 31, 1997, and fixed the interest rates for the period. Rabobank and Ansbacher agreed to accrue and

capitalize interest payments through December 1994 and January 1997, respectively. In connection with this arrangement, interest was capitalized during the year ended March 31, 1995 and 1994 in the amount of \$734,000 and \$760,000, respectively. Ansbacher agreed to give the Company a line of credit of approximately \$800,000 which may be used to pay interest quarterly to Rabobank with effect from January 1995 and which will expire on March 3, 1997. In addition, the Company reduced its obligation to Rabobank by \$4,000,000 by way of a \$2,000,000 advance from Ansbacher, together with \$2,000,000 of proceeds raised from a private placement in January 1994.

In consideration for the above mentioned arrangements Rabobank returned and cancelled 533,000 outstanding warrants in exchange for new warrants exercisable as to a total of 175,000 shares of common stock. The total value of these warrants, \$604,000, has been recorded as a debt discount and will be amortized over the remaining term of the debt. Ansbacher received 100,000 shares of common stock as an arrangement fee and 50,000 shares of common stock as an advisory fee valued at \$3.50 per share. Additionally, the Company agreed to convert \$770,000 of debt to Ansbacher into 220,000 shares of common stock.

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM DEBT (CONTINUED)

- - - - -

On March 15, 1995, the Company entered into an agreement whereby Ansbacher would provide a loan facility in two separate advances, both of which in the aggregate will total \$3,000,000. The first advance in the amount of \$2,450,000, issued on March 31, 1995, was used to reduce the Company's existing obligation to Rabobank and to reimburse Rabobank for various fees and expenses from this and previous arrangements in the amount of \$250,000 and provide the Company with \$2,200,000 to be applied toward the Company's estimated working capital requirements through March 31, 1996. The second advance in the amount of \$550,000, which the Company expects to draw down on April 1, 1996, is anticipated to be applied toward the Company's estimated working capital requirements for the fiscal year ending March 31, 1997. Ansbacher agreed to accrue and capitalize interest on the outstanding principal amount of these advances through January 1997.

In consideration for the above agreement, Ansbacher received 110,000 shares of common stock valued at \$3.50 per share. The Company also issued to Rabobank 35,000 warrants to purchase the Company's common stock at \$.05 per share exercisable for three years following the date of issuance. The total value of these warrants, \$121,000, has been recorded as a debt discount and will be amortized over the remaining term of the debt. In addition, Rabobank agreed to subordinate to Ansbacher's senior security interests in substantially all of the Company's property.

In June 1994, the Company retired a note payable in the amount of \$249,000 to an individual at a discounted amount, resulting in an extraordinary gain of \$115,000. The note, which originated in 1985, was scheduled to be retired with a balloon payment in December 1996.

In June 1993, the Company entered into a transaction by which debt was exchanged for commercial property resulting in a gain of \$300,000. In addition, during December 1993, the Company recorded an additional gain of \$43,000 on the settlement of a debt at less than book value. The total gain from these two transactions resulted in an extraordinary gain of \$343,000 and was recorded as such for the year ended March 31, 1994.

The rate in effect on the Rabobank debt was 4.81 percent at March 31, 1995. The average rate in effect on the Ansbacher debt was 6.59 percent at March 31, 1995. Aggregate maturities of debt for years subsequent to March 31, 1995 are approximately as follows: 1996 - \$34,000; 1997 - \$16,820,000; 1998 - \$7,000 and none thereafter.

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - INCOME TAXES

As of March 31, 1995, the Company has a net operating loss (NOL) carryforward of approximately \$48,300,000 for federal and \$20,100,000 for state income tax purposes. For financial statement purposes, as of March 31, 1995, the Company has a net operating loss carryforward of \$42,500,000 and \$17,900,000 for federal and state purposes, respectively. Such carryforwards expire in varying amounts through the year 2010. For financial reporting purposes, the tax benefit resulting from utilization of such NOL carryforward will be applied to reduce the excess of purchase price over net assets acquired.

In accordance with the Tax Reform Act of 1986, NOL utilization may be subject to an annual limitation. When there is a change in ownership of more than 50 percent (as defined) of a corporation, the use of any NOL existing at the date of the change of ownership is limited annually to an amount defined by the law. Based upon such formula, and as a result of the merger between AridTech and PAS and stock issuances subsequent to that merger, use of approximately \$42,300,000 of the federal NOL is limited to approximately \$2,200,000 per year. From the date of the merger to the date of the latest ownership change in September 1993, utilization of the federal NOL was limited to \$1,000,000. At March 31, 1995, approximately \$14,800,000 of federal NOL is currently available for use. Similar limitations apply also to the state NOL carryforward.

Deferred taxes are recorded based upon differences between the financial statement and tax basis of assets and liabilities and available carryforwards. Temporary differences and carryforwards which give rise to a significant portion of deferred tax assets and liabilities for the year end March 31, 1995 were as follows (in thousands):

Basis difference in partnership interest	\$ (3,884)
Net operating loss	18,275
State taxes	(364)
Other	194

Net deferred tax asset	\$ 14,221
	=====
Valuation allowance	\$(14,221)
	=====

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CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - INCOME TAXES (CONTINUED)

A reconciliation of the provision (credit) for income taxes to the statutory federal income tax rate is as follows (in thousands):

	YEARS ENDED MARCH 31,		
	1995	1994	1993
	-----	-----	-----
Expected federal income tax expense (credit) at 34%	\$ (1,561)	\$ (1,276)	\$ (1,389)
Net operating loss carryforward for financial reporting purposes (for which benefit is fully reserved)	1,468	1,197	1,310
Amortization	79	79	79
Other nondeductible expenses	14	-0-	-0-
	-----	-----	-----
	\$ -0-	\$ -0-	\$ -0-

NOTE 8 - STOCK OPTIONS AND WARRANTS

The Company issues stock options which are not pursuant to a plan. During the year ended March 31, 1995, the Board of Directors of the Company granted options to purchase 1,872,000 shares of the Company's common stock at an exercise price of \$4.00 per share to \$5.00 per share of which 400,000 options are conditional based upon terms of employment and certain performance criteria. The recipients of all such options were officers, directors, consultants, and employees of the Company. During the fiscal year ended March 31, 1995, 1,447,590 shares of the Company's common stock were issued as a result of the exercise of stock options and warrants, providing gross proceeds to the Company of \$2,307,000.

Subsequent to March 31, 1995, 40,000 shares of the Company's common stock were issued through the exercise of outstanding options resulting in gross proceeds to the Company of \$50,000. In addition, subsequent to March 31, 1995, the Company granted options to purchase 100,000 shares of the Company's common stock at an exercise price of \$4.25 per share to an officer and an employee of the Company. These options are conditional based upon terms of employment and certain performance criteria.

CADIZ LAND COMPANY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - STOCK OPTIONS AND WARRANTS (CONTINUED)

The following table summarizes options granted and outstanding as of March 31, 1995 which were not issued pursuant to a plan. All options listed below were issued to officers, directors, consultants and other employees.

	OPTIONS OUTSTANDING NUMBER -----	PRICE RANGE -----
Outstanding at March 31, 1994	1,801,890	\$0.75 to \$5.00
Granted	1,872,000	\$4.00 to \$5.00
Exercised	(1,333,890)	\$0.75 to \$4.00
Cancelled or expired	(4,500)	\$4.625

Outstanding at March 31, 1995	2,335,500*	\$1.25 to \$5.00
	=====	

(*) Expiration dates vary from June 13, 1995 to May 3, 1999.

NOTE 9 - CONTINGENCIES

A legal action is pending against the Company in which claims for money damages are asserted. However, on May 2, 1994, the plaintiffs' claims in this action were dismissed with prejudice and cannot be asserted again. In addition, the Company was awarded full reimbursement for all of its legal fees and costs incurred in defending this action. Subsequently, the plaintiffs filed several motions for a new trial, all of which were denied. The plaintiffs recently filed an appeal from the court judgement which is currently pending. A decision is not likely for at least six months and may take as long as a year. Meanwhile, the plaintiffs have posted a cash bond totalling over \$500,000 from which the Company can collect its judgement if the trial court's decisions are affirmed. The Company has not recorded a gain contingency in connection with this matter.

[PRICE WATERHOUSE LLP]
LETTERHEAD

REPORT OF INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULES

To the Board of Directors
and Shareholders of
Cadiz Land Company, Inc.

Our audits of the consolidated financial statements referred to in our report dated June 9, 1995 appearing with the consolidated financial statements included in this Form 10-K also included an audit of the Financial Statement Schedules listed in the index on page 29 of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP
Los Angeles, California
June 9, 1995

CADIZ LAND COMPANY, INC.

SCHEDULE VIII

VALUATION AND QUALIFYING ACCOUNTS

For the years ended March 31, 1995, 1994 & 1993
(in thousands)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS		
Fiscal year ended March 31, 1995					
Allowance for doubtful accounts	\$ -0-	\$-0-	\$ -0-	\$ -0-	\$ -0-
Allowance for discontinued operation losses	-0-	-0-	-0-	-0-	-0-
Amortization of excess of purchase price over net assets acquired	1,383	234	-0-	-0-	1,617
	\$1,383	\$234	\$ -0-	\$ -0-	\$1,617
	=====	=====	=====	=====	=====
Fiscal year ended March 31, 1994					
Allowance for doubtful accounts	\$ 218	\$-0-	\$ -0-	\$ 218	\$ -0-

Allowance for discontinued operation losses	75	-0-	-0-	75	-0-
Amortization of excess of purchase price over net assets acquired	1,150	233	-0-	-0-	1,383
	-----	----	-----	-----	-----
	\$1,443	\$233	\$ -0-	\$ 293	\$1,383
	=====	=====	=====	=====	=====
Fiscal year ended March 31, 1993					
Allowance for doubtful accounts	\$3,079	\$-0-	\$ -0-	\$2,861	\$ 218
Allowance for discontinued operation losses	622	-0-	-0-	547	75
Amortization of excess of purchase price over net assets acquired	916	234	-0-	-0-	1,150
	-----	----	-----	-----	-----
	\$4,617	\$234	\$ -0-	\$3,408	\$1,443
	=====	=====	=====	=====	=====

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CADIZ LAND COMPANY, INC.
SCHEDULE XI

REAL ESTATE AND ACCUMULATED DEPRECIATION

March 31, 1995
(in thousands)

DESCRIPTION	ENCUMBRANCES	INITIAL COST	COST CAPITALIZED		NET AMOUNT AT WHICH		
		TO COMPANY	SUBSEQUENT TO ACQUISITION	CARRYING COSTS	ACCUMULATED DEPRECIATION	LAND AND IMPROVEMENTS	ACQUIRED
		LAND AND IMPROVEMENTS	IMPROVEMENTS				
Unimproved land, Cadiz, CA	(1)	\$ 8,421		\$ 657	\$ (292)	\$ 8,786	May 1988
Unimproved land, Piute, CA	(1)	1,179		96		1,275	January 1993
Unimproved land, Homer, CA	(1)	1,086		14		1,100	September 1993
Unimproved land, Other	(1)	189		1		190	July 1994
Agricultural land, planted to citrus, Cadiz, CA	(1)	160	\$3,779	252	(180)	4,011	May 1988
Agricultural land planted to grapes, Cadiz, CA	(1)	6,486			(782)	5,704	March 1990
Miscellaneous investments	(1)	-----	-----	441	-----	441	-----
		\$17,521	\$3,779	\$1,461	\$ (1,254)	\$21,507	-----
		=====	=====	=====	=====	=====	=====

(1) Included in collateral securing debt totalling \$16.8 million.

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CADIZ LAND COMPANY, INC.

NOTE TO SCHEDULE XI

Real Estate and Accumulated Depreciation
(in thousands)

	FISCAL YEAR ENDED MARCH 31,		
	1995	1994	1993
Carrying cost of land and improvements at beginning of period	\$21,607	\$20,057	\$18,327
Additions:			
Acquisitions	189	591	1,055
Option payments	-0-	495	350
Improvements	14	273	206
Capitalized carrying cost	113	427	355
	316	1,786	1,966
Deductions:			
Depreciation of developed property	416	236	236
	416	236	236
Balance at end of period	\$21,507	\$21,607	\$20,057

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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-73936) of Cadiz Land Company, Inc. of our report dated June 9, 1995 appearing with the Consolidated Financial Statements included in this Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules, which appears on page 30 of this Form 10-K.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP
Los Angeles, California
June 27, 1995

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[PRUDENTIAL SECURITIES INCORPORATED]
LETTERHEAD

August 31, 1994

Mr. Keith Brackpool
Chief Executive Officer
Cadiz Land Company, Inc.
10470 Foothill Boulevard, Suite 200
Rancho Cucamonga, CA 91730

Dear Keith:

This will confirm the understanding and agreement (the "Agreement") between Prudential Securities Incorporated ("Prudential Securities") and Cadiz Land Company, Inc. (the "Company") as follows:

1. The Company hereby engages Prudential Securities as its agent for the purpose of providing the Company with overall financial advisory services, including, without limitation, reviewing the Company's strategic assets and business plan, structuring negotiating a financable water contract as it pertains to the Cadiz aquifer, and agenting the placement of up to \$75,000,000 of debt securities (the "Securities") of the Company to a limited number of institutional investors (the "Investors").

2. Prudential Securities hereby accepts the engagement and, in that connection, agrees to:

(a) review and analyze the business, operations, financial condition and prospects of the Company;

(b) develop, in consultation with the Company, a financing structure and water contract to build an approximately 30 mile pipeline in order to transport and sell 30,000 to 50,000 acre-feet of water to any number of third party purchasers;

(c) prepare, in consultation with the Company, a Private Placement Memorandum (the "Memorandum") describing the Company and the Securities; which Memorandum shall not be made available to potential Investors until such Memorandum and its use shall be approved by the Company, which will also represent to Prudential Securities that the Memorandum does not contain any untrue statement or alleged untrue statement of a material fact or omit to state a material fact required to be stated or necessary to make any statement not misleading;

(d) assist the Company in negotiating purchase contract(s) with such third party purchasers with a view towards the financability of such contracts;

(e) develop and review with the Company a list of the Investors to whom the Memorandum will be provided;

(f) use its best efforts to privately place the Securities;

(g) prepare with the assistance and approval of the Company any other communications to be used in placing the Securities, whether in the form of letter, circular, notice or otherwise;

(h) negotiate the sale of the Securities to the Investors.

3. In connection with Prudential Securities' engagement, the Company will furnish Prudential Securities with any information concerning

the Company which Prudential Securities reasonably deems appropriate and will provide Prudential Securities with access to the Company's officers, directors, accountants, counsel and other advisors. The Company represents and warrants to Prudential Securities that to the best of its knowledge, all such information concerning the Company will be true and accurate in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances under which such statements are made. The Company acknowledges and agrees that Prudential Securities will be using and relying upon such information supplied by the Company and its officers, agents and others and any other publicly available information concerning the Company without any independent investigation or verification thereof or independent appraisal by Prudential Securities of the Company or its business or assets.

4. As compensation for the advisory services to be rendered by Prudential Securities hereunder, the Company shall pay Prudential Securities an initial retainer of \$20,000 payable upon the signing of this Agreement and an additional work fee of \$20,000 per month beginning one month after the signing of this Agreement. This arrangement will continue on a monthly basis unless terminated as provided below. Upon closing of the transaction, the Company shall also pay Prudential Securities a Placement Fee of 1.75% of the principal amount raised in the private placement of the securities. The aggregate dollar amount of the retainer and work fees shall be non-refundable but shall be a credit against the 1.75% Placement Fee upon a successful closing of the transaction.

Such Placement Fee shall be payable with respect to any sale of Securities that occurs either (a) during the term of Prudential Securities' engagement hereunder regardless of whether the Investor was identified by Prudential Securities or (b) at any time during a period of six months following the effective date of termination of Prudential Securities' engagement hereunder and the sale involves an Investor identified by Prudential Securities or with whom Prudential Securities discussed the purchase of the Securities during the term of its engagement hereunder.

5. The Company shall reimburse Prudential Securities for its out-of-pocket and incidental expenses, incurred during the term of its engagement hereunder, including the reasonable fees and expenses of its legal counsel and those of any advisor retained by Prudential Securities. External legal and advisory fees will be capped at a level to be mutually agreed upon by the Company and Prudential Securities.

6. Since Prudential Securities will be acting on behalf of the Company in connection with this engagement, the Company agrees to indemnify Prudential Securities as set forth in a separate letter agreement, dated the date hereof, between Prudential Securities and the Company.

7. The Company agrees that during the term of Prudential Securities' engagement hereunder, it will not contact or solicit institutions or other entities other than the Investors as potential purchasers of the Securities.

8. The term of Prudential Securities' engagement hereunder as the Company's exclusive agent shall extend from the date hereof through December 31, 1995. Subject to the provisions of paragraphs 3 through 6, 8 and 10 through 12 which shall survive any termination of this Agreement, either party may terminate Prudential Securities' engagement hereunder at any time, with or without cause, by giving the other party at least 10 days' prior written notice.

Notwithstanding the previous sentence, if Prudential Securities terminates this engagement prior to December 1, 1994, the provisions of paragraph 4 shall not survive such termination. Upon the termination of Prudential Securities' engagement, the Company shall send a letter to each investor in form and substance acceptable to Prudential Securities notifying them of such termination.

9. Except as required by law, any advice to be provided by Prudential Securities under this Agreement, and the Memorandum, shall not be publicly disclosed or made available to third parties, other than the Investors, without Prudential Securities' prior consent. In addition, Prudential Securities may not be publicly referred to without its prior consent.

10. Except as disclosed in the letter, dated the date hereof, between L.H. Friend, Weinress & Frankson and Prudential Securities, the Company represent and warrants to Prudential Securities that there are no brokers, representatives or other persons which have an interest in compensation due to Prudential Securities from any transaction contemplated herein.

11. The benefits of this Agreement shall, together with the separate indemnity letter, inure to the benefit of respective successors and assigns of the parties hereto and of the indemnified parties hereunder and their successors and assigns and representatives, and the obligations and liabilities assumed in this Agreement by the parties hereto shall be binding upon their respective successors and assigns.

12. This Agreement may not be amended or modified except in writing and shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws.

Prudential Securities is delighted to accept this engagement and looks forward to working with you on this assignment. Please confirm that the foregoing correctly sets forth our agreement by signing the enclosed duplicate of this letter in the space provided and returning it, whereupon this letter shall constitute a binding agreement as of the date first above written.

PRUDENTIAL SECURITIES INCORPORATED

By: /s/ James C. Woods

James C. Woods

AGREED:

Cadiz Land Company, Inc.

By: /s/ Keith Brackpool

Keith Brackpool

[PRUDENTIAL SECURITIES INCORPORATED]
LETTERHEAD

Date: August 31, 1994

PRUDENTIAL SECURITIES INCORPORATED
One Seaport Plaza
New York, N.Y. 10292

In connection with the engagement, dated July 26, 1994,

between Prudential Securities Incorporated ("Prudential Securities") and Cadiz Land Company, Inc. (the "Company"), the Company hereby agrees to indemnify and hold harmless Prudential Securities and its affiliates, their respective directors, officers, controlling persons (within the meaning of Section 15 of the Securities Act of 1933 or Section 20(a) of the Securities Exchange Act of 1934), if any, agents and employees of Prudential Securities or any of Prudential Securities' affiliates (collectively, "Indemnified Persons" and individually, an "Indemnified Person") from and against any and all claims, liabilities, losses, damages and expenses incurred by any Indemnified Person (including fees and disbursements of Prudential Securities' and an Indemnified Person's counsel) which (A) are related to or arise out of (i) actions taken or omitted to be taken (including any untrue statements made or any statements omitted to be made) by the Company or (ii) actions taken or omitted to be taken by an Indemnified Person with Company's consent or in conformity with the Company's instructions or the Company's actions or omissions or (B) are otherwise related to or arise out of Prudential Securities' engagement, and will reimburse Prudential Securities and any other Indemnified Person for all costs and expenses, including fees of Prudential Securities or an Indemnified Person's counsel, as they are incurred, in connection with investigating, preparing for, or defending any action, formal or informal claim, investigation, inquiry or other proceeding, whether or not in connection with pending or threatened litigation, caused by or arising out of or in connection with Prudential Securities acting pursuant to the engagement, whether or not Prudential Securities or any Indemnified Person is named as a party thereto and whether or not any liability results therefrom. The Company will not, however, be responsible for any claims, liabilities, losses, damages, or expenses pursuant to clause (B) of the preceding sentence which are finally judicially determined to have resulted primarily from Prudential Securities' bad faith or gross negligence. The Company also agrees that neither Prudential Securities nor any other Indemnified Person shall have any liability to the Company for or in connection with such engagement except for any such liability for claims, liabilities, losses, damages, or expenses incurred by the Company which are finally judicially determined to have resulted primarily from Prudential Securities' bad faith or gross negligence. The Company further agrees that the Company will not, without the prior written consent of Prudential Securities, settle or compromise or consent to the entry of any judgement in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not Prudential Securities or any Indemnified Person is an actual or potential party to such claim, action, suit or proceeding) unless such settlement, compromise or consent includes an unconditional release of Prudential Securities and each other Indemnified Person hereunder from all liability arising out of such claim, action, suit or proceeding.

In order to provide for just and equitable contribution, if a claim for indemnification is made pursuant to these provisions but is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that such indemnification is not available for any reason (except, with respect to indemnification sought solely pursuant to clause (B) of the first paragraph hereof, for the reasons specified in the second sentence thereof), even though the express provisions hereof provide for indemnification in such case, then the Company, on the one hand, and Prudential Securities, on the other hand, shall contribute to such claim, liability, loss damage or expense for which such indemnification or reimbursement is held unavailable in such proportion as is appropriate to reflect the relative benefits to the Company, on the one hand, and Prudential Securities on the other hand, in connection with the transactions contemplated by the engagement, subject to the limitation that in any event Prudential Securities' aggregate contribution to all losses, claims damages, liabilities

and expenses to which contribution is available hereunder shall not exceed the amount of fees actually received by Prudential Securities pursuant to the engagement.

The foregoing right to indemnity and contribution shall be in addition to any rights that Prudential Securities and/or any other Indemnified Person may have at common law or otherwise and shall remain in full force and effect following the completion or any termination of your engagement. The Company hereby consents to personal jurisdiction and to service and venue in any court in which any claim which is subject to this agreement is brought against Prudential Securities or any other Indemnified Person.

It is understood that, in connection with Prudential Securities' engagement, Prudential Securities may also be engaged to act for the Company in one or more additional capacities, and that the terms of this engagement or any such additional engagement may be embodied in one or more separate written agreements. This indemnification shall apply to said engagement, any such additional engagement(s) (whether written or oral) and any modification of said engagement or such additional engagement(s) and shall remain in full force and effect following the completion or termination of said engagement or such additional engagements.

The Company further understands that if Prudential Securities is asked to act for the Company as dealer manager in an exchange or tender offer or as an underwriter in connection with the issuance of securities by the Company or to furnish the Company a financial opinion letter or in any other formal capacity, such further action may be subject to a separate agreement containing provisions and terms to be mutually agreed upon.

Very truly yours,

Cadiz Land Company, Inc.

By: /s/ Keith Brackpool

Title: CEO

AGREED AND ACCEPTED:

PRUDENTIAL SECURITIES INCORPORATED

By: /s/ James C. Woods

Title: Managing Director

[PRUDENTIAL SECURITIES INCORPORATED]
LETTERHEAD

October 5, 1994

Mr. Larry Friend
L.H. Friend, Weinress, Frankson, Inc.
333 Michelson Drive
Suite 650
Irvine, CA 92715

Dear Larry,

Per our recent telephone conversation, I will be pleased to summarize the fee splitting arrangement between our respective firms relating to the Cadiz project.

As you know our direct compensation from the Company is set at \$20,000 per month to be offset against debt placement fees of 1 3/4% of the principle amount. We presently anticipate that the financing will be in the \$60 million range which would equate to a placement fee in the \$1 million range. From this we would subtract the amount of our monthly retainer and split the balance with you as follows 75% to Prudential Securities, 25% to L.H. Friend. If however, the debt placement is larger, or is in more than one tranche, we will certainly apply the same formula to our respective compensation.

