APPENDIX A

A-1 **Stipulation for Withdrawal of Protest between the Lincoln County Water District / Vidler Water Company, Inc. and the U.S. Fish and Wildlife Service including Monitoring, Management, and Mitigation Plan for Groundwater Development in Kane Springs Valley**

A-2 **Nevada State Engineer's Office Order 1169**

A-3 **Memorandum of Agreement between Southern Nevada Water Authority, Coyote Springs Investment, LLC., Moapa Band of Paiute Indians, Moapa Valley Water District, and the U.S. Fish and Wildlife Service**

APPENDIX A-1

Stipulation for Withdrawal of Protest between Lincoln County Water District / Vidler Water Company, Inc., and the U.S. Fish and Wildlife Service including Exhibit A (Monitoring, Management, and Mitigation Plan for Groundwater Development in Kane Springs Valley

AMENDED STIPULATION FOR WITHDRAWAL OF PROTESTS

This Amended Stipulation is made and entered into between the Lincoln County Water District and Vidler Water Company, Inc. ("LCWD&VWC") and the United States Department of the Interior, Fish and Wildlife Service (FWS). Collectively, LCWD&VWC and the FWS are referred to as the "Parties".

RECITALS

A. On February 14, 2005, LCWD&VWC filed Applications 72278, 72219, 72220, and 72221, for a combined maximum duty of approximately 17,375.28 acre-feet per year (afy), with the Nevada State Engineer's Office. The above listed applications shall hereinafter be referred as the "Applications". LCWD&VWC initially intend to pump up to 5,000 afy of groundwater from the Kane Springs Valley Hydrographic Basin (hereinafter referred to as "Kane Springs Valley") pursuant to these Applications, for municipal and domestic uses associated with the Coyote Springs Project in Lincoln County.

B. The FWS filed timely protests to the granting of water rights under the Applications pursuant to the FWS' responsibilities under the Endangered Species Act and administration of the National Wildlife Refuge System. FWS holds a Nevada State water right certificate for a flow rate of not less than 3.5 cfs as measured at the Warm Springs West flume (Permit No. 56668; Certificate No. 15097 issued subject to the terms of Permit No. 56668) for the maintenance of habitat of the Moapa dace and other wildlife purposes ("FWS Water Right"). The Moapa dace (Moapa coviacea) is an endemic fish that inhabits the upper Muddy River and tributary thermal spring systems within the Muddy River Springs/Warm Springs Area in Clark County, Nevada. The Moapa dace was federally listed as endangered on March 11, 1967 (32 FR4001). FWS manages the Moapa Valley National Wildlife Refuge established in 1979 as part of the National Wildlife Refuge System.

C. LCWD&VWC assert that the withdrawal of up to 5,000 afy of groundwater from the proposed wells in Kane Springs Valley will not have an unreasonable adverse affect on endangered species in the Coyote Springs Valley or the Muddy River Springs/Warm Springs Area. LCWD&VWC propose to request the State Engineer hold in abeyance the remaining amount requested in the Applications, until a determination is made from the monitoring of the initial groundwater withdrawal that there are no unreasonable adverse affects due to LCWD&VWC's groundwater pumping.

D. The FWS together with the United States National Park Service sent a letter to the Nevada State Engineer, dated February 6, 2006, recommending that the State Engineer amend his Order 1169 to include Kane Springs Valley and these Applications. This Stipulation is entered into in part to address the FWS's concern expressed in the February 6, 2006 letter. As such, the FWS will withdraw its request to the State Engineer by so stating on the record at the beginning of the hearing when the Stipulation is presented to the State Engineer as provided in paragraph 6 of the Stipulation.

E. The FWS asserts that the proposed groundwater withdrawals from Kane Springs Valley pose a risk of adversely impacting senior federal water rights and water-related resources, as described above, and are desirous of working in a cooperative manner with LCWD&VWC to protect these resources.

