

Appendix A-2 (Supplemental)
(September 22, 2022)

Vested Right to Mine Third-Party Parcels and RRM's Retained Interest in the Mineral Estate of Third Party Parcels

A. Introduction

This supplemental appendix specifically addresses the issue of retained mineral rights on multiple "third-party parcels," located within the Hubbs Harlow Vested Rights Area ("HH VRA").¹ This document supplements the title history of the HH VRA as presented in detail in Appendix A, submitted on December 16, 2021. As an initial matter, RRM recognizes that "third-party parcels" within the HH VRA and subject to its Request for Determination ("RFD") can be divided into the following three distinct categories:

- 1) 217 parcels originally conveyed by E.E. Peacock between 1925 and 1933 ("**Peacock Parcels**"), of which the surface estate of 151 are now owned by third-parties;²
- 2) 9 parcels whose surface was acquired in 1968 by, and is owned by, Southern California Edison (subject to mineral reservations now owned by RRM) ("**SCE Parcels**"); and
- 3) 20 parcels subject to a "re-conveyance" in 1971-72 between Leilamae Harlow and Occidental College ("**Re-Conveyance Parcels**").

These three categories of parcels are addressed below.

B. E.E. Peacock Reserved "All Minerals" in the Peacock Parcels

As described in detail in Appendix A-1, the HH VRA became a distinct property from the larger, historic Mexican land grant Rancho El Sobrante de San Jacinto under the ownership of E.E Peacock in 1925. During E.E Peacock's eight (8) year tenure as owner of the HH VRA from 1925 until 1933,³ evidence indicates that he conveyed hundreds of third-party parcels (colloquially known as encyclopedia lots or "E-Lots") within the south half of Section 10 and all of Section 15. Evidence indicates that Peacock is known

¹ The HH VRA is located in Sections 10 and 15, Township 4 South, Range 6 West in Riverside County and depicted on Supplemental Figure A-1, attached hereto.

² As described below, RRM owns the mineral estate to these parcels. Additionally, RRM owns both the surface estate and mineral estate for the remaining 66 "Peacock Parcels"

³ E.E. Peacock is RRM's predecessors-in-interest.

to have conveyed 555 of these E-Lots, of which 217 still exist within the HH VRA. The remainder of these E-Lots⁴ are either outside the HH VRA, or were extinguished over time through merger or otherwise. These 217 E-Lots (hereinafter, "Peacock Parcels") located within the HH VRA, include multiple Peacock Parcels within the area the County already determined is vested during the Reclamation Plan 118, Substantial Conformance 4 ("S4") process.⁵

Within these 217 "Peacock Parcels," there are 4 subcategories:

1. **"Peacock RFD Parcels"**: 111 Peacock Parcels, with a third-party surface owner, for which RRM is seeking vesting in this current RFD, as listed in Supplemental Table A-1;
2. **"Peacock Partial RFD Parcels"**: 9 Peacock Parcels, with a third-party surface owner, which the County has already determined are partially vested, because portions of these parcels are located within the S4 boundary, and for which RRM is seeking to vest the remainder of the parcels located outside of the S4 boundary, as listed in Supplemental Table A-2; and
3. **"Peacock S-4 Parcels"**: 31 Peacock Parcels all located within the S4 boundary, with a third-party surface owner, which the County has already determined are vested, as listed in Supplemental table A-3;⁶
4. **"Peacock-RRM Parcels"**: 66 Peacock Parcels, with the surface owned by RRM, and therefore wholly owned (as unmerged parcels) by RRM, as listed in Supplemental Table A-4.

⁴ There are 338 "remainder" E-Lots not relevant to this RFD. This total is based on 555 total E-Lots, less the 217 existing HH VRA E-Lots, equaling 338 "remainder" E-Lots not relevant to this RFD.

⁵ Several of these "third-party parcels" are presently outside, but adjacent to the HH VRA, while others are owned by RRM or have been merged into RRM's fee interest within the HH VRA. Of the Peacock Parcels

⁶ Note that the majority of these exhibits were originally included *en masse* in Exhibit A-11, submitted in December 2021, along with numerous other E-Lot deeds conveyed out by E.E. Peacock, containing the same mineral reservation, which have since merged back into the HH VRA property. For the County's convenience, we have extracted and re-ordered *only* the relevant deeds for ease-of-use with Tables A-1 to A-4, provided as Supplemental Exhibits Supplemental Exhibits 1.1 – 4.59.

The scope of RRM’s mineral reservation is comprehensive. In each and every instance where Peacock conveyed a Peacock Parcel, he retained certain rights, as enumerated in each individual deed. These rights included the following:

- “Right of way or easements for telephone lines, power lines, pipe lines, sewers, or for other necessary or useful purposes in, on, above, or below” the Peacock Parcel;
- “All water rights, and all water flowing over or under or percolating through” the Peacock Parcels, as well as “the rights to develop said water and its uses” excepting a nominal amount of water necessary “for domestic uses and purposes;” and
- “[T]he oil and mineral rights.”

Accordingly, Peacock’s reservations created a significant, retained interest in each and every Peacock Parcel, which was owned by E.E. Peacock and to which RRM has succeeded-in-interest.⁷

C. RRM’s Predecessor-In-Interest F.M. Kuhry Purchased the Entirety of E.E. Peacock’s Estate, Including the Retained Mineral Interest in the Peacock Parcels and RRM Presently Owns the Mineral Interests Within the HH VRA

Following Peacock’s death in the early 1930s, F.M. Kuhry purchased the entirety of Peacock’s interest in the HH VRA as “one parcel,” and which included two primary components: (1) all of the fee interest (including both the surface and mineral estate) within Section 15 and the south half of Section 10 that Peacock had not disposed of as E-Lots and (2) Peacock’s retained interest, including rights-of-way, easements, water rights, and mineral rights, in the each-and-every Peacock Parcel included within the HH VRA subject to RRM’s RFD.⁸

As described in greater detail in Appendix A, Kuhry’s interest in the HH VRA presently rests with RRM, based on the following title progression.