As always it is a great pleasure working with you and we look forward to another successful venture together.

Sincerely,

/s/ Alexander C. Schwartz, Jr.

[PRUDENTIAL SECURITIES INCORPORATED]
LETTERHEAD

Date: August 31, 1994

PRUDENTIAL SECURITIES INCORPORATED
One Seaport Plaza
New York, N.Y. 10292

In connection with the engagement, dated July 26, 1994, between Prudential Securities Incorporated ("Prudential Securities") and Cadiz Land Company, Inc. (the "Company"), the Company hereby agrees to indemnify and hold harmless Prudential Securities and its affiliates, their respective directors, officers, controlling persons (within the meaning of Section 15 of the Securities Act of 1933 or Section 20(a)

of the Securities Exchange Act of 1934), if any, agents and employees of Prudential Securities or any of Prudential Securities' affiliates (collectively, "Indemnified Persons" and individually, an "Indemnified Person") from and against any and all claims, liabilities, losses, damages and expenses incurred by any Indemnified Person (including fees and disbursements of Prudential Securities' and an Indemnified Person's counsel) which (A) are related to or arise out of (i) actions taken or omitted to be taken (including any untrue statements made or any statements omitted to be made) by the Company or (ii) actions taken or omitted to be taken by an Indemnified Person with the Company's consent or in conformity with the Company's instructions or the Company's actions or omissions or (B) are otherwise related to or arise out of Prudential Securities' engagement, and will reimburse Prudential Securities and any other Indemnified Person for all costs and expenses, including fees of Prudential Securities or an Indemnified Person's counsel, as they are incurred, in connection with investigating, preparing for, or defending any action, formal or informal claim, investigation, inquiry or other proceeding, whether or not in connection with pending or threatened litigation, caused by or arising out of or in connection with Prudential Securities acting pursuant to the engagement, whether or not Prudential Securities or any Indemnified Person is named as a party thereto and whether or not any liability results therefrom. The Company will not, however, be responsible for any claims, liabilities, losses, damages, or expenses pursuant to clause (B) of the preceding sentence which are finally judicially determined to have resulted primarily from Prudential Securities' bad faith or gross negligence. The Company also agrees that neither Prudential Securities nor any other Indemnified Person shall have any liability to the Company for or in connection with such engagement except for any such liability for claims, liabilities, losses, damages, or expenses incurred by the Company which are finally judicially determined to have resulted primarily from Prudential Securities' bad faith or gross negligence. The Company further agrees that the Company will not, without the prior written consent of Prudential Securities, settle or compromise or consent to the entry of any judgement in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not Prudential Securities or any Indemnified Person is an actual or potential party to such claim, action, suit or proceeding) unless such settlement, compromise or consent includes an unconditional release of Prudential Securities and each other Indemnified Person hereunder from all liability arising out of such claim, action, suit or proceeding.

In order to provide for just and equitable contribution, if a claim for indemnification is made pursuant to these provisions but is found in a final judgement by a court of competent jurisdiction (not subject to further appeal) that such indemnification is not available for any reason (except, with respect to indemnification sought solely pursuant to clause (B) of the first paragraph hereof, for the reasons specified in the second sentence thereof), even though the express provisions hereof provide for indemnification in such case, then the Company, on the one hand, and Prudential Securities, on the other hand, shall contribute to such claim, liability, loss damage or expense for which such indemnification or reimbursement is held unavailable in such proportion as is appropriate to reflect the relative benefits to the Company, on the one hand, and Prudential Securities on the other hand, in connection with the transactions contemplated by the engagement, subject to the limitation that in any event Prudential Securities' aggregate contribution to all losses, claims damages, liabilities and expenses to which contribution is available hereunder shall not exceed the amount of fees actually received by Prudential Securities pursuant to the engagement.

The foregoing right to indemnity and contribution shall be in addition to any rights that Prudential Securities and/or any other Indemnified Person may have at common law or otherwise and shall remain in full force and effect following the completion or any termination of your engagement. The Company hereby consents to personal jurisdiction and to service and venue in any court in which any claim which is subject to this agreement is brought against Prudential Securities or any other Indemnified Person.

It is understood that, in connection with Prudential Securities' engagement, Prudential Securities may also be engaged to act for the Company in one or more additional capacities, and that the terms of this engagement or any such additional engagement may be embodied in one or more separate written agreements. This indemnification shall apply to said engagement, any such additional engagement(s) (whether written or oral) and any modification of said engagement or such additional engagement(s) and shall remain in full force and effect following the completion or termination of said engagement or such additional engagements.

The Company further understands that if Prudential Securities is asked to act for the Company as dealer manager in an exchange or tender offer or as an underwriter in connection with the issuance of securities by the Company or to furnish the Company a financial opinion letter or in any other formal capacity, such further action may be subject to a separate agreement containing provisions and terms to be mutually agreed upon.

Very truly yours,

Cadiz Land Company, Inc.

By: /s/ Keith Brackpool

Title: CEO

AGREED AND ACCEPTED:

PRUDENTIAL SECURITIES INCORPORATED

By: /s/ James C. Woods

Title: Managing Director

[L.H. FRIEND, WEINRESS & FRANKSON, INC.]
LETTERHEAD

PERSONAL & CONFIDENTIAL

February 1, 1995

Mr. Keith Brackpool
Chief Executive Officer
Cadiz Land Company, Inc.
10535 Foothill Blvd.
Suite 150
Rancho Cucamonga, CA 91730

Dear Keith:

This will confirm the understanding and agreement (the "Agreement") between L.H. Friend, Weinress, Frankson & Presson, Inc. ("Friend") and Cadiz Land Company, Inc. (the "Company") as follows:

1. The Company hereby engages Friend as its agent for the purpose of providing the Company with investment banking services to structure and negotiate a financable water contract as it pertains to the ground water underlying the Company's land in the Piute Valley.
2. Friend hereby accepts the engagement and, in that connection, agrees to:
 - (a) Review and analyze the business, operations, financial conditions and prospects of the Company;
 - (b) Assist the Company in negotiating a water transfer contract with the City of Needles and other third parties.
3. In connection with Friend's engagement, the Company will furnish Friend with any information concerning the Company which Friend reasonably deems appropriate and will provide Friend with access to the Company's officers, directors, accountants, counsel and other advisors. The Company represents and warrants to Friend that to the best of its knowledge, all such information concerning the Company will be true and accurate in all material respects and will not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances relying upon such information supplied by the Company and its officers, agents and others and any other available information concerning the Company without any independent investigation or verification thereof of independent appraisal by Friend of the Company or its business assets.
4. As compensation for the financial review and investigation of the Project, the Company shall pay Friend, a retainer of \$2,000.00 per month payable upon the signing of this Agreement. This arrangement will be for a minimum of six (6) months and continue on a monthly basis unless terminated as provided below.
5. The Company shall reimburse Friend for its out-of-pocket and incidental expenses, incurred during the term of its engagement hereunder. This provision is subject to prior approval by the Company.
6. The term of Friend's engagement hereunder as the Company's financial advisor shall extend from the date hereof through July 31, 1995. Subject to the provisions of paragraphs 3 through 5, and 7 through 8 which shall survive any termination of this Agreement,

either party may terminate Friend's engagement hereunder by giving the other party at least 10 days' prior written notice, after the six month term has elapsed.

7. Except as required by law, any advice to be provided by Friend under this Agreement, shall not be publicly disclosed or made available to third parties without Friend's prior consent. In addition, Friend may not be publicly referred to without its prior consent.

8. This Agreement may not be amended or modified except in writing and shall be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflicts of laws. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

L.H. Friend, Weinress, Frankson & Presson, Inc. is delighted to accept this engagement and looks forward to working with you and Cadiz Land Company, Inc. Please confirm that the foregoing correctly sets forth our agreement by signing in the space provided below, retaining a copy for your files and returning the original to us.

L.H. Friend, Weinress, Frankson & Presson, Inc.

By: /s/ Gregory E. Presson

Gregory E. Presson
President

AGREED:

By: /s/ Keith Brackpool

Keith Brackpool
President & CEO
Cadiz Land Company, Inc.

LOAN AGREEMENT

This Loan Agreement (the "Agreement") is entered into as of this 15th day of March, 1995, by Henry Ansbacher & Co. Limited, a corporation organized under the laws of England ("Ansbacher" or "Lender"), on the one hand, and Cadiz Valley Development Corporation, a California corporation ("CVDC") and Cadiz Land Company, Inc., a Delaware corporation ("Cadiz") (CVDC and Cadiz are sometimes collectively referred to herein as the "Borrowers"), on the other, with respect to the following facts and objectives:

A. Pursuant to the terms and provisions of that certain Third Agreement to Modify Loans dated January 11, 1994 (the "1994 Loan Agreement"), among CVDC, Cadiz and Ansbacher, CVDC has heretofore executed that certain Promissory Note Secured By Deed of Trust dated January 11, 1994, in favor of Ansbacher in the original principal sum of \$2,546,783.06 (the "CVDC Note"). The CVDC Note is secured by, inter alia, (i) that certain First Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated January 11, 1994 (the "First CVDC Deed of Trust"), executed by CVDC in favor of Lender which was recorded on May 23, 1994, as Instrument No. 94233573 in the Official Records of San Bernardino County, California (the "Official Records") and which encumbers the real property (the "CVDC Land") described in Exhibit "A" attached hereto and incorporated herein by this reference; and (ii) that certain First Assignment, Pledge and Security Agreement dated January 11, 1994, executed by CVDC in favor of Ansbacher (collectively, the "First CVDC Security Agreement"). CVDC's obligations under the loan (the "CVDC Loan") evidenced by the CVDC Note have been guaranteed pursuant to that certain Amended and Restated Guarantee dated January 11, 1994, executed by Cadiz in favor of Ansbacher (the "Guarantee"). The Guarantee is secured, inter alia, by (i) that certain Second Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Homer/Piute/Hammack) dated January 11, 1994 (the "Cadiz Second Deed of Trust"), executed by Cadiz in favor of Ansbacher, which was recorded on February 11, 1994, as Instrument No. 94058717 in the Official Records and which encumbers the real property (the "Cadiz Property") described in Exhibit "B" attached to this Agreement and incorporated herein by this reference; and (ii) that certain First Assignment, Pledge and Security Agreement dated January 11, 1994 (the "Cadiz First Assignment"), executed by Cadiz in favor of Ansbacher.

B. Also pursuant to the terms and provisions of the 1994 Loan Agreement, Cadiz has heretofore executed that certain Secured Promissory Note dated January 11, 1994 (the "Cadiz Note"), in favor of Ansbacher in the original principal amount of \$2,397,424.08. The loan evidenced by the Cadiz Note is sometimes referred to in this Agreement as the "Cadiz Loan." The Cadiz Note is secured, inter alia, by (i) that certain First Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Homer/Piute/Hammack) dated January 11, 1994 (the "Cadiz First Deed of Trust"), executed by Cadiz in favor of Ansbacher which was recorded on February 11, 1994, as Instrument No. 94058716 in the Official Records and which encumbers the Cadiz Property; (ii) that certain Second Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (CVDC) dated January 11, 1994 (the "Second CVDC Deed of Trust"), executed by CVDC in favor of Ansbacher which was recorded on May 23, 1994, as Instrument No. 94233574 in the Official Records and which encumbers the CVDC Land; (iii) that certain Second Assignment, Pledge and Security Agreement dated January 11, 1994, executed by Cadiz in favor of Ansbacher (the

"Cadiz Second Assignment"); and (iv) that certain Second Assignment, Pledge and Security Agreement dated January 11, 1994 (the "Second CVDC Security Agreement"), executed by CVDC in favor of Ansbacher.

C. Pursuant to the terms of the 1994 Loan Agreement, Ansbacher issued a letter of credit (the "Letter of Credit") in favor of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" ("Rabobank") in the maximum amount of \$853,000 with respect to certain interest payable under that certain promissory note dated January 12, 1994 (the "Rabobank Note"), executed by Cadiz and CVDC in favor of Rabobank in the original principal amount of \$8,681,474.03. In conjunction with Ansbacher's issuance of the Letter of Credit, Cadiz executed that certain Reimbursement Agreement dated January 11, 1994 (the "Reimbursement Agreement"), in favor of Ansbacher. The performance of Cadiz' obligations under the Reimbursement Agreement is secured by, among other things, (i) that certain Third Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Homer/Piute/Hammack) dated January 11, 1994, which was recorded on February 11, 1994 (the "Cadiz Third Deed of Trust"), as Instrument No. 94058718 in the Official Records and which encumbers the Cadiz Property; (ii) that certain Third Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (CVDC) dated January 11, 1994 (the "Third CVDC Deed of Trust"), executed by CVDC in favor of Ansbacher which was recorded on May 23, 1994, as Instrument No. 94233575 in the Official Records and which encumbers the CVDC Land; (iii) that certain Third Assignment, Pledge and Security Agreement dated January 11, 1994 (the "Cadiz Third Assignment"), executed by Cadiz in favor of Ansbacher; and (iv) that certain Third Assignment, Pledge and Security Agreement dated January 11, 1994 (the "Third CVDC Security Agreement"), executed by CVDC in favor of Ansbacher.

D. In addition to their respective obligations to Ansbacher in connection with the Obligations (as defined in Paragraph 3(a) below), Borrowers have requested that Ansbacher make an additional loan to Borrowers in the amount of \$3,000,000 (the "Additional Advance Loan"). Ansbacher has expressed a willingness to make the Additional Advance Loan as requested, subject to the terms and conditions set forth in greater detail below, including, without limitation, (i) Cadiz granting Ansbacher security interests in the real property (the "Additional Cadiz Property") described on Exhibit "C" attached hereto and incorporated herein by this reference as additional security for the CVDC Loan, the Cadiz Loan, the Reimbursement Agreement and the Additional Advance Loan and (ii) CVDC granting Ansbacher security interests in the real property (the "Additional CVDC Property") described on Exhibit "D" attached hereto and incorporated herein by this reference as additional security for the CVDC Loan, the Cadiz Loan, the Reimbursement Agreement and the Additional Advance Loan and such security interests described in clauses (i) and (ii) of this sentence being of a priority relative to any liens or security interests granted to Rabobank or any other party with respect to the Additional Cadiz Property (or any portion thereof) or the Additional CVDC Property (or any portion thereof), as the case may be, satisfactory to Ansbacher (in Ansbacher's sole and absolute discretion). The Additional Cadiz Property and the Cadiz Property are sometimes collectively referred to herein as the "CLCI Real Property."

The CVDC Land and the Additional CVDC Property are sometimes referred to in this Agreement as the "CVDC Real Property."

NOW, THEREFORE, Ansbacher, CVDC and Cadiz hereby agree as follows:

1. CERTAIN ACKNOWLEDGMENTS. Cadiz (as to all of the matters described in this Paragraph 1) and CVDC (as to the matters described in subparagraph (b) of this Paragraph 1) hereby acknowledge and agree that as of March 15, 1995, the outstanding indebtedness under (a) the Cadiz Loan was \$2,578,706.24 (representing \$2,551,244.92 of principal

(inclusive of all interest theretofore added to principal as provided in the Cadiz Note) and \$27,461.32 of accrued interest which had not yet been added to principal), and (b) the CVDC Loan was \$2,741,235.43 (representing \$2,712,043.30 of principal (inclusive of all interest theretofore added to principal as provided in the CVDC Note) and \$29,192.13 of accrued interest which had not yet been added to principal).

2. NO SATISFACTION. Cadiz and CVDC hereby expressly acknowledge and agree that nothing in this Agreement or in any document or instrument executed in connection with or pursuant to this Agreement shall constitute a satisfaction of or a novation as to all or any portion of CVDC's indebtedness under the CVDC Loan or Cadiz' indebtedness under the Cadiz Loan, the Guarantee or the Reimbursement Agreement. Cadiz hereby unconditionally reaffirms, reconfirms and restates its obligation to pay in full the indebtedness arising under the Cadiz Loan, the Reimbursement Agreement and the Guarantee (collectively, the "Existing Cadiz Indebtedness"). CVDC hereby unconditionally reaffirms, reconfirms and restates its obligation to pay in full the indebtedness arising under the CVDC Loan. Cadiz (as to the Existing Cadiz Indebtedness) and CVDC (as to the CVDC Loan and CVDC's obligations under the documents and agreements CVDC has heretofore executed which secure or relate to the Cadiz Existing Indebtedness) each hereby further acknowledge and agree that they have no defenses to the enforcement of such obligations (or any portion thereof) nor any counter-claims or claims of offset whatsoever and that neither this Agreement nor the consummation of the transactions contemplated herein will give rise to any such defenses, counter-claims or claims of offset.

3. ADDITIONAL ADVANCE.

(a) Borrowers' obligation to repay the Additional Advance Loan shall be joint and several and shall be evidenced by Borrower's execution and delivery of a promissory note (the "Additional Advance Note") substantially in the form and content attached as Exhibit "E" hereto and incorporated herein by this reference. The Additional Advance Note shall be secured by, inter alia, the deeds of trust, assignments and security agreements described in Paragraphs 5(b)(ii), 5(b)(iii), 5(c)(ii), and 5(c)(v) hereof. The Additional Advance Loan, the Cadiz Loan and the CVDC Loan shall sometimes collectively be referred to herein as the "Loans." The Loans and the obligations evidenced by the Reimbursement Agreement and the Guarantee are sometimes collectively referred to herein as the "Obligations."

(b) ADVANCE TO CADIZ AT CLOSING. The Additional Advance is comprised of two separate advances, one in the amount of \$2,450,000 (the "First Advance") and the other in the amount of \$550,000 (the "Second Advance"). The First Advance and Second Advance shall be disbursed in accordance with and subject to the conditions provided in subparagraphs (i) and (ii) of this Paragraph 3(b):

(i) DISBURSEMENT OF FIRST ADVANCE. Upon satisfaction of all of the conditions to Ansbacher's obligations under this Agreement and the consummation (the "Closing") of the transaction contemplated herein, Ansbacher shall disburse the First Advance to the Borrowers. Borrowers shall use the First Advance only for the purposes of (i) paying \$250,000 to Rabobank, \$200,000.00 of which represents reimbursement of costs and attorneys' fees theretofore incurred by Rabobank in connection with the restructuring of the indebtedness (the "Rabobank Loan") evidenced by the Rabobank Note and the balance of which shall be credited and applied in reduction of the outstanding principal of the Rabobank Loan; and (ii) funding the costs and expenses (legal and otherwise) incurred by Borrowers in connection with the Additional Advance Loan and a portion of Cadiz' other projected working capital requirements through March 31, 1996.

(ii) DISBURSEMENT OF SECOND ADVANCE. Ansbacher

shall disburse the Second Advance to Borrowers following Borrowers' written request therefor only if each of the following conditions has been fully satisfied:

(1) The Closing shall have occurred;

(2) No default or event which with notice and/or the passage of time, or both, would constitute a default shall have occurred under this Agreement, the CVDC Note, the Cadiz Note, the Reimbursement Agreement, the Guarantee, the Additional Advance Note, or any other document, agreement, certificate, undertaking or instrument securing, evidencing or otherwise relating to the Obligations (collectively, the "Loan Documents"), or any of them;

(3) Cadiz shall have delivered to Ansbacher the Appraisal (as defined in Paragraph 6(d) below) and the D&T Appraisal (as defined in Paragraph 6(e) below) in accordance with the provisions and requirements set forth in Paragraphs 6(d) and 6(e) hereof;

(4) Borrowers shall have furnished to Ansbacher and Ansbacher shall have approved, in Ansbacher's sole and absolute discretion, Cadiz' operating budget for the fiscal year commencing April 1, 1996 and ending on March 31, 1997;

(5) Borrowers shall have executed such additional documents and taken such actions as Ansbacher may require in order to reaffirm and reconfirm Borrowers' respective obligations and all of Ansbacher's rights and interests arising under or in connection with the Loan Documents (including, without limitation, providing Ansbacher, at Borrowers' sole cost and expense, with such title endorsements and other evidence satisfactory to Ansbacher as Ansbacher may require to reconfirm the continuing priority of the liens of the Cadiz Deeds of Trust (as defined in Paragraph 5(b) (ii) below), the CVDC Deeds of Trust (as defined in Paragraph 5(c) (ii) below), and the other instruments and agreements securing the Obligations); and

(6) Ansbacher shall in no event be required to disburse the Second Advance on a date earlier than April 1, 1996 or on a date later than June 30, 1996.

In the event that all conditions set forth above are timely satisfied in accordance with the provisions of this Paragraph 3(b) (ii), Ansbacher shall disburse the Second Advance to Borrowers promptly following the satisfaction of the last of such conditions. If and when advanced to Cadiz pursuant to this Paragraph 3(b) (ii), Cadiz shall use the Second Advance only for the purpose of funding Cadiz projected working capital requirements during the period from April 1, 1996 to March 31, 1997.

(c) Borrowers expressly acknowledge and agree that other than Ansbacher's obligation to make the Additional Advance Loan in accordance with and subject to the terms and provisions of this Agreement, Ansbacher has no obligation to make any additional advances or loans whatsoever to Borrowers (or either of them).

4. CONSIDERATION TO ANSBACHER. In consideration of the agreements set forth in this Agreement, including, without limitation, Ansbacher's agreement to make the Additional Advance Loan, Cadiz shall (without payment of additional consideration by Ansbacher) issue to Ansbacher concurrently with the Closing 110,000 shares of common stock of Cadiz (collectively, the "Shares"). The Shares shall be issued to Ansbacher pursuant to Regulation S of the Securities and Exchange Act of 1933, as amended. Concurrently with the mutual execution and delivery of this Agreement, Cadiz shall also provide Ansbacher with evidence in form and content satisfactory to Ansbacher that sufficient shares of Cadiz'

common stock have been duly authorized to enable Cadiz to issue to Ansbacher the Shares. When issued to Ansbacher, the Shares shall be duly and validly issued, fully paid and nonassessable.

5. CONDITIONS TO EFFECTIVENESS OF AGREEMENT.

Ansbacher's obligation to consummate the transactions contemplated hereby are expressly conditioned upon satisfaction of all of the following conditions on or prior to March 31, 1995 (the "Termination Date"), all of which conditions Borrowers shall use their best efforts to satisfy by the Termination Date:

(a) If requested by Ansbacher, Cadiz shall execute and deliver to Ansbacher a Reaffirmation of Guarantee in form and content satisfactory to Ansbacher (in Ansbacher's sole and absolute discretion) (the "Reaffirmation"), pursuant to which Cadiz will further unconditionally reaffirm its obligations to Ansbacher under the Guarantee;

(b) Cadiz shall execute and deliver to Ansbacher (in recordable form, where appropriate, and otherwise in form and content satisfactory to Ansbacher) each of the following documents, instruments, agreements and other writings:

(i) Amendments to each of the Cadiz First Deed of Trust, Cadiz Second Deed of Trust and Cadiz Third Deed of Trust (the "Existing Cadiz Trust Deeds"), pursuant to which, among other things, the Additional Cadiz Property will be added to the real property encumbered by the Existing Cadiz Deeds of Trust;

(ii) A deed of trust (the "New Cadiz Deed of Trust" and, together with the Existing Cadiz Trust Deeds, the "Cadiz Deeds of Trust") encumbering the CLCI Real Property as security for the Additional Advance Note and having a lien priority satisfactory to Ansbacher (in Ansbacher's sole and absolute discretion);

(iii) A fourth lien security agreement (the "Cadiz Fourth Assignment") pursuant to which Cadiz will grant to Ansbacher a fourth priority security interest in and to, among other things, (xx) that certain promissory note dated March 28, 1990 (the "SWFG Note"), executed by SWFG in favor of Pacific Agricultural Holdings ("PAH"), Cadiz' predecessor in interest, in the original principal amount of \$4,934,922 and in and to that certain deed of trust of even date therewith (the "SWFG Deed of Trust") securing the SWFG Note (the SWFG Note and SWFG Deed of Trust are sometimes collectively referred to in this Agreement as the "SWFG Collateral"); (yy) that certain promissory note dated March 28, 1990 (the "Farming Note"), executed by SWFG in favor of PAH in the original principal amount of \$3,141,344.00 and in and to that certain deed of trust of even date therewith (the "Farming Deed of Trust") securing the Farming Note (the Farming Note and Farming Deed of Trust are sometimes collectively referred to in this Agreement as the "Farming Collateral"); and (zz) that certain promissory note dated March 31, 1988 (the "EVCO Note"), executed by EVCO Limited in favor of PAH in the original principal amount of \$342,600 and in and to that certain deed of trust of even date therewith (the "EVCO Deed of Trust") securing the EVCO Note (the EVCO Note and EVCO Deed of Trust are sometimes collectively referred to in this Agreement as the "EVCO Collateral"), such security interests being granted as security for the Additional Advance Note;

(iv) With respect to all Cadiz Deeds of Trust, environmental certificates confirming the absence of hazardous waste on or environmental contamination of the Cadiz Real Property and evidence that Cadiz has obtained and is maintaining in full force and effect all insurance policies required pursuant to the terms and provisions of the Cadiz Deeds of Trust;

(v) If requested by Ansbacher, an independent,

unsecured environmental indemnity agreement in favor of Ansbacher with respect to each of the Cadiz Deeds of Trust;

(vi) Representations and warranties regarding such matters as Ansbacher may require;

(vii) The Additional Advance Note; and

(viii) If requested by Ansbacher, general security agreements pursuant to which Cadiz will grant to Ansbacher or reaffirm and restate, as the case may be, security interests in personal property of Cadiz to secure the Cadiz Note, the Guarantee, the Reimbursement Agreement and the Additional Advance Note, respectively, which security interests shall apply to such personal property of Cadiz and be of a priority satisfactory to Ansbacher (in Ansbacher's sole and absolute discretion).