F. There are a number of existing monitoring programs required by the State Engineer for existing rights and pending applications within Coyote Spring Valley Hydrographic Basin. The State Engineer has determined in Order No. 1169 (Order) that further hydrological study is needed before a final determination can be made on pending applications and new filings to appropriate water from the carbonate-rock aquifer system in Coyote Spring Valley (Basin 210), Black Mountains Area (Basin 215), Garnet Valley (Basin 216), Hidden Valley (Basin 217), Muddy River Springs (Basin 219) and Lower Moapa Valley (Basin 220) in Lincoln and Clark Counties, Nevada. While the Order does not currently include Kane Springs Valley or the Applications, the FWS and LCWD&VWC agree there is a need to develop data relating to a better understanding and analysis to assist the State Engineer in studying the impacts from the pumping of groundwater in the regional aquifer system.

G. The Parties acknowledge that Nevada Water Law provides pursuant to NRS 534.110(4) that "It is a condition of each appropriation of ground water acquired under this chapter [534] that the right of the appropriator relates to a specific quantity of water and that the right must allow for a reasonable lowering of the static water level at the appropriator's point of diversion." Further, pursuant to NRS 534.110(5), Nevada Water Law "does not prevent the granting of permits to applicants later in time on the ground that the diversions under the proposed later appropriations may cause the water level to be lowered at the point of diversion of a prior appropriator, so long as the rights of holders of existing appropriations can be satisfied under such express conditions." It is the intent of the Parties that this Stipulation provides the initial "express conditions" to allow the development of the LCWD&VWC Applications to proceed, however, such future conditions may be different based on implementation of the monitoring, management and mitigation plan specified in Exhibit A, attached to this Stipulation and made a part hereof.

H. The State Engineer has set an administrative hearing on the protests of the FWS and other protestants commencing April 4, 2006.

I. The Parties acknowledge that White Pine County, Wayne, Ruby and Bevan Lister, and the United States National Park Service have lodged protests to the Applications, but that those entities are not Parties to or in any way bound or prejudiced by this Stipulation. Further, these protestants may enter into stipulations with LCWD&VWC concerning the LCWD&VWC Applications. Such stipulations shall not require the participation of the FWS nor modify in anyway the intent or content of this Stipulation, nor shall the FWS be bound or prejudiced by such stipulations.

J. The Parties agree that the preferred conceptual approach for protecting senior federal water rights from injury and federal water-related resources from unreasonable adverse impacts from ground water pumping is through the use of monitoring, management and mitigation of groundwater pumping. The common goal of the Parties is to manage the development of the regional carbonate-rock aquifer and overlying basin-fill aquifer systems as a water resource without causing any injury to senior federal water rights and/or unreasonable adverse impacts to federal water-related resources. Groundwater and the effects of pumping need to be properly monitored and managed to avoid adverse impacts to the water rights and water resources of the FWS. To accomplish this goal, there is a need to obtain accurate and reliable information of the aquifer's response to pumping stresses and the impact of that pumping on water rights and resources of interest. This is to be accomplished by implementing the monitoring, management and mitigation plan as set forth in Exhibit A to this Stipulation. The Parties have determined that it is in their best interests to cooperate in the collection of additional hydrologic and hydrogeologic information as set forth in Exhibit A to this Stipulation.

K. The Parties desire to resolve the issues raised by the protests according to the terms and conditions contained herein.

L. On April 10, 2006, LCWD & VWC filed application nos. 74147, 74148, 74149, and 74150 to appropriate underground water in Kane Springs Valley Hydrographic Basin (subsequent applications). Each of these subsequent filings are identical in quantity (in cfs and acre-feet per year) and point of diversion to the water right applications which are the subject of the Stipulation (application nos. 72218, 72219, 72220, and 72221). LCWD & VWD filing of the subsequent applications was precautionary in nature, and was made to protect Lincoln County Water District and Vidler Water Company's standing in the Kane Springs Hydrographic Basin in the event that applications 72218, 72219, 72220, or 72221 are denied by the State Engineer on a technical or administrative ground. The filing of the subsequent applications raises the same concerns by the FWS as stated in Recital E above. In lieu of filing protests to the subsequent applications, the parties agree that the subsequent applications shall be subject to the terms and conditions of this Amended Stipulation and do not in any way supplement applications 72218, 72219, 72220, and 72221, which are currently under consideration by the State Engineer.