⁷ It is worth nothing that not only did Peacock own the mineral rights to every third-party parcel, but he also owned other rights that would support mining the HH VRA, including the third-party parcels, including rights-of-way for all necessary purposes “in, on, or below” the parcels, as well as the right to develop and utilize both surface and groundwater.

⁸ Exh. A-12.

1. Shortly after Kuhry's acquisition of the HH VRA, he granted the property to Richard A. Terrell in October 1933.⁹ Terrell promptly re-conveyed the property to Kuhry and Leilamae Harlow as joint tenants with full right of survivorship.¹⁰
2. Kuhry and Harlow retained joint ownership of the HH VRA until 1952. On March 5, 1952, Kuhry signed a grant deed granting the entirety of the HH VRA to Harlow, which was notarized on June 16, 1952 and recorded June 17, 1952.¹¹
3. In 1966, Harlow executed a deed of trust, encumbering the entirety of her interests in the HH VRA (including both the fee interest and the retained mineral interest), as security for a debt she owned to Occidental College.¹²
4. In 1968, Harlow conveyed certain property interests to Southern California Edison.¹³ In doing so, Harlow retained mineral interests in the property, resulting in the creation of the nine SCE Parcels (in addition to the existing 217 Peacock Parcels). The SCE Parcels like the Peacock Parcels, are subject to a retained mineral interest owned by RRM.
5. Leilamae Harlow died on December 1, 1971, during which her estate entered into protracted litigation, based on multiple competing claims to her estate. In 1977, during resolution of her estate, Occidental College initiated, and was granted, a trustee's sale to dispose of the property encumbered by the 1966 deed of trust¹⁴ Occidental College was also the successful bidder in the trustee's sale, and obtained full title to Harlow's estate, including both fee interest and the retained mineral interest encompassed within the HH VRA (the Peacock Parcels and SCE Parcels).¹⁵
6. In 1979, Paul J. Hubbs, operator of the on-going mining operations as lessee, purchased the HH VRA from Occidental College.¹⁶ Occidental College conveyed to Hubbs its entire interest in the HH VRA, including the fee interest and all of

⁹ Exh. A-13.

¹⁰ Exh. A-14.

¹¹ Exh. A-16.

¹² Exh. A-17.

¹³ Exh. A-18.

¹⁴ Exh. A-20.

¹⁵ Exh. A-21.

¹⁶ Exh. A-21.

the retained mineral estate discussed *supra*, thereby consolidating ownership of the HH VRA in the long-running Hubbs mining operation.

7. In 1983, Hubbs sold a portion of the property, the Brion Parcel, to BKS.¹⁷ BKS held the Brion Parcel until 2004.¹⁸ On September 2, 2004, S.T. & Koo International conveyed the Brion Parcel to Cajalco Associates LLC.¹⁹ Cajalco Associates LLC then conveyed the Brion Parcel to Corona Twin Creeks, LLC three years later in 2007.²⁰ In 2009, Corona Twin Creeks merged with the current property owner, CCRD (an affiliate of CRQ), who also owns the Hubbs Parcel described in paragraph 9, *infra*.²¹
8. Hubbs retained full ownership of the remainder of the HH VRA (the “Hubbs Parcel”) until 2006, when he sold the property to Temescal Cliffs, LLC.²² Temescal Cliffs subsequently entered into bankruptcy, after which the Hubbs Parcel was acquired by CRQ, whereupon the entirety of the HH VRA (Brion Parcel and Hubbs Parcel) was again consolidated and leased by CRQ and CCRD to RRM.²³

As demonstrated by the above title progression, RRM currently holds the retained mineral interest in both the Peacock Parcels and the SCE Parcels. Moreover, at all times, the owners of the HH VRA, as well as the County, *recognized* this retained mineral ownership, as evidenced by the extensive, historic mining that occurred on multiple Peacock Parcels and SCE Parcels, as well as the multiple County recognitions of RRM's vested right, which encompassed all or portions of 39 (31 fully within S4, 8 partially within S4) Peacock Parcels. The remaining Peacock Parcels encompassed by the HH VRA were created in exactly the same manner as the 39 vested (or partially vested) parcels, and should, accordingly, also be vested.

D. RRM is Not Seeking to Vest the 20 Re-Conveyance Parcels at This Time

Finally, in compiling this Supplemental Appendix, RRM became aware of a potential cloud on title affecting the 20 Re-Conveyance Parcels, based on a partial re-conveyance

¹⁷ Exh. A-22.

¹⁸ Exh A-23, A-24, A-25, A-26.

¹⁹ Exh. A-27.

²⁰ Exh. A-28

²¹ Exh. A-29, Exh. A-30

²² Exh. A-31.

²³ Exh. A-32, A-33.

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executed between Leilamae Harlow and Occidental College sometime between 1971 and 1972. Accordingly, out of an abundance of caution, RRM is not seeking vesting determination at this time, of these parcels, as listed in Supplemental Table A-5, until such time as it can resolve the cloud on title. RRM hereby also expressly reserves the right to seek a vesting determination of these 19 Re-Conveyance Parcels in the future.