(c) CVDC shall execute and deliver to Ansbacher (in recordable form, where appropriate, and otherwise in form and content satisfactory to Ansbacher) the following documents, instruments, agreements and other writings:

(i) Amendments to each of the First CVDC Deed of Trust, Second CVDC Deed of Trust, and Third CVDC Deed of Trust (collectively, the "Existing CVDC Deeds of Trust"), pursuant to which, among other things, the Additional CVDC Property will be added to the real property encumbered by the Existing CVDC Deeds of Trust;

(ii) A deed of trust (the "New CVDC Deed of Trust" and, together with the Existing CVDC Deeds of Trust, the "CVDC Deeds of Trust") encumbering the CVDC Real Property as security for the CVDC Note and having a lien priority satisfactory to Ansbacher (in Ansbacher's sole and absolute discretion);

(iii) Representations and warranties regarding such matters as Ansbacher may require;

(iv) With respect to each of the CVDC Deeds of Trust, environmental certificates confirming the absence of hazardous waste on or environmental contamination of the CVDC Real Property and evidence that CVDC has obtained and is maintaining in full force and effect all insurance policies required pursuant to the terms and provisions of the CVDC Deeds of Trust;

(v) A fourth lien security agreement (the "Fourth CVDC Security Agreement") pursuant to which CVDC will grant to Ansbacher a fourth priority security interest in and to, among other things, (xx) that certain promissory note dated March 10, 1988, in the original principal amount of \$262,000, made by P.S.W.R. I Limited in favor of CVDC (the "PSWR Note"), which PSWR Note is secured by that certain deed of trust dated March 10, 1988, which encumbers the property described therein (the "PSWR Property") and which was recorded on October 11, 1988, as Instrument No. 88-340268 in the Official Records (the "PSWR Deed of Trust" and together with the PSWR Note, the "PSWR Collateral"), and (yy) that certain promissory note dated March 31, 1988 (the "Harweal Note"), executed by Harweal Investments Limited in favor of CVDC in the original principal amount of \$262,000, which Harweal Note is secured by that certain deed of trust dated March 31, 1988 (the "Harweal Deed of Trust" and together with the Harweal Note, the "Harweal Collateral"), which encumbers the property described therein (the "Harweal Property") and recorded on December 13, 1988, as Instrument No. 88-434719 in the Official Records, such security interests being granted to Ansbacher as partial security for the Additional Advance Note; and

(vi) The Additional Advance Note;

(vii) If requested, an independent, unsecured environmental indemnity agreement in favor of Ansbacher, relating to each of the CVDC Deeds of Trust; and

(viii) If requested by Ansbacher, general security agreements pursuant to which CVDC will grant to Ansbacher or reaffirm and restate, as the case may be, security interests in personal property of CVDC as security for the CVDC Note, the Cadiz Note, the Reimbursement Agreement and the Additional Advance Note, respectively, which security interests shall apply to such personal property of CVDC and be of a priority satisfactory to Ansbacher (in Ansbacher's sole and absolute discretion).

(d) Borrowers shall obtain and deliver to Ansbacher an opinion of Miller & Holguin (in form and content satisfactory to Ansbacher) with respect to such matters relating to the transactions contemplated by this Agreement as Ansbacher may require;

(e) With respect to each of the Cadiz Deeds of Trust and the CVDC Deeds of Trust, Borrowers shall obtain (at Borrowers' sole cost and expense) such title insurance/or title endorsements as Ansbacher may require in order to insure, among other things, that the Cadiz Deeds of Trust and CVDC Deeds of Trust secure the applicable obligations, and that the liens of the Cadiz Deeds of Trust and CVDC Deeds of Trust are valid and enforceable liens on the CLCI Real Property and the CVDC Real Property, respectively, subject only to those matters and exceptions hereafter approved in writing by Ansbacher. Such title insurance and endorsements shall be issued by a title company or companies satisfactory to Ansbacher and shall include insurance for mechanic's liens and any other matter Ansbacher may (in its sole and absolute discretion) require;

(f) Ansbacher shall have received certified copies of the resolutions (in form and content satisfactory to Ansbacher) of the Boards of Directors of each of Cadiz and CVDC, approving and authorizing this Agreement and the transactions contemplated herein and any and all actions to be taken by Cadiz and/or CVDC in furtherance of or in connection with this Agreement;

(g) Ansbacher shall have received from the Delaware Secretary of State a Certificates of Good Standing with respect to Cadiz and from the California Secretary of State a Certificate of Good Standing with respect to CVDC and a certificate evidencing that Cadiz is qualified to do business in California, all of which Certificates must be in form and content satisfactory to Ansbacher;

(h) Ansbacher shall have received a certificate (in form and content satisfactory to Ansbacher) of the Secretary of each of Cadiz and CVDC, certifying as to the names and signatures of the officers authorized to sign this Agreement and the other documents to be executed and delivered on its behalf pursuant to this Agreement;

(i) Borrowers shall have delivered to Ansbacher a certification (in form and content satisfactory to Ansbacher) certifying both on an aggregate basis and on a parcel by parcel basis as to the acreage owned by Cadiz, SWFG and/or CVDC or in which Cadiz, SWFG and/or CVDC has an interest (whether by virtue of a purchase agreement, a deed of trust, an option to acquire, or otherwise);

(j) Borrowers shall have furnished to Ansbacher and to the title company insuring any deed of trust securing the Obligations (or any of them), as the case may be, such documentation as may be necessary or appropriate in order to confirm that Cadiz, by virtue of the merger of PAH with Cadiz, is the successor to (i) all assets, rights, powers and property of PAH, including, without limitation, the SWFG Collateral, the Farming Collateral and the EVCO Collateral, and (ii) all debts, liabilities and obligations of PAH, including, without limitation, the debts, liabilities and obligations evidenced by the Guarantee;

(k) All real property taxes with respect to the property encumbered by the Cadiz Deeds of Trust and/or the CVDC Deeds of Trust (or any of them), as well as all real property taxes affecting the property encumbered by any and all deeds of trust pledged or assigned to Ansbacher as security for the Obligations (or any of them), shall have been paid current;

(l) Prior to or concurrently with the Closing, Borrowers shall have consummated in accordance with its terms the transaction contemplated by that certain Fourth Loan Modification Agreement dated as of March 15, 1995 (the "Rabobank Agreement"), among Rabobank, Borrowers and Ansbacher;

(m) Borrowers shall have caused appropriate officers of Borrowers to execute and deliver to Ansbacher such additional certificates with respect to matters relating to the transactions contemplated herein as Ansbacher may require;

(n) Borrowers shall have delivered to Ansbacher their joint undertaking not to borrow any money or incur any other debts (except trade debts incurred in the ordinary course of business) without first obtaining Ansbacher's express written consent;

(o) Cadiz shall have delivered to Ansbacher a reaffirmation of its undertaking, pursuant to which Cadiz has heretofore agreed to provide to Ansbacher all such financial and other information as Ansbacher may from time to time require concerning the Water Assets (as such term is defined in Exhibit "F" hereto);

(p) Borrowers shall have delivered to Ansbacher their joint undertaking to (i) provide Ansbacher with first, second, third and fourth lien security interests in all property which either hereafter acquires or in which either Cadiz or CVDC presently has or hereafter obtains any interest; provided, however, that (xx) Cadiz' obligations with respect to that certain Option Agreement dated December 29, 1993 (the "SF Option"), between Cadiz, as optionee, and S.F. Pacific Properties, Inc. ("SF"), as optionor, covering approximately 5,652 acres in the so-called Cadiz Basin and that certain Option Agreement dated June 20, 1994 (the "Piute Option"), between Cadiz, as optionee, and SF, as optionor, covering approximately 3,358 acres of land, shall be to use its best efforts during the 45-day period following the Closing to obtain the optionor's consent, if required, to the pledge to Ansbacher of Cadiz' option rights under the SF Option and the Piute Option and to provide Ansbacher with copies of all correspondence relevant to such requests for consent; (yy) Cadiz shall in no event assign, pledge or transfer such option rights to any party other than Ansbacher and Rabobank; and (zz) with respect to all other options acquired by Cadiz or CVDC, Cadiz or CVDC, as the case may be, shall only be required to pledge such options if they are assignable; and (ii) refrain from encumbering or granting any security interest to any third party (other than a security interest to Rabobank, which shall in any event be junior to all security interests granted to Ansbacher to secure the Obligations) in any property which Cadiz and/or CVDC hereafter acquires or in which Cadiz and/or CVDC hereafter acquires any other interest (whether by virtue of a purchase agreement, option agreement or otherwise);

(q) Borrowers shall have reaffirmed their joint undertaking to use their best efforts to substitute direct first, second, third and fourth lien deeds of trust for the security interests currently held by Ansbacher in the SWFG Collateral, Farming Collateral, EVCO Collateral, PSWR Collateral, and Harweal Collateral;

(r) Rabobank shall have executed and delivered to Ansbacher an agreement (in form and content satisfactory to Ansbacher) pursuant to which Rabobank agrees to subordinate in favor of Ansbacher its right to receive any voluntary prepayments under the Rabobank Loan until such time as Ansbacher has received an amount not less than all principal

and other sums from time to time outstanding under the Additional Advance Loan, plus all accrued but unpaid interest thereon;

(s) Borrowers shall have executed and delivered or caused the appropriate third parties to execute and/or deliver (in recordable form, where appropriate, and otherwise in form and content satisfactory to Ansbacher) such other documents, instruments, agreements and writings as Ansbacher may require in connection with the creation or continuation of any security interest(s) granted to Ansbacher in furtherance of the transactions contemplated by this Agreement or as Ansbacher may otherwise require in connection with the consummation of such transactions (including, without limitation, current estoppel certificates relating to the SWFG Collateral, the Farming Collateral, the Harweal Collateral, and the PSWR Collateral; guaranty waivers, security agreements; pledges; assignments; subordination agreements from Rabobank and others, if required; endorsements; certificates; certifications; reports; and studies); and

(t) Borrowers shall have furnished to Ansbacher and Ansbacher shall have approved, in Ansbacher's sole and absolute discretion, Cadiz' operating budget for the fiscal year commencing April 1, 1995, and ending on March 31, 1996.

Each of the conditions set forth in this Paragraph 5 shall be waivable by Ansbacher in its sole and absolute discretion, it being understood and agreed that any such waiver shall only be valid if made in writing by Ansbacher. In the event that each of the conditions set forth in this Paragraph 5 has not either been satisfied or so waived prior to the Termination Date, then, at Ansbacher's sole option, this Agreement (and all of Ansbacher's obligations hereunder) shall terminate and be of no further force or effect. Following any such termination of this Agreement, the Cadiz Loan, CVDC Loan, the Reimbursement Agreement, and the Guarantee shall be unmodified and unchanged and CVDC's and Cadiz' respective obligations thereunder shall be determined as though this Agreement had never been executed.

6. CERTAIN ADDITIONAL COVENANTS.

(a) Until such time as all of the Obligations have been satisfied in full, Borrowers shall furnish to Ansbacher (i) within fifteen (15) days following filing with the Securities and Exchange Commission (the "SEC"), a true, correct and complete copy of each Quarterly Report on Form 10-Q from time to time filed by Cadiz, (ii) on or before March 1 and August 1 of each year, a statement of projected cash flow of Cadiz and its subsidiaries for the next ensuing twelve (12) month period from April 1 through March 31 (as to the statement due on or before each March 1) and for the next ensuing twelve (12) month period from September 1 through August 31 (as to the statement due on or before each August 1), (iii) within forty-five (45) days following the end of each calendar quarter, a variance analysis (in form and content satisfactory to Ansbacher) setting forth the variances in Cadiz' actual results of operation from its budgeted results of operation, (iv) within fifteen (15) days of filing with the SEC, a true, correct and complete copy of each Annual Report on Form 10-K from time to time filed by Cadiz, and (v) such other information concerning the financial condition or operations of Cadiz, CVDC, or any of Cadiz' other subsidiaries as Ansbacher may from time to time reasonably request. All financial information furnished to Ansbacher pursuant to this Paragraph 6(a) shall be prepared in accordance with GAAP and the information provided pursuant to Paragraph 6(a)(i) through (iii) shall be certified by Cadiz' Chief Financial Officer.

(b) Cadiz shall continue timely to file all materials required to be filed with the Securities and Exchange Commission (the "SEC") pursuant to Section 13 (a) of the Securities and Exchange Act of 1934 (the "Act").

(c) Borrowers hereby agree that they will not, without first obtaining Ansbacher's express written consent, transfer, assign, sell, agree to sell, convey, exchange, gift, encumber, pledge, hypothecate, alienate, grant an option to purchase or acquire, or otherwise dispose of, directly, indirectly or in trust, voluntarily or involuntarily, by operation of law or otherwise, or enter into an agreement to do any of the foregoing, with respect to all or any part of any existing or hereinafter created or acquired Water Assets, including, without limitation, any future agreement for the transfer of any Water Assets as contemplated by the Memorandum of Understanding dated January 11, 1994, between Cadiz and the Mojave Water Agency (the "Memorandum"). Notwithstanding any other provision herein to the contrary, (i) Cadiz and/or CVDC may convey or enter into contracts regarding the Water Assets so long as (xx) no such single conveyance or contract involves more than twenty-five acre feet of water; and (yy) the cumulative total of all such conveyances or contracts in one year does not exceed two hundred (200) acre feet of water; (ii) Ansbacher will not unreasonably withhold its consent to any proposed contract or agreement pursuant to which water would be sold and delivered by CVDC and/or Cadiz to a third party; and (iii) the restrictions on the sale of water provided in this Paragraph 6(c) shall not apply to water transferred to third parties all of which is used solely for irrigation purposes in connection with agricultural operations conducted by such third party on the CLCI Real Property, the CVDC Real Property, and/or the real property encumbered by the SWFG Deed of Trust.

(d) Within one hundred twenty (120) days following the Closing, Borrowers shall obtain, at Borrowers' sole cost and expense, and provide to Ansbacher a true, correct and complete copy of an appraisal (the "Appraisal") of the CVDC Real Property, CLCI Real Property, and the real property encumbered by the deeds of trust which secure the SWFG Note, the Farming Note, the EVCO and Harweal Notes, and the PSWR Note (collectively, the "Appraised Properties") prepared by an appraiser or appraisers satisfactory to Ansbacher. The Appraisal shall, among other things, value the Appraised Properties based both upon their current usage and upon the assumption that the Water Assets attributable to the Appraised Properties are and can be fully exploited by Borrowers.

(e) On or before July 31, 1995, Borrowers shall deliver to Ansbacher a true, correct and complete copy of an appraisal (the "D&T Appraisal") of the properties encumbered by the Farming Deed of Trust and SWFG Deed of Trust prepared by Deloitte & Touche and any other information or documentation relating to the value of such properties as Ansbacher may request; provided that, without in any manner modifying the condition set forth in Paragraph 3(b)(ii)(3) above, in the event that the D&T Appraisal has not been completed by July 31, 1995, then Borrowers shall deliver a true, correct and complete copy of the most current draft of the D&T Appraisal on such date.

(f) Neither Borrowers, nor either of them, shall hereafter make, cause or permit any voluntary prepayment to be made under the Rabobank Loan until such time as Ansbacher has received an amount not less than all principal and other sums from time to time outstanding under the Additional Advance Loan, plus all accrued but unpaid interest thereon.

(g) On or before December 31, 1995, Borrowers shall provide Ansbacher with an opinion letter prepared by Borrowers' water rights counsel concerning Cadiz' rights with respect to the Water Assets associated with the approximately 2,955 acres of land owned by Cadiz at Piute.

7. CERTAIN REPRESENTATIONS OF BORROWERS.

(a) Borrowers hereby make the following representations and warranties to Ansbacher, each of which (i) is materially

relied upon by Ansbacher in making its determination to enter into this Agreement; (ii) Borrowers represent and warrant to be true in all respects as of the execution date hereof and as of the Closing; (iii) shall survive mutual execution and delivery of this Agreement as well as any future transfer of any real property or other collateral for the Obligations (or any of them) to Ansbacher or any transferee, successor or assignee of Ansbacher; and (iv) along with all other representations and warranties made or given by Borrowers (or either of them) in connection with the transactions contemplated by this Loan Agreement, shall be deemed to be reaffirmed and remade as though they were made and given as of the date of disbursement, if any, of the Second Advance and the expiration of each Interest Period (as defined in the Additional Advance Note) under the Additional Advance Note; provided, however, Borrowers shall not be deemed to be in default under this Agreement or under any of the other Loan Documents or to have failed to satisfy a condition to the disbursement of the Second Advance by reason of any inaccuracy in any representation or warranty set forth in clause (i) below so reaffirmed so long as the matter making such representation or warranty inaccurate would not have a material adverse effect on the financial or operating condition of Borrowers (or either of them) or have a material adverse effect on any collateral for the Obligations (or any of them):

(i) Except as otherwise disclosed in (vv) that certain letter dated June 10, 1994, from Miller & Holguin ("M&H") to Price Waterhouse, (xx) that certain letter dated June 10, 1994, from William D. Baker of Ellis, Baker & Porter, Ltd. to Price Waterhouse, (yy) that certain letter dated March 21, 1995, from James D. Burnside of Caswell, Bell, Hillison, Burnside & Greer to Susan K. Chapman of Cadiz, and (zz) that certain letter dated as of the Closing from Howard J. Unterberger of M&H to Ansbacher, there are no pending or, to the best of Borrowers' knowledge, threatened litigation, proceedings, lawsuits or claims, whether for personal injury, property damage, property taxes, contractual disputes or otherwise, which do or may affect the property or other collateral securing the Obligations (or any of them), including, without limitation, pending proceedings in condemnation or eminent domain, and there are no actions or proceedings pending or, to the best of Borrowers' knowledge, threatened against CVDC and/or Cadiz before any court or administrative agency in any way connected with such property or collateral;

(ii) Neither the entering into of this Agreement nor the consummation of the transactions contemplated hereby will constitute or result in (i) a violation or breach by Cadiz and/or CVDC of any judgment, order, writ, injunction or decree issued against or imposed upon it; or (ii) any default or event of default that with notice or lapse of time, or both, would be a default, breach or violation of any lease, mortgage, deed of trust or other agreement, instrument or arrangement by which Cadiz and/or CVDC or any property or other collateral securing the Obligations (or any of them) are bound;

(iii) All financial information of CVDC and Cadiz provided to Ansbacher is true and correct in all material respects;

(iv) No representations, warranties or covenants made by CVDC and/or Cadiz or any statements furnished or to be furnished by Cadiz and/or CVDC hereunder or in connection with the transactions contemplated herein or in the Rabobank Agreement contains, or will contain, any untrue statement of a material fact or omits, or will omit, a material fact thereby making the statements contained therein misleading. Borrowers have disclosed all information concerning the real property and other collateral securing the Obligations (or any of them) of which CVDC and/or Cadiz is aware which may materially affect the value of such real property or other collateral;

(v) No authorization or approval or other action

by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by CVDC and/or Cadiz of any document to which it is or will be a party in connection with the Obligations; and

(vi) Except for (aa) the Memorandum, (bb) such security interests as have heretofore been granted to Ansbacher and Rabobank in connection with the Obligations and the indebtedness evidenced by the Rabobank Note, as the case may be, and (cc) prior transfers of Water Assets in connection with prior transfers by Cadiz and/or CVDC of real property, as to which real property (together with the Water Assets arising from or in connection therewith) Cadiz and/or CVDC (xx) has subsequently reacquired and presently hold the fee interest, or (yy) presently hold a security interest, neither Cadiz nor CVDC has heretofore transferred, assigned, sold, conveyed, encumbered, pledged, hypothecated or otherwise disposed of any Water Assets (or entered into an agreement to do any of the foregoing).

(b) In addition to the representations set forth in Paragraph 7(a) above, Cadiz hereby makes the following representations and warranties to Ansbacher, each of which (xx) is materially relied upon by Ansbacher in making its determination to enter into this Agreement and make the Additional Advance Loan, (yy) Cadiz represents and warrants to be true and correct in all respects as of the execution date hereof and as of the Closing, and (zz) shall survive the mutual execution and delivery of this Agreement and any future transfer of any real property or other collateral for the Obligations (or any of them) to Ansbacher or any successor, transferee or assign of Ansbacher:

(i) Cadiz has not, in connection with the purchase, issuance, or sale of any of its securities, directly or indirectly, arising out of the transactions contemplated by this Agreement or the transactions contemplated by the Rabobank Agreement (collectively, the "Current Transactions"):

(xx) employed any device, scheme or artifice to defraud;

(yy) made any untrue statement of a material fact, or omitted to state a material fact, necessary in order to make the statements made in light of the circumstances under which they were made, not misleading, or

(zz) engaged in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security;

(ii) To the best knowledge of Cadiz' current officers, Cadiz has not, in connection with the purchase, issuance or sale of any of its securities in any transaction engaged in any of the acts or done any of the things described in Paragraphs 7(b)(i)(xx) through (zz) above, with respect to which the applicable statutes of limitations have not run; provided, however, nothing in this Paragraph 7(b)(ii) shall in any way limit the representation set forth in Paragraph 7(b)(i) above with respect to the Current Transactions; and

(iii) For a period of at least the last twelve (12) months, Cadiz has filed with the SEC all materials required to be filed with the SEC pursuant to Section 13 (a) of the Act.

All representations and warranties made hereunder are in addition to any representations and warranties implied by law, set forth in any document heretofore executed in connection with the Obligations (or any of them) or in any document executed in connection with this Agreement and in no event shall this Paragraph 7 be construed to limit, diminish or reduce any obligation of disclosure implied upon CVDC and/or Cadiz by law. The representations and warranties set forth in

this Agreement shall survive indefinitely the consummation of the transactions contemplated hereby.

8. GENERAL RELEASE. In consideration of the Additional Advance and the other terms and provisions of this Agreement, Borrowers, on behalf of themselves, their respective agents, successors, assigns, subsidiaries, partners and affiliates hereby fully release and forever discharge Ansbacher and Ansbacher's agents, consultants, heirs, successors, assigns, affiliates, directors, officers, employees, shareholders, executives, servants, attorneys, accountants, representatives and other related persons (collectively, "Affiliates") from any and all rights, claims, demands, actions, causes of action, costs, losses, suits, liens, debts, damages, judgments, executions and demands of every nature, kind and description whatsoever, whether now known or unknown, either at law, in equity or otherwise, which Cadiz, CVDC or any of their respective agents, successors, assigns, subsidiaries, partners and/or affiliates ever had or may have against Ansbacher or Ansbacher's Affiliates, including, without limitation, all claims arising under or in connection with the Cadiz Loan, CVDC Loan, Reimbursement Agreement, Additional Advance Loan, and/or the Guarantee and/or in connection with the dealings between the parties up to and including the Closing of the transactions contemplated in this Agreement and all claims which have arisen or may arise in any other way whatsoever; provided that nothing herein shall be deemed to release Ansbacher or any Ansbacher Affiliate from any liability or obligation arising in connection with facts or circumstances which occur or arise for the first time after the Closing of the transaction contemplated by this Agreement.