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

1. The FWS hereby expressly agrees to withdraw its protests to the Applications and agrees that the Nevada State Engineer may rule on the Applications based upon the terms and conditions set forth herein. The FWS agrees not to file protests to the subsequent applications based on the inclusion of the subsequent applications in this Amended Stipulation (hereinafter referred to as "Stipulation") and that the terms and condition of this Stipulation apply equally to the subsequent applications. Hereinafter in this Stipulation, the term "Applications" shall also refer to the subsequent applications. It is expressly understood that this Stipulation is binding only upon the Parties hereto and their successors, transferees and assigns, and shall not bind or seek to bind or prejudice

any other Parties or protestants, including the United States as trustee on behalf of the any Indian tribe. The execution and filing of this Stipulation with the State Engineer shall have the effect of withdrawing the FWS protests as provided for in Nevada Administrative Code § 533.150.

2. The Parties agree to implement the Monitoring, Management and Mitigation plan, attached hereto "Exhibit A", which is expressly incorporated into this Stipulation as if set forth in full herein upon the State Engineer's granting of the Applications, in total or in part, and upon the terms and conditions contained in Exhibit A.

3. This Stipulation does not waive any authorities of the FWS or the United States, including any other agency or bureau not specified in this Stipulation, nor relieves LCWD&VWC, or any party acting in conjunction with or through LCWD&VWC from complying with any federal laws, including, but not limited to, the National Environmental Policy Act, the Endangered Species Act, the Federal Land Policy and Management Act, and any and all rules and regulations thereunder. It is the expressed intention of the Parties that by entering into this Stipulation, the FWS and the United States are waiving no legal rights of any kind, except for the withdrawal of its protests as provided in Paragraph 1 of this Stipulation. Likewise, LCWD&VWC, or any party acting in conjunction with or through LCWD&VWC, by entering into this Stipulation, are not waiving any legal rights of any kind, except as expressly provided in this Stipulation and its Exhibit A.

4. Further, except as expressly stated in this Stipulation or its Exhibit A, this Stipulation does not affect any legal or administrative process or proceeding concerning rights-of-way or any action that may be necessary to further the development and/or use of the water sought under the Applications.

5. The Parties expressly acknowledge that the Nevada State Engineer has, pursuant to both statutory and case law, broad authority to administer groundwater resources in the State of Nevada and, furthermore, that nothing contained in this Stipulation shall be construed as waiving or in any manner diminishing such authority.

6. The Parties agree that a copy of this Stipulation shall be submitted to the Nevada State Engineer prior to the commencement of the administrative proceedings scheduled to begin on April 4, 2006. The Parties shall request on the record at the beginning of the scheduled proceeding, that the State Engineer include Exhibit A of the Stipulation as part of the permit terms and conditions, in the event that he grants Applications 72278, 72219, 72220, and 72221, in total or in part. The FWS, at its option, may attend the hearing, but will present no issues or statements unless necessary to explain or defend this Stipulation or Exhibit A.

7. Notices. If notice is required to be sent by the Parties, the addresses are as follows:

If to FWS:

Supervisor
Nevada Field Office
Fish and Wildlife Service
1340 Financial Blvd., #234
Reno, NV 89502

If to LCWD&VWC:
Chairman
Lincoln County Water District
P.O. Box 685
Pioche, NV 89043

And:
Dorothy Timian-Palmer
Vidler Water Company, Inc.
704 W. Nye Lane, Suite 201
Carson City, NV 89703

8. LCWD&VWC may transfer or assign its interest in the water rights here involved. Any and all transferees and assignees shall be bound by the terms and conditions of this Stipulation. As a condition to any such transfer or assignment, the transferee and/or assignee shall execute a stipulation expressly stating it is bound to all of the terms and conditions of this Stipulation.

9. This Stipulation shall be governed in accordance with the laws of the State of Nevada to the extent not inconsistent with federal law.

10. Copies of all correspondence between and data gathered by the Parties pertinent to the terms of Exhibit A shall be submitted to the Nevada State Engineer. It is the intentions of the Parties hereto that the Nevada State Engineer shall be kept informed of all activities in the same fashion as are the Parties hereto.

11. By entering into this Stipulation, the FWS does not become a party to any proceeding other than the protest proceeding referenced above or waive its immunity from suit or consent to or acknowledge the jurisdiction of any court or tribunal. Nothing in the Stipulation shall affect any federal reserved water rights of the FWS or the United States on behalf of any Indian Tribe and the FWS by entering into this Stipulation do not waive or prejudice any such rights. The FWS reserves all legal rights, of any kind, it possesses pursuant to or derived from Executive Orders, acts of Congress, judicial decisions, or regulations promulgated pursuant thereto. Neither party waives its rights to seek relief in any appropriate forum of its choice not expressly prohibited by this Stipulation.

12. Any commitment of funding by the FWS or Lincoln County Water District in this Stipulation or otherwise is subject to appropriations by Congress or the governing body of the Lincoln County Water District as appropriate.

13. This Stipulation may be amended by mutual agreement of the Parties.

14. This Stipulation sets forth the entire agreement of the Parties and supercedes all prior discussions, negotiations, understandings or agreements. No alteration of variation of this Stipulation shall be valid or binding unless contained in an amendment in accordance with paragraph 13.

15. This Stipulation is entered into for the purpose of resolving a disputed claim. The Parties agree that the Stipulation shall not be offered as evidence or treated as an admission regarding any matter herein and may not be used in proceedings on any other application or protest whatsoever, except that the Stipulation may be used in any future proceeding to interpret and/or enforce the terms of this Stipulation. Further, the Parties agree that neither the Stipulation nor any of its terms shall be used to establish precedent with respect to any other application or protest in any water rights adjudication or water rights permitting proceeding before the Nevada State Engineer or any other proceeding.

16. The terms and conditions of this Stipulation shall be binding upon and inure to the benefit of the Parties hereto and their respective, successors, transferees and assigns.

17. This Stipulation will become effective as between the Parties upon all Parties signing this Stipulation. The Parties may execute this Stipulation in two or more counterparts, which shall, in the aggregate, be signed by all Parties; each counterpart shall be deemed an original as against any Party who has signed it.

18. Other entities may become Parties to this Stipulation by mutual assent of the Parties.

19. Nothing contained herein shall limit the right of LCWD & VWC, or their successors, transferees, or assigns to assign, pledge, or encumber as security the Applications that are the subject of this Stipulation.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates written below.

UNITED STATES DEPARTMENT OF THE INTERIOR

Date: 8/1/2006

Fish and Wildlife Service

By Steve Thompson

Title: CNO MANAGER

Date: 7-17-06

LINCOLN COUNTY WATER DISTRICT

By Ronald Hornbeck

Title: Chairwoman

Date: 7-19-06

VIDLER WATER COMPANY, INC.