It is further understood and agreed that the foregoing general release extends to all claims of every kind and nature whatsoever, known, suspected or unsuspected, liquidated or contingent, foreseen or unforeseen, and CVDC and Cadiz, on behalf of themselves and their respective agents, successors, assigns, subsidiaries, partners and affiliates hereby waive all rights under Section 1542 of the California Civil Code. Section 1542 of the California Civil Code provides as follows:

"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 DEBTOR."

9. WAIVER OF ANTI-DEFICIENCY PROTECTION. Cadiz and CVDC each hereby waives, as to this Agreement and any and all documents heretofore executed in connection with the Cadiz Loan, the CVDC Loan, the Guarantee, and/or the Reimbursement Agreement, and as to the Additional Advance Note and any and all other documents or agreements executed by Cadiz and/or CVDC pursuant to this Agreement, any defense, protection or right under:

(a) California Code of Civil Procedure ("CCP") Section 580(d) concerning the bar against rendition of a deficiency judgment after foreclosure under a power of sale;

(b) CCP Section 580(a) purporting to limit the amount of a deficiency judgment which may be obtained following exercise of a power of sale under a deed of trust; and

(c) CCP Section 726 concerning exhaustion of collateral, the form of foreclosure proceedings with respect to real property security located in California and otherwise limiting the amount of a deficiency judgment which may be recovered following completion of judicial foreclosure by reference to the "fair value" of the foreclosed collateral.

10. ADVICE OF COUNSEL. Each of the Borrowers acknowledges that it has entered into this Agreement

voluntarily and that it has had the full opportunity to obtain and consult with counsel of its own choice to advise it in the negotiations for, and in the execution of, this Agreement and the documents to be executed pursuant hereto. Each of the Borrowers further acknowledges that it has read this Agreement, that it is fully aware of the contents of this Agreement and its legal effect and that it has not relied upon any advice, representation or warranty of any kind whatsoever from Ansbacher or its counsel.

11. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

12. INTEGRATION; NO THIRD PARTY BENEFICIARIES. This Agreement and the documents and agreements to be executed pursuant to the terms and provisions of this Agreement together constitute the entire agreement among Ansbacher and Borrowers with respect to the making of the Additional Advance and this Agreement and such documents supersede any prior or contemporaneous oral or written agreements with respect thereto. This Agreement may be modified only by an instrument in writing signed by Ansbacher, Cadiz and CVDC. There are no third party beneficiaries to this Agreement.

13. EXHIBITS. All exhibits attached to this Agreement are hereby incorporated in full into this Agreement by this reference.

14. WAIVER OF JURY. CVDC, CADIZ AND ANSBACHER DO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING, DEFENSE OR COUNTERCLAIM BASED ON THIS AGREEMENT, OR ANY AGREEMENT, INSTRUMENT OR OTHER DOCUMENT EXECUTED IN CONNECTION WITH THE OBLIGATIONS (OR ANY OF THEM), THE LETTER OF CREDIT, OR THIS AGREEMENT OR ANY COURSE OF CONDUCT, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO OR TO ANY SECURITY DOCUMENT RELATING TO THE OBLIGATIONS (OR ANY OF THEM). THE WAIVERS SET FORTH IN THIS PARAGRAPH 14 ARE A MATERIAL INDUCEMENT FOR ANSBACHER ENTERING INTO THIS AGREEMENT.

Cadiz' Initials: _____

CVDC's Initials: _____

Ansbacher's Initials: _____

15. APPLICABLE LAW; SUCCESSORS. This Agreement shall in all respects be governed and construed in accordance with the laws of the State of California. This Agreement shall be binding upon and inure to the benefit of Ansbacher and Cadiz and their respective successors and assigns; provided, however, Borrowers shall in no event have the right to assign any of their rights, obligations or interests hereunder without Ansbacher's prior written consent (which consent Ansbacher may grant or withhold in its sole and absolute discretion).

16. ATTORNEYS' FEES. The prevailing party in any action to interpret or enforce the terms of this Agreement shall be entitled to its costs of suit, including, but not limited to, fees and disbursements of its attorneys', court costs and fees and fees of expert witnesses, including any such fees and costs incurred in connection with any bankruptcy or similar proceeding initiated by or against Cadiz and/or CVDC.

17. INTERPRETATION. To the extent of any inconsistency between the terms and provisions of any instrument, document or agreement heretofore executed in connection with the Cadiz Loan, CVDC Loan, Reimbursement Agreement, and Guarantee or any of them (collectively, the "Existing Loan Documents") and those of this Agreement or any document executed pursuant to the terms of this Agreement, the terms and provisions of this Agreement or such document executed pursuant to the terms of this Agreement shall govern and control. Except to such

extent, the terms, provisions and obligations of the Existing Loan Documents shall be unchanged and shall remain in full force and effect.

18. NOTICES. Except where otherwise required by law, all notices required to be given hereunder shall be served personally, sent via telefax or mailed by first-class United States mail, certified or registered, or by courier service with return receipt requested, postage prepaid, and addressed to the parties as follows:

To Ansbacher: Henry Ansbacher & Co. Limited
One Mitre Square
London, EC3A 5AN
England
Attention: Messrs. Paul Cragg and
Nick Horne
Fax No. 011-44-71-626-0850

With a copy to: Pachulski, Stang, Ziehl & Young
10100 Santa Monica Boulevard
11th Floor
Los Angeles, California 90067
Attention: Richard J. Gruber
Fax No. (310) 201-0760

To Cadiz or CVDC: 10535 Foothill Boulevard, Ste. 150
Rancho Cucamonga, CA 91730
Attention: Mr. Keith Brackpool
Chief Executive Officer
Fax No. (909) 980-6738

With a copy to: Miller & Holguin
1060 Century Plaza Towers
2029 Century Park East
Los Angeles, California 90067
Attention: Howard Unterberger, Esq.
Fax No. (310) 557-2205

Any party hereto may change its mailing address at any time by giving written notice of such change to the other party in the manner provided above. All notices under this Agreement shall, unless otherwise provided by law, be deemed given, received or communicated on the date personal delivery is effected or, if mailed, on the delivery date or attempted delivery date shown on the return receipt, or if by facsimile transmission, upon confirmation by the sending machine that the receiving machine has received the transmission.

19. REMEDIES. Each of the rights, remedies or options provided for herein or available at law or in equity which may be exercised by Ansbacher may be exercised separately or concurrently with any one or more other options, rights or remedies. Ansbacher's failure to exercise any option, right or remedy shall not constitute a waiver of Ansbacher's right to exercise such option, right or remedy in the event of or with respect to any prior, subsequent or concurrent transaction or occurrence of the same or a different kind or character.

20. ESCROW. Borrowers acknowledge and agree that to the extent Ansbacher determines that it is necessary or would be desirable for the Closing to occur concurrently with the consummation of the transactions contemplated by the Rabobank Agreement or that the Closing should occur through an escrow for any other reason, an escrow shall be established with Chicago Title Company or such other escrow holder as may be acceptable to Ansbacher. With regard to any or all of the funds, documents and other materials to be delivered by Borrowers (or either of them) to Ansbacher as conditions precedent to Ansbacher's obligations to consummate the transactions contemplated herein, Ansbacher may require that such documents and materials be delivered through escrow. All costs, fees and expenses of such escrow shall be borne and paid by Borrowers.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the day and year first above written.

Henry Ansbacher & Co. Limited,
a corporation organized under
the laws of England

By: /s/ Stewart Dick

Name: Stewart Dick
Title: Director

By: /s/ Gillian Keeler

Name: Gillian Keeler
Title: Manager

"Ansbacher" or "Lender"

Cadiz Land Company, Inc.,
a Delaware corporation

By: /s/ Keith Brackpool

Name: Keith Brackpool
Title: Chief Executive Officer

"Cadiz"

Cadiz Valley Development Corporation
a California Corporation

By: /s/ Keith Brackpool

Name: Keith Brackpool
Title: Chief Executive Officer

"CVDC"

EXHIBIT "A"

That certain real property situated in the County of San Bernardino, State of California, and described as follows:

Parcel No. 1:

Section 1, Township 5 North, Range 13 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Parcel No. 2:

Section 13, Township 5 North, Range 13 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Except therefrom that portion conveyed to California, Arizona, and Santa Fe Railway Company by deed recorded March 16, 1914 in Book 548 of Deeds, Page 29.

Also except therefrom that portion conveyed to California, Arizona and Santa Fe Railway Company by Deed recorded November 26, 1913 in Book 542 of Deeds Page 1.

Parcel No. 3:

Section 13, Township 4 North, Range 14 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Parcel No. 4:

Sections 5 and 9, Township 5 North, Range 14 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Parcel No. 5:

Section 13, Township 5 North, Range 14 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Except therefrom that portion conveyed to California, Arizona and Santa Fe Railway Company by Deed recorded March 16, 1914 in Book 548 of Deeds Page 29.

Also except therefrom that portion conveyed to California, Arizona and Santa Fe Railway Company by Deed recorded November 26, 1913 in Book 542 of Deeds Page 1.

Also except therefrom that portion conveyed to California, Arizona and Santa Fe Railway Company by Deed recorded August 8, 1936, in Book 1155 Page 155 of Official Records.

Parcel No. 6:

Sections 25 and 35, Township 5 North, Range 14 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Except from said Section 25 that portion conveyed to California, Arizona and Santa Fe Railway Company by Deed recorded July 18, 1914 in Book 554 of Deeds Page 155.

Parcel No. 7:

Section 17, Township 4 North, Range 15 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Parcel No. 8:

Section 5, Township 5 North Range 15 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Except therefrom that portion conveyed to California, Arizona, and Santa Fe Railway Company by Deed recorded March 16, 1914 in Book 548 of Deeds Page 29.

Parcel No. 9:

The North one-half and the West one-half of the West one-half of the Northwest one-quarter of the Southwest one-quarter and the Northeast one-quarter of the Southeast one-quarter and the Southwest one-quarter of the Southeast one-quarter and the East one-half of the Northwest one-quarter of the Southeast one-quarter and the East one-half of the West one-half of the Northwest one-quarter of the Southeast one-quarter all in Section 9, Township 5 North, Range 15 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Parcel No. 10:

Section 17, Township 5 North, Range 15 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Parcel No. 11:

Section 1, Township 6 North, Range 15 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Except therefrom the Southeast one-quarter of the Northeast one-quarter of the Northeast one-quarter of said Section 1.

Parcel No. 12:

The West one-half of Section 13, Township 6 North, Range 15 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Except therefrom that portion conveyed to California, Arizona, and Santa Fe Railway Company by Deed recorded March 16, 1914 in Book 548 of Deeds Page 29.

Also except therefrom that portion conveyed to California, Arizona and Santa Fe Railway Company by Deed recorded November 26, 1913 in Book 542 of Deeds Page 1.

Parcel No. 13:

Sections 21, 29 and 33, Township 6 North Range 15 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Except from said Section 33 that portion conveyed to California, Arizona, and Santa Fe Railway Company by Deed recorded March 16, 1914 in Book 548 of Deeds Page 29.

Parcel No. 14:

Section 4, Township 4 North, Range 14 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Parcel No. 15:

Section 8, Township 5 North, Range 15 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Excepting therefrom any portion of the above described parcels of land lying within the 200 foot right of way granted to Southern Pacific Railroad Company by Act of Congress approved July 27, 1866.

Parcel No. 16:

Section 3, Township 4 North, Range 14 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof:

Parcel No. 17:

Sections 8, 17, 18, 19, 20, 22, 23, 24, 28 and 29, and the Northeast One-Quarter, the West One-half, and the North One-Half of the Southeast One-Quarter of Section 26, Township 5 North, Range 14 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Excepting from said Section 17 that portion conveyed to California, Arizona and Santa Fe Railway Company by Deed recorded August 16, 1914 in Book 548 of Deeds, Page 29.

Also except from said Section 17 that portion conveyed to California, Arizona and Santa Fe Railway Company by Deed recorded November 26, 1913 in Book 542 of Deeds, Page 1.

Excepting therefrom any portion of the above described parcels of land lying within the 200 foot right of way granted to Southern Pacific Railroad Company by Act of Congress approved

July 27, 1866.

Parcel No. 18:

Section 18, Township 5 North, Range 15 East, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat thereof.

Excepting therefrom any portion of the above described land lying within the 200 foot right of way granted to Southern Pacific Railroad Company by Act of Congress approved July 27, 1866.

EXHIBIT "B"

PARCEL NO. 1:

SECTION 13, TOWNSHIP 10 NORTH, RANGE 19 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY.

PARCEL NO. 2:

SECTION 25, TOWNSHIP 10 NORTH, RANGE 19 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY.

PARCEL NO. 3:

SECTION 21, TOWNSHIP 10 NORTH, RANGE 20 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY.

PARCEL NO. 4:

SECTION 29, TOWNSHIP 10 NORTH, RANGE 20 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY.

PARCEL NO. 5:

GOVERNMENT TRACT 38, TOWNSHIP 11 NORTH, RANGE 20 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER GOVERNMENT RESURVEY DATED SEPTEMBER 29, 1924.

EXCEPTING THEREFROM, ALL RIGHT, TITLE AND INTEREST IN AND TO ALL COAL, HYDROCARBONS, GEOTHERMAL RESOURCES, PRECIOUS METALS ORES, BASE METAL ORES, INDUSTRIAL-GRADE SILICATES AND CARBONATES, FISSIONABLE MINERALS, SAND, GRAVEL, AGGREGATES, AND ALL OTHER MINERALS OF EVERY KIND AND CHARACTER, METALLIC OR OTHERWISE, WHETHER OR NOT PRESENTLY KNOWN TO SCIENCE OR INDUSTRY, NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED UPON, WITHIN OR UNDERLYING THE SURFACE OF SAID LAND REGARDLESS OF THE DEPTH BELOW THE SURFACE AT WHICH ANY SUCH SUBSTANCE MAY BE FOUND; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OR THE FIRST 300 FEET OR THE SUBSURFACE OF THE PROPERTY AS RESERVED BY SF PACIFIC PROPERTIES, INC., A DELAWARE CORPORATION, RECORDED JANUARY 6, 1993, INSTRUMENT NO. 93-000748, OFFICIAL RECORDS.

PARCEL NO. 6:

GOVERNMENT TRACT 42, TOWNSHIP 11 NORTH, RANGE 20 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT RESURVEY, DATED SEPTEMBER 29, 1924.

EXCEPTING THEREFROM, ALL RIGHT, TITLE AND INTEREST IN AND TO ALL COAL, HYDROCARBONS, GEOTHERMAL RESOURCES, PRECIOUS METALS ORES, BASE METALS ORES, INDUSTRIAL-GRADE SILICATES AND CARBONATES, FISSIONABLE MINERALS, SAND, GRAVEL, AGGREGATES, AND

ALL OTHER MINERALS OF EVERY KIND AND CHARACTER, METALLIC OR OTHERWISE, WHETHER OR NOT PRESENTLY KNOWN TO SCIENCE OR INDUSTRY, NOW KNOW TO EXIST OR HEREAFTER DISCOVERED UPON, WITHIN OR UNDERLYING THE SURFACE OF SAID LAND REGARDLESS OF THE DEPTH BELOW THE SURFACE AT WHICH ANY SUCH SUBSTANCE MAY BE FOUND; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PROPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OR THE FIRST 300 FEET OR THE SUBSURFACE OF THE PROPERTY AS RESERVED BY SF PACIFIC PROPERTIES, INC., A DELAWARE CORPORATION, RECORDED JANUARY 6, 1993, INSTRUMENT NO. 93-000748, OFFICIAL RECORDS.

PARCEL NO. 7:

LOTS 1, 2, 3, 4 AND 5 AND THE NORTH 1/2 OF SECTION 29, TOWNSHIP 12 NORTH, RANGE 20 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY.

EXCEPTING THEREFROM, ALL RIGHT, TITLE AND INTEREST IN AND TO ALL COAL, HYDROCARBONS, GEOTHERMAL RESOURCES, PRECIOUS METALS ORES, BASE METALS ORES, INDUSTRIAL-GRADE SILICATES AND CARBONATES, FISSIONABLE MINERALS, SAND, GRAVEL, AGGREGATES, AND ALL OTHER MINERALS OF EVERY KIND AND CHARACTER, METALLIC OR OTHERWISE, WHETHER OR NOT PRESENTLY KNOWN TO SCIENCE OR INDUSTRY, NOW KNOW TO EXIST OR HEREAFTER DISCOVERED UPON, WITHIN OR UNDERLYING THE SURFACE OF SAID LAND REGARDLESS OF THE DEPTH BELOW THE SURFACE AT WHICH ANY SUCH SUBSTANCE MAY BE FOUND; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OR THE FIRST 300 FEET OR THE SUBSURFACE OF THE PROPERTY AS RESERVED BY SF PACIFIC PROPERTIES, INC., A DELAWARE CORPORATION, RECORDED JANUARY 6, 1993, INSTRUMENT NO. 93-000748, OFFICIAL RECORDS.

PARCEL NO. 8:

LOTS 1, 2 AND 3 AND THE EAST 1/2 AND THE EAST 1/2 OF THE WEST 1/2 AND THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 33, TOWNSHIP 12 NORTH, RANGE 20 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY.

EXCEPTING THEREFROM, ALL RIGHT, TITLE AND INTEREST IN AND TO ALL COAL, HYDROCARBONS, GEOTHERMAL RESOURCES, PRECIOUS METALS ORES, BASE METALS ORES, INDUSTRIAL-GRADE SILICATES AND CARBONATES, FISSIONABLE MINERALS, SAND, GRAVEL, AGGREGATES, AND ALL OTHER MINERALS OF EVERY KIND AND CHARACTER, METALLIC OR OTHERWISE, WHETHER OR NOT PRESENTLY KNOWN TO SCIENCE OR INDUSTRY, NOW KNOW TO EXIST OR HEREAFTER DISCOVERED UPON, WITHIN OR UNDERLYING THE SURFACE OF SAID LAND REGARDLESS OF THE DEPTH BELOW THE SURFACE AT WHICH ANY SUCH SUBSTANCE MAY BE FOUND; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OR THE FIRST 300 FEET OR THE SUBSURFACE OF THE PROPERTY AS RESERVED BY SF PACIFIC PROPERTIES, INC., A DELAWARE CORPORATION, RECORDED JANUARY 6, 1993, INSTRUMENT NO. 93-000748, OFFICIAL RECORDS.

PARCEL NO. 9:

GOVERNMENT TRACT 39, TOWNSHIP 11 NORTH, RANGE 20 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT RESURVEY DATED SEPTEMBER 29, 1924.

EXCEPTING THEREFROM, ALL RIGHT, TITLE AND INTEREST IN AND TO ALL COAL, HYDROCARBONS, GEOTHERMAL RESOURCES, PRECIOUS METALS ORES, BASE METALS ORES, INDUSTRIAL-GRADE SILICATES AND CARBONATES, FISSIONABLE MINERALS, SAND, GRAVEL, AGGREGATES, AND ALL OTHER MINERALS OF EVERY KIND AND CHARACTER, METALLIC OR OTHERWISE, WHETHER OR NOT PRESENTLY KNOWN TO SCIENCE OR INDUSTRY, NOW KNOW TO EXIST OR HEREAFTER DISCOVERED UPON, WITHIN OR UNDERLYING THE SURFACE OF SAID LAND REGARDLESS OF THE DEPTH BELOW THE SURFACE AT WHICH ANY SUCH SUBSTANCE MAY BE

FOUND; HOWEVER, GRANTOR OR ITS SUCCESSORS AND ASSIGNS, SHALL NOT HAVE THE RIGHT FOR ANY PURPOSE WHATSOEVER TO ENTER UPON, INTO OR THROUGH THE SURFACE OR THE FIRST 300 FEET OR THE SUBSURFACE OF THE PROPERTY AS RESERVED BY SF PACIFIC PROPERTIES, INC., A DELAWARE CORPORATION, RECORDED JANUARY 6, 1993, INSTRUMENT NO. 93-000748, OFFICIAL RECORDS.

PARCEL NO. 10:

PARCEL 4 OF PARCEL MAP NO. 10131, IN THE UNINCORPORATED AREA OF SAN BERNARDINO COUNTY, AS PER PLAT RECORDED IN BOOK 108, OF PARCEL MAPS, PAGE 55, RECORDS OF SAID COUNTY.

EXHIBIT "C"

PARCEL NO. 1:

SECTIONS 32 AND 34, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

PARCEL NO. 2:

THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER, SECTION 12, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM 50% OF ALL OIL, GAS, MINERAL, URANIUM, AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND, AS RESERVED IN THE DEED RECORDED JUNE 7, 1962, IN BOOK 5712, PAGE 338, OFFICIAL RECORDS.

PARCEL NO. 3:

THE NORTHWEST ONE-QUARTER AND THE NORTHEAST ONE-QUARTER AND THE NORTH ONE-HALF OF THE SOUTHWEST ONE-QUARTER AND THE NORTH ONE-HALF OF THE SOUTHEAST ONE-QUARTER OF SECTION 21, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

PARCEL NO. 4:

ALL OF SECTION 16, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM A RECTANGULAR PARCEL OF LAND IN THE NORTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 16 DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERN RIGHT OF WAY LINE OF THE CALIFORNIA, ARIZONA AND SANTA FE RAILWAY COMPANY, DISTANT 86 FEET NORTHERLY, AT RIGHT ANGLES FROM THE CENTER LINE OF WESTBOUND MAIN TRACT OF SAID RAILWAY COMPANY, SAID POINT BEING 546.1 FEET WESTERLY ALONG SAID RIGHT OF WAY LINE FROM ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 16, DISTANT 365.6 FEET SOUTH ON SAID EAST LINE FROM THE EAST 1/4 CORNER OF SAID SECTION;
THENCE WESTERLY ALONG SAID RIGHT OF WAY LINE, 363 FEET;
THENCE NORTHERLY AT RIGHT ANGLES, 120 FEET;
THENCE EASTERLY, PARALLEL WITH SAID NORTHERN RIGHT OF WAY LINE, 363 FEET;
THENCE SOUTHERLY AT RIGHT ANGLES, 120 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM A RECTANGULAR PARCEL OF LAND IN THE NORTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SECTION 16, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERN RIGHT OF WAY LINE OF THE

CALIFORNIA, ARIZONA AND SANTA FE RAILWAY COMPANY, DISTANT 86 FEET NORTHERLY, AT RIGHT ANGLES FROM THE CENTER LINE OF THE WESTBOUND MAIN TRACK OF SAID RAILWAY COMPANY, SAID POINT BEING DISTANT 183.1 FEET WESTERLY ALONG SAID RIGHT OF WAY LINE FROM ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 16, DISTANT 165.6 FEET SOUTH ON SAID EAST LINE FROM THE EAST 1/4 CORNER OF SAID SECTION;
THENCE WESTERLY ALONG SAID RIGHT OF WAY LINE, 363 FEET TO THE SOUTHEAST CORNER OF THE LAND CONVEYED BY W.F. ZIEGLER AND OLIVA M. ZIEGLER BY DEED RECORDED IN BOOK 677, PAGE 159, OFFICIAL RECORDS;
THENCE NORTHERLY AT RIGHT ANGLES ALONG THE EASTERLY LINE OF THE LAND CONVEYED BY DEED JUST REFERRED TO, 120 FEET;
THENCE EASTERLY, PARALLEL WITH SAID NORTHERN RIGHT OF WAY LINE, 363 FEET;
THENCE SOUTHERLY AT RIGHT ANGLES, 120 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM:

FIRST: A STRIP OF LAND, 50 FEET WIDE, LYING SOUTH OF AND ADJACENT TO THE SOUTHERN PACIFIC RAILWAY COMPANY'S 200-FOOT RIGHT OF WAY THROUGH SECTION 16, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO BASE AND MERIDIAN.

SECOND: A PIECE OR PARCEL OF LAND LYING IN THE SOUTHEAST ONE-QUARTER OF SAID SECTION 16, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY BOUNDARY OF THE ABOVE DESCRIBED PIECE OF LAND, DISTANT 770 FEET WESTERLY ALONG SAID SOUTHERLY LINE FROM THE EAST LINE OF SAID SECTION 16;
THENCE SOUTHWESTERLY ALONG SAID SOUTHERLY LINE FROM THE EAST LINE OF SAID SECTION 16;
THENCE SOUTHWESTERLY ON A CURVE CONCAVE SOUTHEASTERLY, WITH A RADIUS OF 739.49 FEET, A DISTANCE OF 750 FEET;
THENCE SOUTH 5 24' WEST, A DISTANCE OF 1481 FEET, MORE OR LESS, TO A POINT IN THE SOUTH LINE OF SAID SECTION 16;
THENCE WEST ALONG SAID SOUTH LINE, 50.2 FEET;
THENCE NORTH 5 24' EAST, A DISTANCE OF 2389 FEET;
THENCE NORTHWESTERLY ON A CURVE CONCAVE SOUTHWESTERLY WITH A RADIUS OF 739.49 FEET, A DISTANCE OF 998 FEET, MORE OR LESS, TO A POINT IN THE SOUTHERLY BOUNDARY LINE OF THE ABOVE FIRST DESCRIBED PIECE OF LAND;
THENCE EASTERLY ALONG SAID SOUTHERLY BOUNDARY LINE, A DISTANCE OF 975 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL NO. 5:

ALL OF SECTION 36, TOWNSHIP 3 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY.

PARCEL NO. 6:

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE DISTRICT LAND OFFICE.

EXCEPT THEREFROM ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS, CONTAINED IN SAID LAND, AND FURTHER RESERVING TO THE STATE OF CALIFORNIA AND PERSONS AUTHORIZED BY THE STATE, THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LANDS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LANDS AS MAY BE REQUIRED THEREFOR, UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED IN THE PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, PAGE 174, OFFICIAL RECORDS.

PARCEL NO. 7:

THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 12, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM ONE-FOURTH OF ALL MINERALS, OIL, GAS, CARBON AND HYDROCARBON SUBSTANCES ON AND UNDER SAID LAND, AS RESERVED IN THE DEED FORM HOMER S. KNOWLES, ETUX., RECORDED JANUARY 13, 1958 IN BOOK 4410 PAGE 475 OFFICIAL RECORDS.

PARCEL NO. 8:

THE NORTH ONE-HALF OF THE NORTHEAST ONE-QUARTER OF SECTION 23, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

PARCEL NO. 9:

THE NORTH 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN.

EXCEPTING THEREFROM ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS, CONTAINED IN SAID LANDS, AND FURTHER RESERVING TO THE STATE OF CALIFORNIA AND PERSONS AUTHORIZED BY THE STATE, THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF AIL AND GAS, OR GAS AND TO PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LANDS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LANDS AS MAY BE REQUIRED THEREFOR, UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED IN THE PATENT RECORDED APRIL 12, 1960 IN BOOK 5109, PAGE 174, OFFICIAL RECORDS.

PARCEL NO. 10:

THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN.

EXCEPTING THEREFORE THOSE PORTIONS OF A STRIP OF LAND 400 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE NORTHWEST 1/4 AND SOUTHWEST 1/4 AND THE SOUTHWEST 1/4 OF SECTION 16, TOWNSHIP, 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, CONTINUED BETWEEN TWO LINES DRAWN FROM THE NORTH LINE OF SAID SECTION 16 TO THE SOUTH LINE OF SAID SECTION 16, ONE BEING LOCATED 70 FEET NORTHWESTERLY FROM AND THE OTHER BEING LOCATED 330 FEET SOUTHWESTERLY FROM AND BOTH LINES BEING PARALLEL TO THE FOLLOWING DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED SOUTH 89 DEGREES 42' 40" EAST, 1112.42 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16; THENCE SOUTH 11 DEGREES 10' 04" WEST, 5348.94 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION, WHICH IS LOCATE SOUTH 89 DEGREES 14' 56" EAST, 147.60 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 16, AS GRANTED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY INSTRUMENT DATED SEPTEMBER 15, 1934, RECORDED SEPTEMBER 26, 1954 IN BOOK 996, PAGE 160, OFFICIAL RECORDS, EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA BY THE CHIEF OF THE DIVISION OF STATE LANDS PURSUANT TO THE PROVISIONS OF CHAPTER 507 OF THE STATUTES OF CALIFORNIA, 1933.

EXCEPTING THEREFROM ALL OIL GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS, CONTAINED IN SAID LANDS, AND FURTHER RESERVING TO THE STATE OF CALIFORNIA AND PERSONS AUTHORIZED BY THE STATE, THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LANDS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LANDS AS MAY BE REQUIRED THEREFORE, UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF

CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED IN THE PATENT RECORDED APRIL 12, 1960 ON BOOK 5109, PAGE 174, OFFICIAL RECORDS.

PARCEL NO. 11:

THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN.

EXCEPTING THEREFROM THOSE PORTIONS OF A STRIP OF LAND 400 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE NORTHWEST 1/4 AND THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, CONTAINED BETWEEN TWO LINES DRAWN FROM THE NORTH LINE OF SAID SECTION 16 TO THE SOUTH LINE OF SAID SECTION 16, ONE LINE BEING LOCATED 70 FEET NORTHWESTERLY FROM AND THE OTHER BEING LOCATED 330 FEET SOUTHWESTERLY FROM AND BOTH LINES BEING PARALLEL TO THE FOLLOWING DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED SOUTH 89 DEGREES 42' 40" EAST, 1112.42 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16; THENCE SOUTH 11 DEGREES 10' 04" WEST, 5349.94 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION, WHICH IS LOCATED SOUTH 89 DEGREES 14' 56" EAST, 147.60 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 16, AS GRANTED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY INSTRUMENT DATED SEPTEMBER 15, 1954 IN BOOK 996, PAGE 160, OFFICIAL RECORDS EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA BY THE CHIEF OF THE DIVISION OF STATE LANDS PURSUANT TO THE PROVISIONS OF CHAPTER 507 OF THE STATUTES OF CALIFORNIA, 1933.

FURTHER EXCEPTING THEREFROM THOSE PORTIONS OF A STRIP OF LAND 200 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 AND THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, LYING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE, EXTENDED:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED NORTH 46 DEGREES 42' WEST, 69,424.5 FEET FROM THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 19 EAST, SAN BERNARDINO BASE AND MERIDIAN; THENCE NORTH 47 DEGREES 57' WEST, 3879.8 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE OF SAID SECTION 16, AS GRANTED TO THE ARIZONA AND CALIFORNIA RAILWAY COMPANY BY PERMIT DATED FEBRUARY 4, 1910, EXECUTED BY THE SURVEYOR GENERAL OF THE STATE OF CALIFORNIA, PURSUANT TO SECTION 478 OF THE CALIFORNIA CIVIL CODE.

EXCEPTING THEREFROM ALL OIL, GAS, OIL, SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS, CONTAINED IN SAID LANDS, AND FURTHER RESERVING TO THE STATE OF CALIFORNIA AND PERSONS AUTHORIZED BY THE STATE, THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LANDS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LANDS AS MAY BE REQUIRED THEREFOR, UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED IN THE PATENT RECORDED APRIL 12, 1960 IN BOOK 5109, PAGE 174, OFFICIAL RECORDS.

PARCEL NO. 12:

THE NORTH 1/2 OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18, EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR ;AND EXTRACT SUCH DEPOSITS OF OIL AND GAS OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE

REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPTING THEREFROM A STRIP OF LAND 200 FEET IN WIDTH IN THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, LYING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE, EXTENDED:

BEGINNING AT A POINT O THE SOUTH LINE OF SAID SECTION 36, SAID POINT BEING LOCATED NORTH 46 DEGREES 03' WEST 45,738.1 FEET FROM THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 19 EAST, SAN BERNARDINO MERIDIAN; THENCE NORTH 47 DEGREES 57' WEST 2500 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, AS GRANTED TO THE ARIZONA AND CALIFORNIA RAILWAY COMPANY BY PERMIT DATED FEBRUARY 4, 1910, EXECUTED BY THE SURVEYOR GENERAL OF THE STATE OF CALIFORNIA PURSUANT TO SECTION 478 OF THE CALIFORNIA CIVIL CODE.

PARCEL NO. 13:

THE NORTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS ADD LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPTING THEREFROM A STRIP OF LAND 200 FEET IN WIDTH IN THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, LYING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE, EXTENDED:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 36, SAID POINT BEING LOCATED NORTH 46 DEGREES, 03' WEST 45,738.1 FEET FROM THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 19 EAST, SAN BERNARDINO MERIDIAN; THENCE NORTH 47 DEGREES 57' WEST 2500 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, AS GRANTED TO THE ARIZONA AND CALIFORNIA RAILWAY COMPANY BY PERMIT DATED FEBRUARY 4, 1910, EXECUTED BY THE SURVEYOR GENERAL OF THE STATE OF CALIFORNIA PURSUANT TO SECTION 478 OF THE CALIFORNIA CIVIL CODE.

PARCEL NO. 13:

THE NORTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH O THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR , UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART 1, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF

ALSO EXCEPT THOSE PORTIONS OF A STRIP OF LAND 400 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, CONTAINED BETWEEN TWO LINES DRAWN FROM THE NORTH LINE OF SAID SECTION 16, TO THE SOUTH LINE OF SAID SECTION 16, ONE LINE BEING LOCATED 70 FEET NORTHWESTERLY FROM AND THE OTHER LINE BEING LOCATED 330 FEET SOUTHEASTERLY FROM AND BOTH LINES BEING PARALLEL TO THE FOLLOWING DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED SOUTH 89 DEGREES 42' 40" EAST 1112.42 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16;
THENCE SOUTH 11 DEGREES 10' 04" WEST 5348.94 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION WHICH IS LOCATED SOUTH 89 DEGREES 14' 56" EAST 147.60 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 16, AS GRANTED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA BY INSTRUMENT DATED SEPTEMBER 15, 1934, EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA 507 OF THE STATUTES OF CALIFORNIA, 1933.

PARCEL NO. 14:

THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR HAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AN USE SO MUCH OF THE SURFACE OF THE SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPT THOSE PORTIONS OF A STRIP OF LAND 400 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, CONTAINED BETWEEN TWO LINES DRAWN FROM THE NORTH LINE OF SAID SECTION 16, TO THE SOUTH LINE OF SAID SECTION 16, ONE LINE BEING LOCATED 70 FEET NORTHWESTERLY FROM AND THE OTHER LINE BEING LOCATED 330 FEET SOUTHEASTERLY FROM THE BOTH LINES BEING PARALLEL TO THE FOLLOWING DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED SOUTH 89 DEGREES 42' 40" EAST 1112.42 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16;
THENCE SOUTH 11 DEGREES 10' 04" WEST 5348.94 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION WHICH IS LOCATED SOUTH 89 DEGREES 14' 56" EAST 147.60 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 16, AS GRANTED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA BY INSTRUMENT DATED SEPTEMBER 15, 1934, EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA BY THE CHIEF OF THE DIVISION OF STAT LANDS PURSUANT TO THE PROVISIONS OF CHAPTER 507 OF THE STATUTES OF CALIFORNIA, 1933.

ALSO EXCEPT THOSE PORTIONS OF A STRIP OF LAND 200 FEET IN WITH WHICH ARE LOCATED WITHIN THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER ADD THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, LYING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE EXTENDED:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED NORTH 46 DEGREES 42' WEST 69,424.5 FEET FROM THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 1 NORTH,

RANGE, 19 EAST, SAN BERNARDINO MERIDIAN;
THENCE NORTH 47 DEGREES 57' WEST 3879.8 FEET, MORE OR LESS, TO
A POINT ON THE WEST LINE OF SAID SECTION 16, AS GRANTED TO THE
ARIZONA AND CALIFORNIA RAILWAY COMPANY BY PERMIT DATED FEBRUARY
4, 1910, EXECUTED BY THE SURVEYOR GENERAL OF THE STATE OF
CALIFORNIA PURSUANT TO SECTION 478 OF THE CALIFORNIA CIVIL
CODE.

PARCEL NO. 15:

THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF
SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO
MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM,
GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID
LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH
DEPOSITS OF OIL AND GAS, OR HS, AND TO PROSPECT FOR, MINE, AND
REMOVE DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY
AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED
THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AN SUBJECT TOT
EH PROVISIONS AN LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6
OF THE PUBLIC RESOURCES CODE, AS RESERVED TOO THE STATE OF
CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OR
OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 16:

THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF
SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO
MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM,
GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID
LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH
DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND
REMOVE DEPOSITS OF OTHER MINERALS FROM SAID LAND AS MAY BE
REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND
SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART
I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE
STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK
5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPT THOSE PORTIONS OF STRIP OF LAND 400 FEET IN WIDTH
WHICH ARE LOCATED WITHIN THE NORTHWEST QUARTER AND THE
SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16,
TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN,
CONTAINED BETWEEN TWO LINES DRAWN FROM THE NORTH LINE OF SAID
SECTION 16, TO THE SOUTH LINE OF SAID SECTION 16, ONE LINE
BEING LOCATED 70 FEET NORTHWESTERLY FROM AND THE OTHER LINE
BEING LOCATED 330 FEET SOUTHEASTERLY FROM AND BOTH LINES BEING
PARALLEL TO THE FOLLOWING DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID
POINT BEING LOCATED SOUTH 89 DEGREES 42' 40" EAST 1112.42 FEET
FROM THE NORTHWEST CORNER OF SAID SECTION 16;
THENCE SOUTH 11 DEGREES 10' 04" WEST 5348.94 FEET MORE OR LESS,
TO A POINT ON THE SOUTH LINE OF SAID SECTION WHICH IS LOCATED
SOUTH 89 DEGREES 14' 56" EAST 147.60 FEET FROM THE SOUTHWEST
CORNER OF SAID SECTION 16, AS GRANTED TO THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA BY INSTRUMENT DATED SEPTEMBER
15, 1934, EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA BY THE
CHIEF OF THE DIVISION OF STATE LANDS PURSUANT TO THE PROVISIONS
OF CHAPTER 507 OF THE STATUTES OF CALIFORNIA, 1933.

PARCEL NO. 17:

THE NORTH 1/2 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF
SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO
MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM,

GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 18:

THE NORTH 1/2 OF THE SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPTING THEREFROM A STRIP OF LAND 200 FEET IN WIDTH IN THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, LYING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE, EXTENDED:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED NORTH 46 DEGREES 03' WEST 45,738.1 FEET FROM THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 19 EAST, SAN BERNARDINO MERIDIAN; THENCE NORTH 47 DEGREES 57' WEST 2500 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, AS GRANTED TO THE ARIZONA AND CALIFORNIA RAILWAY COMPANY BY PERMIT DATED FEBRUARY 4, 1910, EXECUTED BY THE SURVEYOR GENERAL OF THE STATE OF CALIFORNIA PURSUANT TO SECTION 478 OF THE CALIFORNIA CIVIL CODE.

PARCEL NO. 19:

THE SOUTH 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 20:

THE SOUTH 1/2 OF THE SOUTHEAST 1/4 OF THE NORTH EAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND

USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO 21:

THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 22:

THE NORTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 23:

THE EAST ONE-HALF OF THE NORTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER SECTION 12, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM ONE-QUARTER OF ALL MINERALS, OIL, GAS, CARBONS, AND HYDROCARBON SUBSTANCES ON AND UNDER SAID LAND.

EXHIBIT "D"

PARCEL NO. 1:

THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 AND THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 31, TOWNSHIP 6 NORTH, RANGE 14 EAST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

PARCEL NO. 2:

SECTION 27, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM ANY PORTION OF THE ABOVE DESCRIBED PARCELS OF LAND LYING WITHIN THE 200 FOOT RIGHT OF WAY GRANTED TO SOUTHERN PACIFIC RAILROAD COMPANY BY ACT OF CONGRESS APPROVED JULY 27, 1866.

EXHIBIT "E"

HENRY ANSBACHER & CO. LIMITED

SECURED PROMISSORY NOTE

\$3,000,000.00

Los Angeles, California

March 29, 1995

For value received, Cadiz Land Company, Inc., a Delaware corporation ("CLCI") and Cadiz Valley Development Corporation, a California corporation ("CVDC") (the "Maker"), promise to pay to the order of HENRY ANSBACHER & CO. LIMITED (herein, together with its successors and assigns, including each and every owner and holder of this Note, referred to as the "Holder"), at its office located at One Mitre Square, London EC3A 5AN, England, or at such other place as may hereafter be designated by Holder, without any offset or deduction whatsoever (whether on account of counterclaims, setoff, withholding taxes, or otherwise) the principal sum of Three Million and 00/100 Dollars (\$3,000,000.00) (or such greater or lesser amount of principal as may be outstanding hereunder pursuant to the terms hereof), together with interest at the Interest Rate (as defined in Section 3.M below) on the principal from time to time outstanding hereunder. At the expiration of each Interest Period (as defined in Section 3.M below) until the indebtedness evidenced by this Note has been paid in full, all then accrued but unpaid interest hereunder shall be added to principal and shall thereafter bear interest at the Interest Rate. Principal and interest are payable at the times and in the manner hereinafter set forth.

This Note is secured by, inter alia, that certain (i) Fourth Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated March 29, 1995 (the "Cadiz Fourth Deed of Trust"), executed by CLCI in favor of Holder; (ii) Fourth Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated March 29, 1995 (CVDC) (the "Fourth CVDC Deed of Trust"), executed by CVDC, in favor of Holder; (iii) Fourth Assignment, Pledge and Security Agreement dated March 29, 1995 (the "Cadiz Fourth Pledge"), executed by CLCI in favor of Holder; and (iv) Fourth Assignment, Pledge and Security Agreement dated March 29, 1995 (the "Fourth CVDC Pledge"), executed by CVDC in favor of Holder. The Cadiz Fourth Deed of Trust, Fourth CVDC Deed of Trust, Cadiz Fourth Pledge and Fourth CVDC Pledge are sometimes collectively referred to in this Note as the "Collateral Documents".

1. PRINCIPAL AND INTEREST.

Interest for all purposes hereunder shall be calculated on the basis of a 360 day year and actual days elapsed. Principal and interest shall be payable in lawful money of the United States in immediately available funds.

A. All accrued but unpaid interest and all then unpaid principal shall be due and payable in full on January 31, 1997 (the "Maturity Date").

B. Each payment hereunder (including any prepayment pursuant to Section 2 hereof) shall be applied first to any late charges and other fees and costs then owing hereunder, next to any Break Costs (as defined in Section 2 below) payable pursuant to the provisions of Section 2 hereof, then to any accrued but unpaid interest and the balance, if any, shall be applied in reduction of the principal.

C. Upon the occurrence of an Event of Default (as defined in Section 1.E below), Holder shall automatically be released and relieved of any obligation to make any further disbursements to Maker under the loan evidenced by this Note and may, at its option and without notice to Maker (which notice is hereby expressly waived), accelerate the maturity hereof and declare the entire amount of principal, interest, and all other sums payable by Maker hereunder to be immediately due and payable, notwithstanding the stated Maturity Date.

D. Commencing upon the occurrence of an Event of Default and continuing until the date on which all indebtedness evidenced by this Note is paid in full, the unpaid principal balance hereof (including, without limitation, all interest theretofore or thereafter added to principal as provided in this Note) shall bear interest at a per annum interest rate (the "Default Rate") equal to the sum of the Interest Rate (as the Interest Rate may from time to time adjust), plus 4 percent (4%).

E. Each of the following events shall constitute an "Event of Default" hereunder:

(1) Maker's failure to pay or cause to be paid, when due, any interest or principal, or other sum, under this Note;

(2) Maker's failure to perform or observe any promise, obligation or condition under this Note or the occurrence of any other default under this Note;

(3) A default (or an event which with notice or the passage of time, or both, would constitute a default) occurs under (i) any Collateral Document, (ii) that certain Loan Agreement dated as of March 15, 1995 (the "Loan Agreement"), among Maker and Holder, and/or (iii) any other document, certificate or agreement executed or delivered in connection with or relating to the loan evidenced by this Note (this Note, the Loan Agreement, the Collateral Documents and such other documents, agreements and certificates are collectively referred to herein as the "Loan Documents");

(4) Any representation or warranty by CLCI and/or CVDC to Holder with respect to CLCI's and/or CVDC's financial condition or credit standing or any other representation or warranty of CLCI and/or CVDC set forth in this Note or in any other Loan Document proves to have been false or misleading in any material respect when made or reaffirmed;

(5) A default (or event which with notice or the passage of time, or both, would constitute a default) occurs under that certain (i) Secured Promissory Note dated January 11, 1994, made by CLCI in favor of Holder in the original principal amount of \$2,397,424.08; (ii) Secured Promissory Note dated January 11, 1994, made by CVDC in favor of Holder in the original principal amount of \$2,546,783.06; and/or (iii) Reimbursement Agreement dated January 11, 1994, executed by CLCI in favor of Holder;

(6) The making of any order or the entry of any decree by a court of competent jurisdiction enjoining or prohibiting Maker (or either entity comprising Maker) from performing or satisfying its covenants, obligations or conditions contained herein and such proceedings are not discontinued or such order or decree is not vacated within sixty (60) days after the making or granting thereof;

(7) CLCI or CVDC neglects, fails or refuses to keep in full force and effect any required permit, license, or approval with respect to the ownership and operation of the property (collectively, the "Property") encumbered by the Cadiz Fourth Deed of Trust and the Fourth CVDC Deed of Trust (or any portion thereof), any policy or policies of insurance, or otherwise fails to perform any other undertaking required hereunder or under any Loan Document;

(8) The occurrence of any default or any event which with notice or the passage of time, or both, would constitute a default under any other obligation of CLCI and/or CVDC to Holder, whether now existing or hereafter arising; or

(9) Maker at any time ceases for any reason whatsoever to be the general partner of Southwest Fruit Growers L.P., without first obtaining Holder's written consent thereto.

2. PREPAYMENT.

Upon not less than thirty (30) calendar days' written notice to Holder, Maker shall have the privilege of prepaying the principal balance of this Note, in whole or in part, without penalty or premium; provided that (i) in no event shall any prepayment be in an integral amount of less than \$100,000, and (ii) if Holder incurs any costs or loss as a consequence of any such prepayment (including, without limitation, any costs, penalties, losses, or reduced yields on the prepaid amount to the Maturity Date), then Maker shall pay to Holder on demand and in addition to all other sums payable by Maker hereunder a prepayment premium (the "Break Costs") in an amount equal to the total amount of the loss and costs so incurred by reason of such prepayment. Maker expressly acknowledges and agrees that the Break Costs will be payable to Holder as provided herein whether Maker voluntarily makes the applicable prepayment or the prepayment results from an acceleration of the Maturity Date following the occurrence of an Event of Default. A statement as to the amount of any Break Costs submitted to Maker by Holder shall, in the absence of manifest error, be conclusive and binding for all purposes.

BY INITIALING WHERE INDICATED BELOW, MAKER EXPRESSLY ACKNOWLEDGES THAT, PURSUANT TO THE TERMS AND PROVISIONS OF THIS NOTE, MAKER HAS AGREED THAT IT SHALL BE LIABLE FOR THE PAYMENT OF A PREPAYMENT PREMIUM AS PROVIDED ABOVE IN THIS SECTION 2 FOLLOWING ANY VOLUNTARY PREPAYMENT AS WELL AS ANY PREPAYMENT RESULTING FROM THE ACCELERATION OF THE MATURITY DATE BY REASON OF AN EVENT OF DEFAULT, INCLUDING, WITHOUT LIMITATION, AN EVENT OF DEFAULT ARISING FROM THE CONVEYANCE OF ANY RIGHT, TITLE OR INTEREST IN THE PROPERTY (OR ANY PORTION THEREOF). FURTHERMORE, BY INITIALING WHERE INDICATED BELOW, MAKER WAIVES ANY RIGHTS IT MAY HAVE UNDER SECTION 2954.10 OF THE CALIFORNIA CIVIL CODE, OR ANY SUCCESSOR STATUTE, AND EXPRESSLY ACKNOWLEDGES AND UNDERSTANDS THAT THE HOLDER HAS MADE THE LOAN EVIDENCED BY THIS NOTE IN RELIANCE UPON THESE AGREEMENTS AND WAIVER BY MAKER AND THAT HOLDER WOULD NOT HAVE MADE THE LOAN EVIDENCED HEREBY WITHOUT SUCH AGREEMENTS AND WAIVER BY MAKER.