By

Title: Chief Operating Officer

ATTEST:

LCWD Legal Counsel

EXHIBIT A
for
Amended Stipulation between LCWD&VWC and the United States Fish and Wildlife Service

MONITORING, MANAGEMENT AND MITIGATION PLAN GROUNDWATER DEVELOPMENT IN KANE SPRINGS VALLEY

The purpose of this plan is to describe the agreements of Lincoln County Water District and Vidler Water Company, Inc. (LCWD&VWC) and the United States Fish and Wildlife Service (FWS) regarding the monitoring, management, and mitigation of potential impacts due to development of ground-water resources in the Kane Springs Valley area. This plan applies to proposed ground-water development in Kane Springs Valley that consists of the use of water under State of Nevada water-rights applications numbered 72218, 72219, 72220 and 72221 and the subsequent applications 74147, 74148, 74149, and 74150, filed by LCWD&VWC.

The Plan describes the LCWD&VWC and FWS (hereinafter referred to as "the parties") obligations regarding the development, monitoring, management, and mitigation related to the above numbered applications in Kane Springs Valley Hydrographic Basin for use that water in Coyote Spring Valley Hydrographic Basin.

This plan consists of four principle components, as follows:

1. *Monitoring Requirements,* related to production wells, monitoring wells, elevation control, and springflow, water quality, quality of data, and reporting;
2. *Management Requirements,* related to the creation and role of a Technical Review Team (hereinafter referred to as "the TRT"), the development and use of a numerical ground-water flow model, the establishment of action criteria, and the details of the decision-making process;
3. *Mitigation Requirements;* and
4. *Modification of the Plan.*

The common goal of the parties is to manage the development of the LCWD&VWC Water Rights in their entirety from Kane Springs Valley Hydrographic Basin, without resulting in any losses to senior federal water rights or unreasonable adverse impacts to federal water resources. The parties will collaborate on technical data collection and analysis and will rely on the best scientific information available in making decisions required by the Plan.

1. <u>Monitoring Requirements</u>

A. Production Wells

- LCWD&VWC will record discharge and water levels in their production wells in Kane Springs Valley on a continuous basis as is feasible.

B. Monitoring Wells

LCWD&VWC, as determined by the parties to this agreement, in consultation with the Nevada State

Engineer, shall locate and construct two monitoring wells down gradient from the Kane Springs Valley ground-water production well (KMW-1). The location of the first proposed monitoring well (CSIMW-1) is to be an equal distance between the existing Southern Nevada Water Authority Monitoring Well Four (CSVM-4) and the Coyote Spring Investment monitoring well CE-VF-2. Further, CSIMW-1 will be located on the north (hydraulically upgradient) side of the interpreted southwestern extension of the Kane Springs Wash fault zone on Coyote Springs Investment property along the existing abandoned Highway 93. The second proposed monitoring well (CSIMW-2) is to be located on the south (hydraulically downgradient) side of the interpreted southwestern extension of the Kane Springs Wash fault zone on Coyote Springs Investment property along the existing abandoned Highway 93. Specifically, the second well would be sited such that the distance between the monitoring well CSIMW-1 and the aforementioned fault zone is approximately equal to the distance between the fault zone and CSIMW-2. See Attachments "A-1", "A-2", "A-3" and "A-4" to this Exhibit A. FWS shall work with LCWD&VWC in good faith to ensure that the well is located and constructed in a cost-effective manner, to enable the monitoring of the potential southward progression of groundwater level declines resulting from proposed ground-water production in Kane Springs Valley.

- All monitoring wells used as part of this plan shall be installed and water levels recorded on a continuous basis as is feasible, beginning as soon as possible after the State Engineer decision relative to the Kane Springs Valley Applications.

- The initial groundwater level would be established at the time that the pumping wells in Kane Spring Valley were ready to go on-line.

- The term "as is feasible" shall relate to mechanical failures and the issues associated with the remoteness of the locations, or other events outside the control of the parties that do not permit data collection.

- The locations and monitoring frequency of the monitoring-well network will be reviewed by the TRT on an annual basis beginning in 2007, and may be reduced or expanded in scope upon its recommendation.