CLCI'S INITIALS: _____

CVDC'S INITIALS: _____

3. MISCELLANEOUS PROVISIONS.

A. Each of the rights, remedies or options provided herein or available at law or in equity which may be exercised by Holder may be exercised separately or concurrently with any one or more other options, rights, or remedies. Such rights, powers and remedies shall not be exhausted by any exercise thereof but may be exercised as often as occasion therefor shall occur. Holder shall not by any act of omission or commission be deemed to waive any of its rights, powers or remedies under this Note unless such waiver be in writing and signed by Holder and then only to the extent specifically set forth therein. Failure to exercise any option, right, or remedy shall not constitute a waiver of the right of the Holder to exercise such option, right or remedy in the event of or with respect to any prior, subsequent or concurrent transaction or occurrence of the same or a different kind or character. Holder's acceptance of any partial payment after the time when such payment becomes due and payable hereunder shall not be held to establish a custom, or to waive any of Holder's rights to enforce prompt payment of this Note or any of Holder's other rights hereunder.

B. Maker agrees to pay on demand attorneys' fees and all other out-of-pocket expenses of the Holder paid to others which may be incurred in connection with the collection of this Note or any installment hereof, including all appeals, or the exercise or enforcement of any right, remedy or option under or in connection with this Note or any of the other Loan

Documents, whether or not suit is filed hereon or thereon (including, without limitation, all such fees and expenses as may be incurred by Holder in or in connection with any bankruptcy or insolvency proceeding filed by or against CLCI and/or CVDC).

C. Maker and the endorsers, guarantors and sureties of this Note severally waive diligence, presentment, demand, protest, notice of protest, notice of dishonor, and nonpayment of this Note; expressly agree that this Note, or the due date of any one or more payments hereunder may be extended from time to time; and consent to the acceptance and/or release of any security for this Note; all without in any way affecting the liability of the Maker, endorser, guarantors and sureties hereof.

D. Unless applicable law requires a different method of giving notice, any notice that Holder desires or is required to give to Maker under or in connection with this Note shall be given either by personal delivery, facsimile transmission sent to Maker at (909) 980-6738, or by mailing it by first class mail, postage prepaid, addressed to Maker at 10535 Foothill Boulevard, Suite 150, Rancho Cucamonga, California 91730, Attention: Mr. Keith Brackpool, Chief Executive Officer, or at such different address as Maker may hereafter designate for such purpose in the manner provided herein for the giving of notice to Holder. Any notice which Maker desires or is required to give to Holder under or in connection with this Note shall be given either by personal delivery, by facsimile transmission sent to Holder at 011-44-71-626-0850 or by mailing it by certified mail, return receipt requested, postage prepaid, to the Holder at One Mitre Square, London EC3A 5AN, England, Attention: Mr. Paul Cragg, Director, or Mr. Nick Horne, Assistant Director, or at such different address as Holder may hereafter designate for such purpose in the manner provided herein for the giving of notice to Maker. All notices under this Note shall be deemed given, received or communicated on the date personal delivery is effected or, if mailed, on the delivery date or attempted delivery date shown on the return receipt, or if by facsimile transmission, subject to the provisions of Section 3.M(ii) below, upon confirmation by the sending machine that the receiving machine has received the transmission.

E. Whenever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, and shall not invalidate the remainder of such provision or the remaining provisions of this Note.

F. Time is of the essence with respect to the performance of all obligations of Maker hereunder. CLCI and CVDC shall be jointly and severally liable for the performance of the Maker's obligations under this Note.

G. Whenever the context hereof so requires, the singular shall include the plural, the male gender shall include the female gender and the neuter, and vice versa.

H. The headings and captions contained in this Note are for reference purposes only and shall in no way affect the meaning or interpretation hereof.

I. Maker acknowledges that Maker has either been advised by counsel of its choice with respect to the loan transaction evidenced by this Note or has voluntarily and independently elected not to seek such advice.

J. This Note shall be governed by and construed in accordance with the laws of the State of California.

K. None of the terms and provisions contained in

this Note, or in any document or instrument related hereto shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged under California law (the "Usury Laws"). Maker shall never be required to pay interest on this Note in excess of the maximum interest that may be lawfully charged under such Usury Laws, as made applicable by the final judgment of a court of competent jurisdiction, and the provisions of this Section 3.K shall control over all other provisions hereof and of any other instrument at any time executed in connection herewith or executed to secure the indebtedness evidenced hereby, which may be in apparent conflict with this Section 3.K. If Holder collects monies which are deemed to constitute interest which would otherwise increase the effective interest rate under this Note to a rate in excess of that permitted to be charged by such Usury Laws, all such sums deemed to constitute interest in excess of the maximum rate shall, at the option of Holder, either be credited to the payment of principal or returned to Maker.

L. If either (i) the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in, or in the interpretation of, any law or regulation or (ii) the compliance by the Holder with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), shall result in any increase in the cost to the Holder of maintaining or funding the indebtedness evidenced hereby, then Maker shall from time to time, upon demand by Holder, pay to Holder additional amounts sufficient to indemnify the Holder against such increased cost; provided, however, that nothing in this Section 3.L. shall obligate Maker to indemnify the Holder for increased costs due to general overhead of the Holder. A certificate as to the amount of any such increased cost submitted to Maker by Holder which includes an explanation of the manner in which such amount was computed, shall, in the absence of manifest error, be conclusive and binding for all purposes.

M. Certain Provisions Relating to Interest.

(i) Certain Definitions. As used in this Note, the following terms shall have the following meanings:

(a) "Banking Day" means a day other than a Saturday or a Sunday when commercial banks are open for the transaction of normal banking business in the City of London, England and New York City, New York.

(b) "LIBOR Rate" shall mean, for any Interest Period, the rate per annum at which Holder is offered dollar deposits in the London Interbank Market at approximately 11:30 a.m. (London time) of the first day of the relevant Interest Period, for the number of months comprised therein and in an amount equal to the amount of the indebtedness to be outstanding hereunder during such Interest Period.

(c) "Interest Period" means a period from the date hereof (or from the date of the expiration of the then current Interest Period) of one (1), three (3) or six (6) months thereafter (at Maker's option as provided in Section 3.M(ii) below), subject to the following:

(x) if any Interest Period would otherwise end on a day which is not a Banking Day, that Interest Period shall be extended to the next succeeding Banking Day, unless the result of such extension would be to extend such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Banking Day;

(y) any Interest Period that would otherwise extend beyond the Maturity Date shall end on the Maturity Date or, if the Maturity Date shall not be a Banking Day, on the next preceding Banking Day; and

(z) any principal disbursed hereunder during any Interest Period shall have an Interest Period coterminous with the then applicable Interest Period, to the effect that all unexpired Interest Periods hereunder shall be coterminous; and

(d) "Interest Rate" shall mean a fluctuating rate per annum equal to the sum of (x) the LIBOR Rate for the applicable Interest Period, plus (y) one percent (1.0%); and

(ii) Maker's Notice Regarding Interest Period. Not later than three (3) Banking Days prior to the expiration of the then applicable Interest Period hereunder, Maker shall deliver to the Holder (in the manner provided for the delivery of notice in Section 3.D above) a written notice (a "Selection Notice") which shall state the length of the Interest Period Maker elects for the next ensuing Interest Period. Notwithstanding anything to the contrary in Section 3.D above or any other provision of this Note, any Selection Notice delivered to Holder pursuant to this Section 3.M shall be deemed delivered to Holder upon receipt only if it is delivered to Holder during the hours of 9:00 a.m. to 5:00 p.m. London time on a Banking Day. Selection Notices received by Holder during hours other than those specified in the immediately preceding sentence or on a day other than a Banking Day shall be deemed to have been delivered to Holder on the Banking Day next succeeding Maker's delivery thereof. Selection Notices delivered pursuant to this Section 3.M(ii) shall be irrevocable and shall constitute an unconditional election by Maker that such Interest Period shall be of the length set forth in the Selection Notice. In the event that the Maker fails timely to deliver any Selection Notice, Maker shall conclusively be deemed to have elected to have the next ensuing Interest Period be for a period equal to the shorter of (x) one (1) month, or (y) the period remaining to the Maturity Date.

Executed on the day and year first hereinabove set forth.

Cadiz Land Company, Inc.,
a Delaware corporation

By: /s/ Keith Brackpool

Name: Keith Brackpool
Title: Chief Executive Officer

Cadiz Valley Development Corporation,
a California corporation

By: /s/ Keith Brackpool

Name: Keith Brackpool
Title: Chief Executive Officer

EXHIBIT "F"

The term "Water Assets" is defined as follows:

All right, title and interest of CVDC and/or Cadiz, whether now existing or hereafter arising or acquired, whether direct or indirect, whether owned legally, of record, equitably or beneficially, whether constituting real or personal property (or subject to any other characterizations), whether created or authorized under existing or future laws or regulations, and

however arising, including without limitation, the following, which shall collectively be called "Water Assets":

(a) All water (including any water inventory in storage), water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature whatsoever including, without limitation, (i) the ground water on, under, pumped from or otherwise available to the real property described in any Cadiz Deed of Trust, CVDC Deed of Trust, any other deed of trust or mortgage which may hereafter be given by CVDC, Cadiz or any other party to secure the Obligations, and/or any other real property in which Cadiz and/or CVDC or any affiliate of either may now have or hereafter acquire an interest (collectively, the "Real Property"), whether as the result of ground water rights, contractual rights or otherwise, (ii) CVDC's or Cadiz's right to remove and extract any such ground water including any permits, rights or licenses granted by any governmental authority or agency or any rights granted or created by any use, easement, covenant, agreement, or contract with any person or entity, (iii) any rights to which the Real Property is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive, decreed or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, (iv) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water-related entitlement appurtenant or otherwise applicable to the Real Property by virtue of the Real Property being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity and (v) all pumping plants, pipes, flumes and all rights in ditches for irrigation of the Real Property;

(b) All stock, interest or rights (including any water allocations, voting or decision rights) in any entity, together with any and all rights from any entity or other person to acquire, receive, exchange, sell, lease or otherwise transfer any water or other Water Assets, to store, deposit or otherwise create water credits in a water bank or similar or other arrangements for allocating water, to transport or deliver water, or otherwise to deal with any Water Asset;

(c) All licenses, permits, approvals, contracts, decrees, rights and interests to acquire or appropriate any water or other Water Assets, water bank or other credits evidencing any right to water or other Water Assets, to store, carry, transport or deliver water or other Water Assets, to sell, lease, exchange, or otherwise transfer any water or other Water Assets, or to change the point for diversion of water, the location of any water or Water Asset, the place of use of any water or Water Asset, or the purpose of the use of any water or Water Asset;

(d) All rights, claims, causes of action, judgments, awards, and other judicial, arbiter or administrative relief in any way relating to any water or Water Asset;

(e) All storage and treatment rights for any water or any other Water Asset, whether on or off the Real Property or other property of CVDC or Cadiz, together with all storage tanks, and other equipment used or usable in connection with such storage and any water bank deposit credits, deposit accounts;

(f) All rights to transport, carry, allocate or otherwise deliver water or other Water Assets by any means wherever located;

(g) All guaranties, warranties, marketing, management or service contracts, indemnity agreements, and water right agreements, other water related contracts and water reallocation rights, all insurance policies regarding or

relating to any Water Asset;

(h) All rents, issues, profits, proceeds and other accounts, instruments, chattel paper, contract rights, general intangibles, deposit accounts, and other rights to payment arising from or on account of any use, nonuse, sale, lease, transfer or other disposition of any Water Asset; and

(i) The references to "water" and "water assets" are used herein in the broadest and most comprehensive sense of the terms. The term "water" includes water rights and rights to water or whatever rights to money, proceeds, property or other benefits are exchanged or received for or on account of any Water Assets or any conservation or other nonuse of water, including whatever rights are achieved by depositing shares of any Water Asset in any water bank or with any water authority, or any other water reallocation rights.

FOURTH LOAN MODIFICATION AGREEMENT

Dated as of March 15, 1995

This FOURTH LOAN MODIFICATION AGREEMENT ("Agreement") is made by and between CADIZ LAND COMPANY, INC., a Delaware corporation ("CLCI"), successor by merger to Pacific Agricultural Holdings, Inc., a California corporation ("PAH"), CADIZ VALLEY DEVELOPMENT CORPORATION, a California corporation ("CVDC," and together with CLCI being referred to herein as the "Borrowers"), and COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "Rabobank Nederland," New York Branch (the "Bank"), who agree as follows:

1. RECITALS. This Agreement is made with reference to the following facts and objectives:

1.1 The Borrowers and the Bank entered into that certain Loan Modification Agreement dated as of December 16, 1991, as modified (the "First Modification Agreement"), pursuant to which the Borrowers and the Bank agreed to modify and consolidate certain loan and financing agreements in effect between them, which Consolidation (as defined in the First Modification Agreement) became effective October 15, 1992.

1.2 The Borrowers and the Bank subsequently entered into that certain Second Loan Modification Agreement dated as of September 15, 1993 (the "Second Modification Agreement"), pursuant to which the Borrowers and the Bank agreed to restate and further modify the terms of the Bank's loan to the Borrowers.

1.3 The loan modification contemplated by the Second Modification Agreement (the "Second Loan Modification") became effective as of December 30, 1993.

1.4 The Borrowers and the Bank subsequently entered into that certain Third Loan Modification Agreement dated as of January 12, 1994 (the "Third Modification Agreement"), pursuant to which the Bank agreed to further modify the terms of the Bank's loan to the Borrowers in consideration for, inter alia, the Borrowers' agreement to make a partial prepayment toward the outstanding principal balance of the loan.

1.5 The loan modification contemplated by the Third Modification Agreement (the "Third Loan Modification") became effective as of February 11, 1994. In connection with the Third Loan Modification, the Second Modification Agreement was amended by the Third Modification Agreement (which Second Modification Agreement, as so amended, shall be referred to herein as the "Third Modified Loan Agreement") and the Borrowers delivered to the Bank that Amended and Restated Promissory Note dated January 12, 1994, in the original principal amount of \$8,681,474.03 (the "Restated Note").

1.6 The obligations of the Borrowers under the Third Modified Loan Agreement and the Restated Note are secured by, inter alia: (a) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of August 1, 1992, which was recorded on October 14, 1992 in the Official Records of San Bernardino County, California (the "Official Records"), as Instrument No. 92-423533 (the "Trust Deed"), as amended by (i) that Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of September 15, 1993, which was recorded on December 30, 1993 in the Official Records as Instrument No. 93-570154 and (ii) that Second Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of January 12, 1994, which was recorded on February 11, 1994 in the Official Records as Instrument No. 94-058715 (the Trust Deed, as so amended, being referred to herein as the "Rabobank Trust Deed"); (b) that certain Security Agreement dated March 17, 1989, executed by PAH in favor of the Bank (the "3/89 Security Agreement");

(c) that certain Security Agreement dated as of September 8, 1989, executed by PAH in favor of the Bank (the "9/89 Security Agreement"); (d) that Amended and Restated Security Agreement and Agreement to Pledge executed as of September 15, 1993 by CLCI and the Bank, as amended by that Reaffirmation of Amended and Restated Security Agreement and Agreement to Pledge executed as of January 12, 1994 by CLCI and the Bank (the "Restated CLCI Pledge"); and (e) that Amended and Restated Security Agreement and Agreement to Pledge executed as of September 15, 1993 by CVDC and the Bank, as amended by that Reaffirmation of Amended and Restated Security Agreement and Agreement to Pledge executed as of January 12, 1994 by CVDC and the Bank (the "Restated CVDC Pledge"). The Rabobank Trust Deed, 3/89 Security Agreement, 9/89 Security Agreement, Restated CLCI Pledge and Restated CVDC Pledge shall be referred to collectively herein as the "Rabobank Security Documents," and the security interests granted to the Bank thereby shall be referred to collectively herein as the "Rabobank Security Interests."

1.7 In connection with the Third Loan Modification: (a) the Bank and Henry Ansbacher & Co. Limited ("Ansbacher") entered into that Personal Property Subordination Agreement dated January 11, 1994 (the "1994 Personal Property Subordination Agreement"); (b) the Bank and CLCI, for the benefit of Ansbacher, entered into that Subordination Agreement dated January 11, 1994, which was recorded on February 11, 1994 in the Official Records as Instrument No. 94-058714 (the "1994 CLCI Real Property Subordination Agreement"); and (c) the Bank and CVDC, for the benefit of Ansbacher, entered into that Subordination Agreement dated January 11, 1994, which was recorded on February 11, 1994 in the Official Records as Instrument No. 94-058713, which Subordination Agreement was subsequently replaced and superseded by that Subordination Agreement dated July 5, 1994, which was recorded on July 28, 1994 in the Official Records as Instrument No. 94-322981 (the "1994 CVDC Real Property Subordination Agreement"). In connection with the Second Loan Modification, the Bank and Ansbacher entered into that Appointment of Special Agent for Possession of Promissory Notes dated as of September 15, 1993, which was amended by that Amendment to Appointment of Special Agent for Possession of Promissory Notes dated as of January 12, 1994 (which agreement, as so amended, shall be referred to herein as the "Appointment" and, together with the 1994 Personal Property Subordination Agreement, the 1994 CLCI Real Property Subordination Agreement and the 1994 CVDC Real Property Subordination shall be referred to herein as the "1994 Subordination Agreements"). Pursuant to the 1994 Subordination Agreements, certain of the Rabobank Security Interests were subordinated to the Senior Interests (as defined in the 1994 Subordination Agreements) held by Ansbacher as security for the Superior Obligations (as defined in the 1994 Subordination Agreements) of the Borrowers, or either of them, to Ansbacher.

1.8 The Bank has agreed: (a) to subordinate to Ansbacher's Senior Interests certain of the Rabobank Security Interests not previously subordinated thereto, including, without limitation, the Rabobank Security Interests in those parcels of real property described in the attached Exhibit A; and (b) that Ansbacher's Senior Interests shall also secure an additional loan of up to \$3,000,000 to be made by Ansbacher to CLCI and CVDC in accordance with the terms of that certain Loan Agreement dated March 15, 1995 among Ansbacher and the Borrowers (the "3/95 Ansbacher Loan") (the agreements by the Bank described in items (a) and (b) of this paragraph to be referred to herein as the "Additional Subordinations"), all in consideration for the Borrowers' agreement to make a partial prepayment of principal under the Restated Note, to grant additional security interests to the Bank, and to provide other consideration to the Bank, all on the terms and conditions set forth herein.

1.9 All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Third Modification Agreement or, if not defined therein, as assigned to them in the Second Modification Agreement.

2. SUBORDINATION. The Bank agrees, on the terms and conditions set forth herein, to effect the Additional Subordinations by executing and delivering such written agreements relating thereto between, among and/or in favor of the Bank, CLCI, CVDC and/or Ansbacher as such parties may, in their discretion, agree.

3. AMENDMENT OF PRIOR MODIFICATION AGREEMENTS.

3.1 Fourth Loan Modification. The Additional Subordinations, the agreements between the parties in connection therewith and the satisfaction of all conditions thereto shall be referred to herein as the "Fourth Loan Modification," and the Bank shall notify the Borrowers of the effective date thereof if and when all conditions thereto have been satisfied. If the Fourth Loan Modification is not effected on or before March 31, 1995 (the "Termination Date"), then, unless such failure is due in no way or part to any failure of the Borrowers to satisfy the conditions precedent to the Fourth Loan Modification set forth herein or to any Event of Default or other act or omission of the Borrowers, the Bank shall have no obligation to effect the Fourth Loan Modification and this Agreement shall, as of such date, be deemed terminated and of no further force or effect unless the Bank notifies the Borrowers otherwise. Until such time, if any, as the Fourth Loan Modification becomes effective pursuant to the terms of this Agreement, the Third Modified Loan Agreement and the obligations of the Borrowers thereunder shall remain in full force and effect, unmodified by this Agreement. In the event and to the extent of any conflict or inconsistency between the terms and provisions of the Third Modified Loan Agreement and the terms and provisions of this Agreement, the terms and provisions of this Agreement shall prevail. Except to such extent and as otherwise modified and amended hereby, the terms, provisions and obligations of the Third Modified Loan Agreement shall remain unchanged and in full force and effect, and the Borrowers do hereby acknowledge and reaffirm all of the agreements, covenants (affirmative and negative), obligations, terms and provisions of the Third Modified Loan Agreement.

3.2 Amendments to Prior Modification Agreements.

(a) Ansbacher Restructuring. The reference in Section 4.02 of the Second Modification Agreement, as modified by Section 1.02(b)(iii) of the Third Modification Agreement, to the Ansbacher Restructuring shall be deemed to also refer to the 3/95 Ansbacher Loan.

(b) Ansbacher Debt Instruments. The reference in Section 4.02 of the Second Modification Agreement, as modified by Section 1.02(b)(iii) of the Third Modification Agreement, to the Ansbacher Debt Instruments shall be deemed to also refer to that Secured Promissory Note dated March 29, 1995, in the face amount of \$3,000,000.00 to be executed by CLCI and CVDC and delivered to Ansbacher in connection with the 3/95 Ansbacher Loan (the "3/95 Ansbacher Note"), and in form and content as may be approved by the Bank. The reference in Section 1.02(c)(i) of the Third Modification Agreement to the 1/94 Ansbacher Debt Instruments shall be deemed to also refer to the 3/95 Ansbacher Note.

(c) Ansbacher Indebtedness. The reference in Section 1.02(c)(v) of the Third Modification Agreement to the 1/94 Ansbacher Indebtedness shall be deemed to also refer to the obligations of the Borrowers under the 3/95 Ansbacher Note and under any document, instrument or agreement securing the obligations evidenced by or arising under the 3/95 Ansbacher Note (the "3/95 Ansbacher Indebtedness"). The reference in Section 1.02(d)(i) of the Third Modification Agreement to the 1/94 Ansbacher Indebtedness shall be deemed to also refer to the 3/95 Ansbacher Indebtedness.

(d) Affirmative Covenants of the Borrowers.

(i) Section 4.01(c) of the Second Modification Agreement is hereby modified to read in full as follows:

Furnish to the Bank when due as provided in this Section 4.01(c) the following financial information: (i) within fifteen (15) days following filing with the Securities and Exchange Commission (the "SEC"), a true, correct and complete copy of each Quarterly Report on Form 10-Q from time to time filed by CLCI; (ii) on or before March 1 and August 1 of each year, a statement of projected cash flow of CLCI and its subsidiaries for the next ensuing twelve (12) month period from April 1 through March 31 (as to the statement due on or before each March 1) and for the next ensuing twelve (12) month period from September 1 through August 31 (as to the statement due on or before each August 1); (iii) within forty-five (45) days following the end of each calendar quarter, a variance analysis (in form and content satisfactory to the Bank) setting forth the variances in CLCI's actual results of operation from its budgeted results of operation; (iv) within

fifteen (15) days of filing with the SEC, a true, correct and complete copy of each Annual Report on Form 10-K from time to time filed by CLCI; (v) not later than the commencement of each fiscal year, CLCI's operating budget for such fiscal year, which budget for the fiscal year ending March 31, 1997, shall show as an expense item and in accordance with Section 1.02(e) (vi) of the Third Modification Agreement, all interest projected to be due on January 31, 1997 under the Restated Note for the period from and after January 1, 1995, in excess of \$853,000; (vi) such other information concerning the financial condition or operations of CLCI, CVDC, or any other subsidiaries of either of them as the Bank may from time to time reasonably request; and (vii) as soon as possible, notice of the creation of any lien, security interest or other charge or encumbrance or any other type of preferential arrangement, or the assignment of any right to receive income, in each case to secure the Debt (as hereinafter defined) of any person or entity. All of the foregoing information shall be prepared in accordance with generally accepted accounting principles consistently applied and all information provided pursuant to Sections 4.01(c) (i) through (iii) shall be certified by CLCI's Chief Financial Officer. So long as CLCI, CVDC and CLCI's other subsidiaries prepare the financial information required pursuant to this Section 4.01(c) only on a consolidated basis, then the timely delivery of all such information prepared on a consolidated basis for CLCI, CVDC and all such subsidiaries shall be deemed to satisfy the Borrower's obligations pursuant to this Section 4.01(c).

(ii) The first sentence of Section 1.02(c) (i) of the Third Modification Agreement is hereby modified to read in full as follows:

Provide the Bank, as additional security for the Borrowers' obligations under the Restated Note, with security interests (pursuant to security documents satisfactory to the Bank) in all property (or interests therein, including, without limitation, option rights to acquire such property, to the extent the Borrowers have the right to pledge or encumber such option rights) now owned or hereafter acquired by the Borrowers, or either of them, and cause any subsidiary or other affiliate of the Borrowers, or either of them, which acquires any such property (or interest therein) to so provide the Bank with such security interests.

(iii) The definition of "Water Assets" set forth in Exhibit B to the Third Modification Agreement and as referred to in Section 1.02(c) (iv) and other provisions of the Third Modification Agreement is hereby modified to read in full as defined in the Restated Rabobank Trust Deed.

(e) Negative Covenants of the Borrowers.

(i) Section 1.02(d) (ii) of the Third Modified Loan Agreement is hereby modified to read in full as follows:

Encumber or grant any other security interest in favor of any third party (other than to Ansbacher pursuant to that certain Loan Agreement dated March 15, 1995 among Ansbacher and the Borrowers) in or to any property (or interest therein), wherever located, acquired by the Borrowers, or either of them, or by any subsidiary or affiliate of either of them; provided, however, that nothing in this Section 1.02(d) (ii) shall be deemed to prohibit the Borrowers, or either of them, from granting security interests in growing crops to non-affiliated third parties who are conducting farming operations on the real property encumbered by the Restated Rabobank Trust Deed or by the deed of trust securing the SWFG Replacement Note pursuant to bona fide, arms length agreements with the Borrowers, or either of them.

(ii) The last sentence of Section 1.02(d) (iii) of the Third Modification Agreement is hereby modified to read as follows:

Notwithstanding any other provisions herein to the contrary: (aa) the Borrowers may convey or enter into contracts regarding the Water Assets so long as (xx) no such single conveyance or contract involves more than twenty-five (25) acre feet of water and (yy) the cumulative total of all such conveyances or contracts in any one year does not exceed two hundred (200) acre feet of water; and (bb) the Bank will not unreasonably withhold its consent to any proposed contract or agreement pursuant to which water would be sold and delivered by the Borrowers, or either of them, to a third party; and (iii) the restrictions on the sale of water provided in this Section 1.02(d) (iii) shall not apply to water transferred to third parties all of which is used solely for irrigation purposes in connection with agricultural operations conducted by such third party on the real property

encumbered by the Restated Rabobank Trust Deed and/or by the deed of trust securing the SWFG Replacement Note.

(f) Events of Default. "Events of Default" shall be as defined in Section 5.01 of the Second Modification Agreement, as modified by Section 1.02(e) of the Third Modification Agreement and as follows:

(i) The representations and warranties referred to in Section 5.01(b) shall be deemed to include, in addition, any representation or warranty made by a Borrower (or any of its officers) under or in connection with this Agreement or any document, instrument, or agreement executed and delivered by the Borrowers to the Bank in connection with the Fourth Loan Modification (collectively, the "Fourth Modified Loan Documents").

(ii) The reference to any Second Modified Loan Document in Section 5.01(c) shall be deemed to include, in addition, any Fourth Modified Loan Document.

(iii) In the last clause of Section 5.01 following Section 5.01(k), the references to the Second Loan Modification shall be deemed to refer to the Fourth Loan Modification.

(g) Miscellaneous. Article VI of the Second Modification Agreement, as modified by Section 1.02(f) of the Third Modification Agreement, shall be further modified as follows:

(i) In Sections 6.01, 6.02, 6.03, 6.05, 6.06 and 6.07(a) of the Second Modification Agreement, any references to the Second Modified Loan Document(s) shall be deemed to refer to the Second Modified Loan Document(s), Third Modified Loan Document(s) and/or Fourth Modified Loan Documents.

(ii) In Section 6.02 of the Second Modification Agreement, CLCI's address for notices shall be changed to 10535 Foothill Boulevard, Suite 150, Rancho Cucamonga, California 91730, Attention: Chief Financial Officer, and notices to the Bank shall be sent to 245 Park Avenue, New York, New York 10167, Attention: Corporate Services Department.

(iii) The second sentence of Section 6.03 of the Second Modification Agreement shall be modified by adding to the end of such sentence "including, without limitation, the Third Modified Loan Documents and/or the Fourth Modified Loan Documents."

4. CONDITIONS PRECEDENT TO FOURTH LOAN MODIFICATION.

4.1 Deliveries to the Bank. The obligation of the Bank to effect the Fourth Loan Modification is subject to the condition precedent that the Bank shall have received, on or before the effective date of the Fourth Loan Modification, and in any event on or before the Termination Date, the following, in form and substance satisfactory to the Bank in its sole discretion, duly executed and/or in recordable form, where appropriate, and all at the Borrowers' cost:

(a) The sum of Two Hundred Fifty Thousand Dollars (\$250,000), Two Hundred Thousand Dollars (\$200,000) of which shall constitute reimbursement for legal fees and expenses previously incurred by the Bank in connection with this loan and for legal fees and expenses incurred by the Bank in connection with the Fourth Loan Modification, and the balance of which shall be applied as partial prepayment of the principal balance of the Restated Note. Notwithstanding such reimbursement, Borrowers agree that they shall be and remain obligated to reimburse the Bank for any and all other fees, costs and expenses of counsel for the Bank pursuant to Section 6.05(a) of the Second Modification Agreement, as modified by Section 3.2(g)(i) of this Agreement.

(b) With regard to the Rabobank Trust Deed, a modification thereof or a replacement therefor adding to the property covered thereby that real property described in the attached Exhibit B and such personal property as the Bank may require (the "Restated Rabobank Trust Deed").

(c) With regard to the Restated Rabobank Trust Deed, an endorsement to the Bank's existing lender's title insurance policy covering the Rabobank Trust Deed or, at the Bank's election, a new lender's title insurance policy (such endorsed existing policy or such new policy, as the case may be, being referred to herein as the "Rabobank Policy") issued by

a title insurance company selected by the Bank, assuring the Bank that the Restated Rabobank Trust Deed secures the obligations of the Borrowers under the Restated Note and as otherwise set forth in this Agreement, and is a valid and enforceable mortgage lien on the property mortgaged thereby, subject only to the those exceptions as may be approved by the Bank (and which shall, if approved by the Bank, include the security interests of Ansbacher securing the 1/94 Ansbacher Indebtedness and the 3/95 Ansbacher Indebtedness), which policy shall include endorsements for such matters as the Bank in its sole discretion may request.

(d) A certificate concerning the absence of hazardous waste on the real property covered by the Restated Rabobank Trust Deed.

(e) Evidence that all insurance required under the Restated Rabobank Trust Deed is in full force and effect.

(f) Evidence of the payment of any fees and charges in connection with the transactions contemplated in this Agreement, including without limitation insurance premiums and title insurance premiums.

(g) If so request by the Bank, an independent, unsecured environmental indemnity agreement with respect to the real property covered by the Restated Rabobank Trust Deed.

(h) Such UCC financing statements, or amendments to existing financing statements, as the Bank may require to perfect and protect the security interests created in favor of the Bank pursuant to the Restated Rabobank Trust Deed or any other Rabobank Security Documents.

(i) Certified copies of the resolutions of the Boards of Directors of the Borrowers approving this Agreement and any and all actions to be taken in connection herewith and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and such other actions.

(j) A certificate of the Secretary or an Assistant Secretary of each Borrower certifying the names and true signatures of its officers authorized to sign this Agreement and the other documents to be delivered by it hereunder.

(k) A favorable opinion of Miller & Holguin, counsel for the Borrowers, with respect to such matters relating to the transactions contemplated by this Agreement as the Bank may reasonably request.

(l) Duly authorized and issued warrants in the form and content of the 1994 Replacement Warrants (as defined in Section 2.01(j) of the Third Modification Agreement) granting to the holder thereof the right to purchase, for a period of three (3) years from and after the effective date of the Fourth Loan Modification, thirty-five thousand (35,000) shares of common stock of CLCI for the purchase price of five cents (\$.05) per share (the "1995 Warrants"). The common shares subject to the 1995 Warrants shall, when issued, be duly and validly issued, fully paid and nonassessable.

(m) A certified copy of the resolution of the Board of Directors of CLCI that sufficient shares of CLCI common stock have been authorized and reserved to allow the Bank to exercise the 1994 Replacement Warrants and the 1995 Warrants as to all two hundred ten thousand (210,000) shares covered thereby.

(n) A certificate of an officer of CLCI stating the total number of authorized shares of common stock of CLCI, the total number of issued and outstanding shares, and the total number of shares subject to issued and outstanding warrants and other options.

(o) A certification identifying all the real property owned by the Borrowers, or either of them, or in which the Borrowers, or either of them, has an interest (whether by virtue of a purchase agreement, an option to acquire, or otherwise).

(p) Such other approvals, opinions, instruments, agreements, writings and other documents as the Bank may reasonably request in connection with the creation or continuation of any security interest(s) granted to or

held by the Bank in furtherance of the transactions contemplated by this Agreement or as the Bank may otherwise require in connection with the consummation of such transactions (including, without limitation, estoppel certificates, security agreements, financing statements, pledges, assignments, subordination agreements, intercreditor agreements, endorsements, certificates, certifications, reports, and studies).

The Bank may, in its sole and absolute discretion, waive the requirement that any of the foregoing documents or other items be delivered to it as a condition to the effectiveness of the Fourth Loan Modification, it being understood and agreed that any such waiver shall only be effective if made in writing by the Bank.

4.2 Additional Conditions Precedent to Fourth Loan Modification. The obligation of the Bank to effect the Fourth Loan Modification shall be subject to the further conditions precedent that on the effective date of the Fourth Loan Modification:

(a) The following statements shall be true (and the effectiveness of the Fourth Loan Modification shall be deemed to constitute a representation and warranty by the Borrowers that such statements are true as of the date thereof):

(i) The representations and warranties contained in Section 5 of this Agreement, in Section 3.01 of the Second Modification Agreement, in Sections 2.02 and 3.01 of the Third Modification Agreement, in Article I of the Restated Rabobank Trust Deed, in Article 1 of each of the Pledge Agreements, or in any other Second Modified Loan Document, Third Modified Loan Document or Fourth Modified Loan Document are correct on and as of the date of the Third Loan Modification as though made on and as of such date; and

(ii) No event has occurred and is continuing, or would result from the Fourth Loan Modification, that constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

(b) The Borrowers shall have effected (or shall effect, concurrently with the Fourth Loan Modification) the 3/95 Ansbacher Restructuring. To the extent the Bank deems it necessary or desirable in order to effect the Fourth Loan Modification concurrently with the 3/95 Ansbacher Restructuring, an escrow shall be established with Chicago Title Company or such other escrow holder as may be acceptable to the Bank. With regard to any or all of the funds, documents and other materials to be delivered by the Borrowers to the Bank as conditions precedent to the Bank's obligation to effect the Fourth Loan Modification, the Bank may require that such documents and materials be delivered through escrow. All costs, fees and expenses of such escrow shall be paid by the Borrowers.

(c) All real property taxes with respect to the property encumbered by the Restated Rabobank Trust Deed shall have been paid current.

5. REPRESENTATIONS AND WARRANTIES OF THE BORROWERS. Each Borrower represents and warrants as follows:

(a) Such Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction indicated at the beginning of this Agreement.

(b) The execution, delivery and performance by such Borrower of each of the Fourth Modified Loan Documents to which it is or will be a party are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (i) such Borrower's charter or by-laws or (ii) law or any contractual restriction binding on or affecting such Borrower, and do not result in or require the creation of any lien, security interest or other charge or encumbrance (other than pursuant hereto and to the Restated Rabobank Trust Deed, Security Agreements and Pledge Agreements) upon or with respect to any of its properties.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by such Borrower of any Fourth Modified Loan Document to which it is or will be a party.

(d) This Agreement is, and each of the other Fourth Modified Loan Documents to which such Borrower is or will be a party when delivered hereunder will be, legal, valid and binding obligations of such Borrower enforceable against such Borrower in accordance with their respective terms.

(e) Except as disclosed in (i) that letter dated June 10, 1994, from Miller & Holguin to Price Waterhouse, (ii) that letter dated June 10, 1994, from William D. Baker of Ellis, Baker & Porter, Ltd., to Price Waterhouse, (iii) that letter dated March 21, 1995, from James D. Burnside of Caswell, Bell, Hillison, Burnside & Greer, to Susan K. Chapman at CLCI, and (iv) that letter dated March 28, 1995, from Howard J. Unterberger of Miller & Holguin, to the Bank, there is no pending or, to the best of such Borrower's knowledge, threatened action or proceeding affecting such Borrower or any of its subsidiaries before any court, governmental agency or arbitrator, which could result in a material adverse judgment against such Borrower or any subsidiary.

6. ADDITIONAL COVENANTS OF THE BORROWERS.

6.1 With respect to that certain Option Agreement dated December 29, 1993 (the "SF Option"), between CLCI, as optionee, and S.F. Pacific Properties, Inc. ("SF"), as optionor, covering approximately 5,652 acres in the so-called Cadiz Basin and that certain Option Agreement dated June 20, 1994 (the "Piute Option"), between CLCI, as optionee, and SF, as optionor, covering approximately 3,358 acres of land, CLCI shall (a) use its best efforts during the forty-five (45)-day period following the effective date of the Fourth Loan Modification to obtain the optionor's consent, if required, to the pledge to the Bank of CLCI's option rights under the SF Option and the Piute Option and (b) provide the Bank promptly following CLCI's transmission or receipt, as the case may be, with copies of all correspondence relevant to such requests for consent.

6.2 On or before July 31, 1995, the Borrowers shall deliver to the Bank a true, correct and complete copy of an appraisal (the "D&T Appraisal") of the properties (collectively, the "SWFG Properties") encumbered by those deeds of trust securing the SWFG Farming Note and the SWFG Replacement Note (as such notes are defined in Sections 2.01(k)(i) and (ii) of the Second Modification Agreement) prepared by Deloitte & Touche and any other information or documentation relating to the value of such properties as the Banks may request; provided that in the event the D&T Appraisal has not been completed by July 31, 1995, then the Borrowers shall deliver a true, correct and complete copy of the most current draft of the D&T Appraisal on such date.

6.3 Within one hundred twenty (120) days following the effective date of the Fourth Loan Modification, the Borrowers shall obtain, at their sole cost and expense, and provide to the Bank a true, correct and complete copy of an appraisal (the "Appraisal") of (i) the real property covered by the Restated Rabobank Trust Deed, (ii) the SWFG Properties, (iii) the Harweal Property and (iv) the real property covered by the deed of trust securing the PSWRI Note (the "Appraised Properties") prepared by an appraiser or appraisers satisfactory to the Bank. The Appraisal shall, among other things, value the Appraised Properties based both upon their current usage and upon the assumption that the Water Assets attributable to the Appraised Properties are and can be fully exploited by the Borrowers.

6.4 On or before December 31, 1995, the Borrowers shall provide the Bank with an opinion letter prepared by the Borrowers' water rights counsel concerning the CLCI's rights with respect to the Water Assets associated with the approximately 2,955 acres of land owned by CLCI at Piute.

7. MISCELLANEOUS.

7.1 Binding Effect; Governing Law; Joint and Several Liability. This Agreement shall be binding upon and inure to the benefit of the Borrowers and the Bank and their respective successors and assigns, except that the Borrowers shall not have the right to assign their rights hereunder or any interest herein without the prior written consent of the Bank. All obligations of the Borrowers hereunder shall be joint and several. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

7.2 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed

to be an original and all of which when taken together shall constitute but one and the same agreement.

7.3 General Release. As additional consideration for the Bank's entering into this Agreement, the Borrowers hereby release and forever discharge the Bank, its agents, servants, employees, directors, officers, attorneys, branches, affiliates, subsidiaries, successors and assigns and all persons, firms, corporations, and organizations acting on its behalf (collectively, "Representatives"), of and from all damage, loss, claims, demands, liabilities, obligations, actions and causes of action whatsoever that the Borrowers may now have or claim to have against the Bank and/or the Bank's Representatives, whether presently known or unknown, and of every nature and extent whatsoever on account of or in any way concerning, arising out of, related to or founded upon the Existing Loan Documents (as defined in the First Modification Agreement), the First Modification Agreement, the Existing Note, the Second Modified Loan Documents, the Third Modified Loan Documents and/or the Fourth Modified Loan Documents, including, without limitation, all such loss or damage of any kind heretofore sustained, or that may arise as a consequence of the dealings between the parties up to and including the effective date of this Agreement. This agreement and covenant on the part of the Borrowers is contractual, and not a mere recital. It is further understood and agreed that the foregoing general release extends to all claims of every kind and nature whatsoever, known, unknown, suspected or unsuspected, liquidated or contingent, foreseen or unforeseen, and the Borrowers, on behalf of themselves and their respective agents, successors, assigns, subsidiaries, partners and affiliates, hereby waive all rights under Section 1542 of the California Civil Code. Section 1542 of the California Civil Code provides as follows:

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.

Provided, however, that nothing herein shall be deemed to release the Bank or the Bank's Representatives from any liability or obligation arising in connection with facts or circumstances that occur or arise for the first time after the effective date of this Agreement.

7.4 Waiver of Anti-Deficiency Protection. In consideration for the Bank's entering into this Agreement and agreeing to effect the Additional Subordinations, the Borrowers, and each of them, hereby waives, as to any and all documents heretofore executed in connection with this loan and as to any and all documents or agreements executed by the Borrowers, or either of them, pursuant to this Agreement, any defense, protection or right under:

(a) California Code of Civil Procedure ("CCP") Section 580d concerning the bar against rendition of a deficiency judgment following a nonjudicial foreclosure under a power of sale in a deed of trust;

(b) CCP Section 580a purporting to limit the amount of a deficiency judgment which may be obtained following a nonjudicial foreclosure under a power of sale in a deed of trust; and

(c) CCP Section 726 concerning exhaustion of collateral (the "security first rule"), the form of an action to enforce an obligation secured by a deed of trust on real property located in California (the "one form of action rule") and otherwise limiting the amount of a deficiency judgment that may be recovered following completion of judicial foreclosure by reference to the "fair value" of the foreclosed collateral (the "fair value limitation").

7.5 Attorneys' Fees. In the event of any action or proceeding arising out of or in connection with this Agreement or the enforcement of the terms hereof, the prevailing party shall be entitled to collect and receive its attorneys' fees and costs of suit.

7.6 Incorporation. The Recitals set forth above and all exhibits attached hereto are a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CADIZ LAND COMPANY, INC.,

a Delaware corporation

By: /s/ Keith Brackpool

Keith Brackpool
Chief Executive Officer

CADIZ VALLEY DEVELOPMENT CORPORATION,
a California corporation

By: /s/ Keith Brackpool

Keith Brackpool
Chief Executive Officer

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.,
"Rabobank Nederland," New York Branch

By: /s/ Michel de Konkoly Thege

Authorized Officer

By: /s/ James Mahon

Authorized Officer

EXHIBIT A

[Legal Descriptions of 1,760 acres,
Citrus property and Labor Camp]

1,760 Acres: (Parcels 17B and 19 of Order No. 9511026)

The land is situated in the State of California, County of San Bernardino,
and is described as follows:

SECTIONS 32 AND 34, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO MERIDIAN, IN
THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL
PLAT THEREOF.

THE NORTHWEST ONE-QUARTER AND THE NORTHEAST ONE-QUARTER AND THE NORTH ONE-HALF
OF THE SOUTHWEST ONE-QUARTER AND THE NORTH ONE-HALF OF THE SOUTHEAST ONE-
QUARTER OF SECTION 21, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO
MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING
TO THE OFFICIAL PLAT THEREOF.

Citrus Property:

The land is situated in the State of California, County of San Bernardino, and
is described as follows:

SECTION 27, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO BASE AND
MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING
TO THE OFFICIAL PLAT THEREOF.

Labor Camp: (Parcel 21 of Order No. 9511026)

The land is situated in the State of California, County of San Bernardino, and
is described as follows:

ALL OF SECTION 16, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO BASE AND

MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM A RECTANGULAR PARCEL OF LAND IN THE NORTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 16 DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERN RIGHT OF WAY LINE OF THE CALIFORNIA, ARIZONA AND SANTA FE RAILWAY COMPANY, DISTANT 86 FEET NORTHERLY, AT RIGHT ANGLES FROM THE CENTER LINE OF WESTBOUND MAIN TRACT OF SAID RAILWAY COMPANY, SAID POINT BEING 546.1 FEET WESTERLY ALONG SAID RIGHT OF WAY LINE FROM ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 16, DISTANT 365.6 FEET SOUTH ON SAID EAST LINE FROM THE EAST 1/4 CORNER OF SAID SECTION;
THENCE WESTERLY ALONG SAID RIGHT OF WAY LINE, 363 FEET;
THENCE NORTHERLY AT RIGHT ANGLES, 120 FEET;
THENCE EASTERLY, PARALLEL WITH SAID NORTHERN RIGHT OF WAY LINE, 363 FEET;
THENCE SOUTHERLY AT RIGHT ANGLES, 120 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM A RECTANGULAR PARCEL OF LAND IN THE NORTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SECTION 16, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHERN RIGHT OF WAY LINE OF WAY THE CALIFORNIA, ARIZONA AND SANTA FE RAILWAY COMPANY, DISTANT 86 FEET NORTHERLY, AT RIGHT ANGLES FROM THE CENTER LINE OF THE WESTBOUND MAIN TRACK OF SAID RAILWAY COMPANY, SAID POINT BEING DISTANT 183.1 FEET WESTERLY ALONG SAID RIGHT OF WAY LINE FROM ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 16, DISTANT 165.6 FEET SOUTH ON SAID EAST LINE FROM THE EAST 1/4 CORNER OF SAID SECTION;
THENCE WESTERLY ALONG SAID RIGHT OF WAY LINE, 363 FEET TO THE SOUTHEAST CORNER OF THE LAND CONVEYED BY W.F. ZIEGLER AND OLIVA M. ZIEGLER BY DEED RECORDED IN BOOK 677, PAGE 159, OFFICIAL RECORDS;
THENCE NORTHERLY AT RIGHT ANGLES ALONG THE EASTERLY LINE OF THE LAND CONVEYED BY DEED JUST REFERRED TO, 120 FEET;
THENCE EASTERLY, PARALLEL WITH SAID NORTHERN RIGHT OF WAY LINE, 363 FEET;
THENCE SOUTHERLY AT RIGHT ANGLES, 120 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM:

FIRST: A STRIP OF LAND, 50 FEET WIDE, LYING SOUTH OF AND ADJACENT TO THE SOUTHERN PACIFIC RAILWAY COMPANY'S 200-FOOT RIGHT OF WAY THROUGH SECTION 16, TOWNSHIP 5 NORTH, RANGE 14 EAST, SAN BERNARDINO BASE AND MERIDIAN.