C. Elevation Control

- LCWD&VWC will conduct a detailed elevation survey of all their wells used for monitoring as part of this plan. LCWD&VWC will cooperate in any regional plan organized by the Nevada State Engineer to determine elevation above sea level of all major spring orifices and monitoring and production wells in the Lower Colorado Flow System region. LCWD/VWC will match the Southern Nevada Water Authority's current datum relating to monitoring and production well elevations.

D. Water Quality

- LCWD&VWC will collect water quality samples and have them analyzed for major ions, trace elements, and isotopes at all production and monitor wells used as part of this plan (as specified in Sections 1.A and 1.B.) commencing July 1, 2007.

- Thereafter, LCWD&VWC will collect and analyze water-quality samples for major ions, trace

elements, and isotopes at all production and monitoring wells used as part of this plan every five years thereafter.

- Samples will be collected, analyzed and reported according to standard methods.

- Frequency, sampling location, and water quality parameters will be reviewed by the TRT on an annual basis beginning in 2007, and may be reduced or expanded in scope upon its recommendation.

E. *Reporting*

- All data collected under or as described in this plan, shall be fully and cooperatively shared among the parties.

- Water level and production data shall be provided to the FWS within 60 days of its collection by LCWD&VWC. LCWD&VWC will use its best efforts to provide data to the FWS within 30 days of its submission to LCWD&VWC, or in the case of water quality data, within 90 days of receipt of laboratory results.

- LCWD&VWC will report the results of all monitoring and sampling under this plan in an annual monitoring report

2. <u>Management Requirements</u>

A. Action Criteria

The Parties recognize that maintenance of minimum in-stream flows in the Warm Springs area is essential for the protection and recovery of the Moapa dace. Further, the parties recognize that existing data is insufficient to determine if the groundwater development in Kane Springs Valley Hydrographic Basin, that is the subject of the Plan, affects the in-stream flows in the Muddy River Springs/Warm Springs Area, and if so, to what extent. Thus, the parties agree as follows:

1. For purposes of this paragraph A., all "Average Flow Levels" specified herein shall be determined by flow measurements at the Warm Springs West flume. Average Flow Levels will be determined to have reached a particular level within a range specified in paragraphs B(2) through (7) ("Trigger Range"): (1) if the daily average flow for each of 45 consecutive days decreases to an amount within the Trigger Range, or if the 90 day average flow over any 90 consecutive day period decreases to an amount within the Trigger Range; or (2) if the daily average flow for each of 90 consecutive days increases to an amount within the Trigger Range, or if the 135-day average flow over any 135 consecutive day period increases to an amount within the Trigger Range. Any adjustment in the rating curve for the Warm Springs West flume shall result in a pro-rata adjustment of the Trigger Ranges.

2. If the Average Flow Level decreases to an amount within the Trigger Range of 3.2 cfs or less, the Parties agree to meet as soon as practicably possible to discuss and interpret all available data and plan for mitigation measures in the event flows continue to decline; and

3. If the Average Flow Level is within the Trigger Range of 3.15 cfs or less but greater than 3.0 cfs, LCWD&VWC agree to reduce pumping from all wells in Kane Springs Valley by 50% or to a pumping level no greater than 2,500 afy, whichever results in the lesser amount of pumping, until the Average Flow Level exceeds 3.15 cfs.

4. If the Average Flow Level is within the Trigger Range of 3.0 cfs or less, LCWD&VWC agree to cease pumping from all wells in Kane Springs Valley until the Average Flow Level exceeds 3.0 cfs. However, if LCWD&VWC, together with Coyote Springs Investment, LLC ("CSI"), effectuate a reduction in the quantity of water CSI would have otherwise been entitled to pump in a given year from wells within the Coyote Spring Valley, then LCWD&VWD shall have the right to pump a like quantity of water from wells within Kane Springs Valley in that year.

B. Technical Review Team

1. Upon execution of this Stipulation, the Parties shall establish a Technical Review Team ("TRT") whose members shall include two representatives ("TRT Representatives") each from LCWD&VWC and the FWS, including at least one with substantial formal training and experience in hydrogeology ("Technical Representative"). Except as otherwise provided herein, the two TRT Representatives shall together have one vote on TRT matters. By consensus, the TRT Representatives may offer voting or non-voting TRT membership to others who provide regional monitoring records and analyses to the TRT.

2. The objectives of the TRT shall be to review existing data, make recommendations concerning the monitoring efforts required by this Plan, and determine whether other criteria, such as water levels in monitoring wells, are a better indicator of potential effects of the pumping wells on the springs in the Muddy River Springs/Warm Springs Area. Either party may advance any recommendation for consideration by the other party to modify the action criteria. However, no change in the action criteria shall occur within the first five (5) years following the effective date of the Plan. After this five year period, and if the TRT reaches a consensus on changes to the action criteria, such criteria may be changed.

3. If the TRT Representatives are unable to reach consensus on the action criteria, the Parties shall refer the matter to a qualified panel of third party reviewers ("Panel") consisting of three scientists unaffiliated with any Party and having substantial formal training and experience in hydrogeology. If the Parties cannot agree by consensus on the make-up of the Panel, one member of the Panel shall be designated by each of the following from its own ranks: U.S. Geologic Survey, Nevada State Engineer (if the Nevada State Engineer declines to participate, then the Desert Research Institute shall be substituted), and a private firm with the requisite expertise designated by a majority of the Parties ("Appointing Entities"), provided that the Parties by consensus may designate different similarly qualified Appointing Entities. If any Appointing Entity for any reason is unable or refuses to designate a member of the Panel, the Parties by majority vote shall designate a qualified replacement Appointing Entity. The purpose of the referral to the Panel will be to obtain peer review of the then-current action criteria, the data upon which it is based, all previously submitted data and reports, and any other relevant and available data and analytical materials. The Panel will be asked to make its recommendation

based on the foregoing information concerning the appropriate content of the action criteria. All Parties shall have a fair and reasonable opportunity to present factual and analytical submissions in person and/or in writing to the Panel. The Parties contemplate that a determination of the Panel on the action criteria will constitute the best available scientific information concerning the impacts on Muddy River Springs/Warm Springs Area and Muddy River flows resulting from regional groundwater pumping, and the appropriateness of any proposed pumping restriction adjustments. The cost of the Panel shall be borne equally by the Parties.