SECOND: A PIECE OR PARCEL OF LAND LYING IN THE SOUTHEAST ONE-QUARTER OF SAID SECTION 16, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY BOUNDARY OF THE ABOVE DESCRIBED PIECE OF LAND, DISTANT 770 FEET WESTERLY ALONG SAID SOUTHERLY LINE FROM THE EAST LINE OF SAID SECTION 16;
THENCE SOUTHWESTERLY ALONG SAID SOUTHERLY LINE FROM THE EAST LINE OF SAID SECTION 16;
THENCE SOUTHEASTERLY ON A CURVE CONCAVE SOUTHEASTERLY, WITH A RADIUS OF 739.49 FEET, A DISTANCE OF 750 FEET;
THENCE SOUTH 5 DEGREES 24' WEST, A DISTANCE OF 1481 FEET, MORE OR LESS, TO A POINT IN THE SOUTH LINE OF SAID SECTION 16;
THENCE WEST ALONG SAID SOUTH LINE, 50.2 FEET;
THENCE NORTH 5 DEGREES 24' EAST, A DISTANCE OF 2389 FEET;
THENCE NORTHWESTERLY ON A CURVE CONCAVE SOUTHWESTERLY WITH A RADIUS OF 739.49 FEET, A DISTANCE OF 998 FEET, MORE OR LESS, TO A POINT IN THE SOUTHERLY BOUNDARY LINE OF THE ABOVE FIRST DESCRIBED PIECE OF LAND;
THENCE EASTERLY ALONG SAID SOUTHERLY BOUNDARY LINE, A DISTANCE OF 975 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXHIBIT B

[Legal Descriptions of Cadiz Office Site
and Ward Valley Property]

Cadiz Office Site: (Order No. 9511032)

The land is situated in the State of California, County of San Bernardino, and is described as follows:

THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 AND THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 31, TOWNSHIP 6 NORTH, RANGE 14 EAST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

Ward Valley Property: (Order Nos. 9512203, 9512213, 9512216, 9512210, 9512214, 9512209, 9512217, and 9512215)

The land is situated in the State of California, County of San Bernardino, and is described as follows:

THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 12, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM ONE-FOURTH OF ALL MINERALS, OIL, GAS, CARBON AND HYDROCARBON SUBSTANCES ON AND UNDER SAID LAND, AS RESERVED IN THE DEED FROM HOMER S. KNOWLES, ETUX., RECORDED JANUARY 13, 1958 IN BOX 4410 PAGE 475 OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ONE-FOURTH OF ALL MINERALS, OIL, GAS, CARBON AND HYDROCARBON SUBSTANCES ON AND UNDER SAID LAND, AS RESERVED IN THE DEED FROM JOAN L. ZMINA, TRUSTEE, RECORDED OCTOBER 12, 1994 AS INSTRUMENT NO. 94-415289 OFFICIAL RECORDS.

THE EAST ONE-HALF OF THE NORTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER SECTION 12, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM ONE-QUARTER OF ALL MINERALS, OIL, GAS, CARBONS AND HYDROCARBON SUBSTANCES ON AND UNDER SAID LAND, AS RESERVED IN THE DEED FROM HOMER S. KNOWLES, ETUX., RECORDED JANUARY 16, 1958 IN BOOK 4414 PAGE 237 OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ONE-FOURTH OF ALL MINERALS, OIL, GAS, CARBONS AND HYDROCARBON SUBSTANCES ON AND UNDER SAID LAND, AS RESERVED IN THE DEED FROM CAROL O. ALLEN, ETAL., RECORDED OCTOBER 7, 1994 AS INSTRUMENT NO. 94-411051 OFFICIAL RECORDS.

THE NORTH ONE-HALF OF THE NORTHEAST ONE-QUARTER OF SECTION 23, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

ALL OF SECTION 36, TOWNSHIP 3 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO GOVERNMENT SURVEY.

THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER, SECTION 12, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM 50% OF ALL OIL, GAS, MINERAL, URANIUM, AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND, AS RESERVED IN THE DEED RECORDED JUNE 7, 1962, IN BOOK 5712, PAGE 338 OFFICIAL RECORDS.

PARCEL NO. 1:

THE NORTH 1/2 OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18, EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT

FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPTING THEREFROM A STRIP OF LAND 200 FEET IN WIDTH IN THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, LYING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE, EXTENDED:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 36, SAID POINT BEING LOCATED NORTH 46 DEGREES 03' WEST 45,738.1 FEET FROM THE SOUTHWEST CORNER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 19 EAST, SAN BERNARDINO MERIDIAN; THENCE NORTH 47 DEGREES 57' WEST 2,500 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE.

THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, AS GRANTED TO THE ARIZONA AND CALIFORNIA RAILWAY COMPANY BY PERMIT DATED FEBRUARY 4, 1910, EXECUTED BY THE SURVEYOR GENERAL OF THE STATE OF CALIFORNIA PURSUANT TO SECTION 478 OF THE CALIFORNIA CIVIL CODE.

PARCEL NO. 2:

THE NORTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHARE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPT THOSE PORTIONS OF A STRIP OF LAND 400 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, CONTAINED BETWEEN TWO LINES DRAWN FROM THE NORTH LINE OF SAID SECTION 16, TO THE SOUTH LINE OF SAID SECTION 16, ONE LINE BEING LOCATED 70 FEET NORTHWESTERLY FROM THE OTHER LINE BEING LOCATED 330 FEET SOUTHEASTERLY FROM AND BOTH LINES BEING PARALLEL TO THE FOLLOWING DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED SOUTH 89 DEGREES 42' 40" EAST 1112.42 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16;
THENCE SOUTH 11 DEGREES 10' 04" WEST 5348.94 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION WHICH IS LOCATED SOUTH 89 DEGREES 14' 56" EAST 147.60 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 16, AS GRANTED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA BY INSTRUMENT DATED SEPTEMBER 15, 1934, EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA BY THE CHIEF OF THE DIVISION OF STATE LANDS PURSUANT TO THE PROVISIONS OF CHAPTER 507 OF THE STATUTES OF CALIFORNIA, 1933.

PARCEL NO. 3:

THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHARE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED

APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPT THOSE PORTIONS OF A STRIP OF LAND 400 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, CONTAINED BETWEEN TWO LINES DRAWN FROM THE NORTH LINE OF SAID SECTION 16, TO THE SOUTH LINE OF SAID SECTION 16, ONE LINE BEING LOCATED 70 FEET NORTHWESTERLY FROM THE OTHER LINE BEING LOCATED 330 FEET SOUTHEASTERLY FROM THE BOTH LINES BEING PARALLEL TO THE FOLLOWING DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED SOUTH 89 DEGREES 42' 40" EAST 1112.42 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16;

THENCE SOUTH 11 DEGREES 10' 04" WEST 5348.94 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION WHICH IS LOCATED SOUTH 89 DEGREES 14' 56" EAST 147.60 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 16, AS GRANTED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA BY INSTRUMENT DATED SEPTEMBER 15, 1934, EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA BY THE CHIEF OF THE DIVISION OF STATE LANDS PURSUANT TO THE PROVISIONS OF CHAPTER 507 OF THE STATUTES OF CALIFORNIA, 1933.

ALSO EXCEPT THOSE PORTIONS OF A STRIP OF LAND 200 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, LYING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE EXTENDED:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED NORTH 46 DEGREES 42" WEST 69,424.5 FEET FROM THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 19 EAST, SAN BERNARDINO MERIDIAN; THENCE NORTH 47 DEGREES 57' WEST 3879.8, MORE OR LESS, TO A POINT ON THE WEST LINE OF SAID SECTION 16, AS GRANTED TO THE ARIZONA AND CALIFORNIA RAILWAY COMPANY BY PERMIT DATED FEBRUARY 4, 1910, EXECUTED BY THE SURVEYOR GENERAL OF THE STATE OF CALIFORNIA PURSUANT TO SECTION 478 OF THE CALIFORNIA CIVIL CODE.

PARCEL NO. 4:

THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHARE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 5:

THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHARE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPT THOSE PORTIONS OF A STRIP OF LAND 400 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, CONTAINED BETWEEN TWO LINES DRAWN FROM THE NORTH LINE OF SAID SECTION 16, TO THE SOUTH LINE OF SAID SECTION 16, ONE LINE

BEING LOCATED 70 FEET NORTHWESTERLY FROM AND THE OTHER LINE BEING LOCATED 330 FEET SOUTHEASTERLY FROM AND BOTH LINES BEING PARALLEL TO THE FOLLOWING DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED SOUTH 89 DEGREES 42' 40" EAST 1112.42 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16;
THENCE SOUTH 11 DEGREES 10' 04" WEST 5348.94 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION WHICH IS LOCATED SOUTH 89 DEGREES 14' 56" EAST 147.60 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 16, AS GRANTED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA BY INSTRUMENT DATED SEPTEMBER 15, 1934, EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA BY THE CHIEF OF THE DIVISION OF STATE LANDS PURSUANT TO THE PROVISIONS OF CHAPTER 507 OF THE STATUTES OF CALIFORNIA, 1933.

PARCEL NO. 6:

THE NORTH 1/2 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 7:

THE NORTH 1/2 OF THE SOUTHEAST 1/4 OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

ALSO EXCEPTING THEREFROM A STRIP OF LAND 200 FEET IN WIDTH IN THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, LYING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE, EXTENDED:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED NORTH 46 DEGREES 03' WEST 45,738.1 FEET FROM THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 19 EAST, SAN BERNARDINO MERIDIAN;
THENCE NORTH 47 DEGREES 57' WEST 2500 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 36, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, AS GRANTED TO THE ARIZONA AND CALIFORNIA RAILWAY COMPANY BY PERMIT DATED FEBRUARY 4, 1910, EXECUTED BY THE SURVEYOR GENERAL OF THE STATE OF CALIFORNIA PURSUANT TO SECTION 478 OF THE CALIFORNIA CIVIL CODE.

PARCEL NO. 8:

THE SOUTH 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS

MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 9:

THE SOUTH 1/2 OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 10:

THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

PARCEL NO. 11:

THE NORTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS CONTAINED IN SAID LAND, TOGETHER WITH THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LAND, AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LAND AS MAY BE REQUIRED THEREFOR, UPON, COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED TO THE STATE OF CALIFORNIA, BY PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, OF OFFICIAL RECORDS, PAGE 174.

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE DISTRICT LAND OFFICE.

EXCEPT THEREFROM ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS, CONTAINED IN SAID LAND, AND FURTHER RESERVING TO THE STATE OF CALIFORNIA AND PERSONS AUTHORIZED BY THE STATE, THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS, AND TO PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LANDS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LANDS AS MAY BE REQUIRED THEREFOR, UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED IN THE PATENT RECORDED APRIL 12, 1960, IN BOOK 5109, PAGE 174, OFFICIAL RECORDS.

PARCEL NO. 1:

THE NORTH 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 16,
TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN.

EXCEPTING THEREFROM ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD,
SILVER AND ALL OTHER MINERAL DEPOSITS, CONTAINED IN SAID LANDS, AND FURTHER
RESERVING TO THE STATE OF CALIFORNIA AND PERSONS AUTHORIZED BY THE STATE, THE
RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS AND TO
PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID
LANDS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LANDS AS MAY BE
REQUIRED THEREFOR, UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE
PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC
RESOURCES CODE, AS RESERVED IN THE PATENT RECORDED APRIL 12, 1960 IN BOOK
5109, PAGE 174, OFFICIAL RECORDS.

PARCEL NO. 2:

THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 16,
TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN.

EXCEPTING THEREFROM THOSE PORTIONS OF A STRIP OF LAND 400 FEET IN WIDTH
WHICH ARE LOCATED WITHIN THE NORTHWEST 1/4 AND THE SOUTHWEST 1/4 OF THE
SOUTHWEST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN
BERNARDINO BASE AND MERIDIAN, CONTAINED BETWEEN TWO LINES DRAWN FROM
THE NORTH LINE OF SAID SECTION 16 TO THE SOUTH LINE OF SAID SECTION 16,
ONE BEING LOCATED 70 FEET NORTHWESTERLY FROM AND THE OTHER LINE BEING
LOCATED 330 FEET SOUTHWESTERLY FROM AND BOTH LINES BEING PARALLEL TO
THE FOLLOWING DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID POINT BEING
LOCATED SOUTH 89 DEGREES 42' 40" EAST, 1112.42 FEET FROM THE NORTHWEST CORNER
OF SAID SECTION 16;
THENCE SOUTH 11 DEGREES 10' 04" WEST, 5348.94 FEET, MORE OR LESS, TO A POINT
ON THE SOUTH LINE OF SAID SECTION, WHICH IS LOCATED SOUTH 89 DEGREES 14' 56"
EAST, 147.60 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 16, AS GRANTED TO
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY INSTRUMENT DATED
SEPTEMBER 15, 1934, RECORDED SEPTEMBER 26, 1954 IN BOOK 996, PAGE 160,
OFFICIAL RECORDS, EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA BY THE CHIEF
OF THE DIVISION OF STATE LANDS PURSUANT TO THE PROVISIONS OF CHAPTER 507 OF
THE STATUTES OF CALIFORNIA, 1933.

EXCEPTING THEREFROM ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD,
SILVER AND ALL OTHER MINERAL DEPOSITS, CONTAINED IN SAID LANDS, AND FURTHER
RESERVING TO THE STATE OF CALIFORNIA AND PERSONS AUTHORIZED BY THE STATE,
THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS
AND TO PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM
SAID LANDS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LANDS AS
MAY BE REQUIRED THEREFOR, UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT
TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE
PUBLIC RESOURCES CODE, AS RESERVED IN THE PATENT RECORDED APRIL 12, 1960
IN BOOK 5109, PAGE 174, OFFICIAL RECORDS.

PARCEL NO. 3:

THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 16,
TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN.

EXCEPTING THEREFROM THOSE PORTIONS OF A STRIP OF LAND 400 FEET IN WIDTH WHICH
ARE LOCATED WITHIN THE NORTHWEST 1/4 AND THE SOUTHWEST 1/4 OF THE SOUTHWEST
1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND
MERIDIAN, CONTAINED BETWEEN TWO LINES DRAWN FROM THE NORTH LINE OF SAID
SECTION 16 TO THE SOUTH LINE OF SAID SECTION 16, ONE LINE BEING LOCATED
70 FEET NORTHWESTERLY FROM AND THE OTHER BEING LOCATED 330 FEET
SOUTHWESTERLY FROM AND BOTH LINES BEING PARALLEL TO THE FOLLOWING
DESCRIBED LINE, EXTENDED:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SECTION 16, SAID POINT BEING
LOCATED SOUTH 89 DEGREES 42' 40" EAST, 1112.42 FEET FROM THE NORTHWEST
CORNER OF SAID SECTION 16;
THENCE SOUTH 11 DEGREES 10' 04" WEST, 5348.94 FEET, MORE OR LESS, TO A POINT
ON THE SOUTH LINE OF SAID SECTION, WHICH IS LOCATED SOUTH 89 DEGREES 14' 56"
EAST, 147.60 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 16, AS GRANTED
TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY INSTRUMENT
DATED SEPTEMBER 15, 1934, RECORDED SEPTEMBER 26, 1954 IN BOOK 996, PAGE 160,
OFFICIAL RECORDS EXECUTED ON BEHALF OF THE STATE OF CALIFORNIA BY THE CHIEF
OF THE DIVISION OF STATE LANDS PURSUANT TO THE PROVISIONS OF CHAPTER 507 OF

THE STATUTES OF CALIFORNIA, 1933.

FURTHER EXCEPTING THEREFROM THOSE PORTIONS OF A STRIP OF LAND 200 FEET IN WIDTH WHICH ARE LOCATED WITHIN THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 AND THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 18 EAST, SAN BERNARDINO BASE AND MERIDIAN, LYING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTER LINE, EXTENDED:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 16, SAID POINT BEING LOCATED NORTH 46 DEGREES 42' WEST, 69,424.5 FEET FROM THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 19 EAST, SAN BERNARDINO BASE AND MERIDIAN;
THENCE NORTH 47 DEGREES 57' WEST 3879.8 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE OF SAID SECTION 16, AS GRANTED TO THE ARIZONA AND CALIFORNIA RAILWAY COMPANY BY PERMIT DATED FEBRUARY 4, 1910, EXECUTED BY THE SURVEYOR GENERAL OF THE STATE OF CALIFORNIA, PURSUANT TO SECTION 478 OF THE CALIFORNIA CIVIL CODE.

EXCEPTING THEREFROM ALL OIL, GAS, OIL SHALE, COAL, PHOSPHATE, SODIUM, GOLD, SILVER AND ALL OTHER MINERAL DEPOSITS, CONTAINED IN SAID LANDS, AND FURTHER RESERVING TO THE STATE OF CALIFORNIA AND PERSONS AUTHORIZED BY THE STATE, THE RIGHT TO DRILL FOR AND EXTRACT SUCH DEPOSITS OF OIL AND GAS, OR GAS AND TO PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS OF OTHER MINERALS FROM SAID LANDS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE OF SAID LANDS AS MAY BE REQUIRED THEREFOR, UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF CHAPTER 5, PART I, DIVISION 6 OF THE PUBLIC RESOURCES CODE, AS RESERVED IN THE PATENT RECORDED APRIL 12, 1960 IN BOOK 5109, PAGE 174, OFFICIAL RECORDS.

OPTION AGREEMENT

THIS AGREEMENT is made effective as of April 20, 1995, by and between David Peterson (hereinafter referred to as "Optionee"), and Cadiz Land Company, Inc., a Delaware corporation (hereinafter referred to as "Company")

RECITALS

WHEREAS, to provide additional incentive for the diligent performance by Optionee of his duties for the Company, the Company desires to grant to Optionee and Optionee is desirous of acquiring an option to purchase shares of the common stock of the Company, subject to the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereby agree as follows:

1. Grant of Option. Subject to the terms and conditions hereinafter set forth, the Company hereby gives and grants to Optionee the right and option to purchase all or any part of an aggregate of 50,000 shares of the authorized but unissued common shares of the Company (the "Shares") at the purchase price of \$4.25 per share. The options granted hereby shall be conditional and shall vest, if at all, and shall be immediately exercisable by Optionee, at the discretion of the Board of Directors of the Company, based upon the Board's good faith evaluation of the performance of the agricultural operations of the Company under Optionee's supervision. Such evaluation will take into account, among other things, Optionee's ability to meet the goals and timetables for the Company's agricultural operations as provided in the company's business plan, in light of the resources allocated by the Company to such operations and external market conditions affecting such operations. The Board may also examine such additional objective and subjective criteria as may be deemed relevant by the Board from time to time. It shall be a further condition to the vesting of the conditional options described herein that, at the time of vesting, Optionee shall be an active employee of the Company. These conditional options shall expire five (5) years from the date hereof.

2. Exercise of Option. Optionee may exercise any option granted hereunder subsequent to the vesting thereof by notifying the Company in writing of his intention to exercise such option. A closing date shall then be agreed to in good faith no later than 30 days after the notice, at which time Optionee shall pay the purchase price of the Shares being purchased, and the Company shall deliver to Optionee the certificates for shares duly endorsed. Optionee may purchase all or any part of the Shares subject to options granted hereby subsequent to the vesting thereof.

3. Representations. The Company represents and warrants to Optionee that Optionee, upon proper exercise, shall receive good and marketable title to the Shares underlying the options being granted hereby, free of all pledges, liens and encumbrances, except as provided in paragraph 4.

4. Representations and Warranties of Optionee. Optionee hereby represents and warrants that:

A. The options granted hereby and the Shares which will be purchased by and delivered to Optionee upon exercise of such options are being acquired by Optionee for his own account and not with a view to resale or other disposition thereof.

B. The options granted hereunder and any Shares which may be issued to Optionee upon the exercise of options granted

hereunder are restricted securities, and are not freely tradeable. Optionee will not sell, transfer, or make any other disposition of any option or the Shares to be purchased and delivered to Optionee hereunder upon the exercise of such option unless and until (a) such option or Shares, as applicable, are included in a registration statement or a post-effective amendment under the Securities Act which has been filed by the Company and declared effective by the Securities and Exchange Commission (the "SEC"), or (b) in the opinion of counsel for the Company, no such registration statement or post-effective amendment is required, or (c) the SEC has first issued a "no action" letter regarding any such proposed disposition of any option or the Shares.

5. Federal and State Securities Law Requirements. The obligation of the Company to deliver and transfer the Shares to the Optionee upon any exercise of any option shall be subject to the following:

A. The Company may require Optionee, as an additional condition of its obligation to deliver the Shares upon exercise of any option hereunder, to make any representations and warranties (including without limit those set forth in Paragraph 4 hereof) with respect to the Shares as may, in the opinion of counsel to the Company, be required to ensure compliance with the Securities Act, the securities laws of any state, or any other applicable law, regulation, or rule of any governmental agency.

B. Each certificate representing the Shares issued pursuant to this Agreement shall bear whatever legends are required by federal or state law or by any governmental agency. In particular, unless an appropriate registration statement is filed pursuant to the Securities Act with respect to the Shares, each certificate representing such Shares shall be endorsed on its face with the following legend or its equivalent:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE SECURITIES MAY BE SOLD OR TRANSFERRED ONLY IF THEY HAVE BEEN REGISTERED UNDER SAID ACT OR THERE EXISTS AN EXEMPTION FROM REGISTRATION UNDER SAID ACT OR THE RULES AND REGULATIONS THEREUNDER EVIDENCED BY A NO-ACTION LETTER OR AN OPINION OF COUNSEL TO THE ISSUER OR TO THE HOLDER HEREOF REASONABLY SATISFACTORY TO THE ISSUER.

6. Restrictions. Optionee:

A. Shall not be entitled to any type of dividend declared by the Company, unless and until an option is exercised; and

B. Shall not be entitled to any voting rights by virtue of an option; and

C. Acknowledges that the options granted hereby are personal to Optionee and that Optionee may not sell, assign, transfer or otherwise dispose of such options to any other person.

7. Anti-Dilution. If prior to the exercise of any option granted hereunder the Company shall have effected one or more stock split-ups, stock dividends, or other increases or reductions of the number of shares of its common stock outstanding without receiving compensation therefor in money, services or property, the number of Shares of common stock subject to the options hereby granted shall (a) if a net increase shall have been effected in the number of outstanding shares of the Company's common stock, be proportionately increased and the cash consideration payable per Share shall be proportionately reduced; and (b) if a net reduction shall have been effected in the number of outstanding Shares of the Company's common stock, be proportionately reduced and the cash consideration payable per Share be proportionately increased.

8. Piggyback Registration Rights. If, during the time which the Optionee is eligible to exercise any options granted hereunder, the Company proposes to file with the Securities and Exchange Commission a registration statement for registration under the Act, the Company will use its best efforts to include in any

such filing the Shares underlying Optionee's vested options upon terms and conditions substantially similar to those granted to other holders of the Company's securities who have been granted piggyback registration rights.

9. Agreement to Perform Necessary Acts. The parties hereto agree to cooperate fully with one another in executing all documents, certificates, notices, filings and the like and performing all acts reasonably necessary to carry out the intent of this agreement.

10. Amendments. This agreement may not be modified, amended or changed except by an instrument in writing signed by the parties hereto.

11. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

12. Successors. The terms of this Agreement shall be binding upon the executors, administrators, heirs, successors, transferees and assignees of the Optionee.

13. Counterparts. This Agreement may be executed in any number of identical counterparts, each of which shall be deemed a complete original in itself and may be introduced in evidence or used for any other purpose without the production of any other counterparts.

14. Litigation and Attorneys' Fees. In the event of any litigation between the parties hereto in connection with this Agreement or to enforce any provision or right hereunder, the unsuccessful party to such litigation shall pay to the successful party the reasonable legal expenses, to include without limitation, attorney's fees, costs and necessary disbursements incurred by the successful party, which costs, expenses and attorneys' fees shall be included as a part of any judgment rendered in such action in addition to any other relief to which the successful party may be entitled.

IN WITNESS WHEREOF, the parties have executed this Option Agreement as of the day and year first above written.

OPTIONOR

CADIZ LAND COMPANY, INC.

By: /s/ Keith Brackpool

Keith Brackpool, Chief Executive Officer

OPTIONEE

By: /s/ David Peterson

David Peterson

SUBSIDIARIES OF THE COMPANY

Pacific Real Estate, Inc.
Cadiz Valley Development Corporation
Ranch Cadiz Mutual Water Company
Southwest Fruit Growers, LP
Pacific Packing, Inc.
PSWRI Limited