3. **Mitigation Requirements**

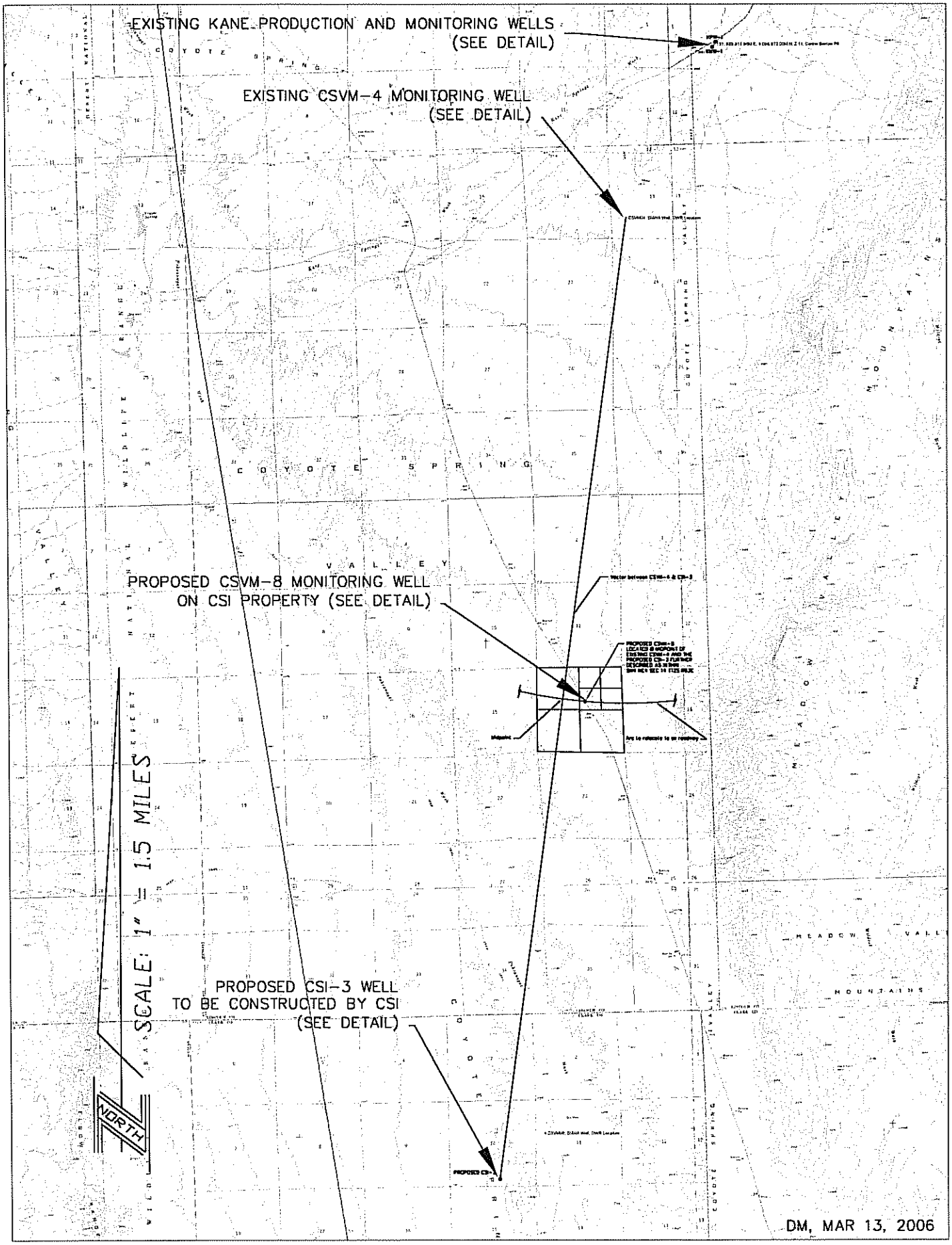
- LCWD&VWC will mitigate unreasonable adverse impacts either as agreed upon by the parties or after the Nevada State Engineer determines whether there are unreasonable adverse impacts due to LCWD&VWC pumping. LCWD&VWC will take the necessary steps to ensure that mitigation actions are feasible.

- As part of their commitment to the recovery of the Moapa dace, LCWD&VWC shall commit $50,000, annually for a period of five (5) years following the granting of the Applications, in total or in part, for the restoration of Moapa dace habitat outside the boundaries of the Moapa National Wildlife Refuge. Such restoration shall be conducted as agreed to by the FWS. In the event that the Applications as granted by the State Engineer total less than 2,500 afy, the parties agree to meet and renegotiate the annual funding amount to be consistent with the lesser quantity of water granted and the commitment by LCWD&VWC to participate in restoration activities of the Moapa dace. FWS acknowledges that Coyote Springs Investment LLC, a Nevada limited liability company (CSI), has dedicated certain quantities of water pursuant to a Memorandum of Agreement by and between the Southern Nevada Water Authority, the United States Fish and Wildlife Service, CSI, the Moapa Band of Paiutes, and the Moapa Valley Water District. FWS further acknowledges that CSI is the intended beneficiary of the water to be developed pursuant to the Applications. Thus, in the event that pumping of groundwater pursuant to the Applications is restricted pursuant to Section 2. A. of this Exhibit A to the Stipulation, FWS agrees to use any quantities of water dedicated by CSI pursuant to the MOA for the survival and recovery of the Moapa dace as directed in the MOA.

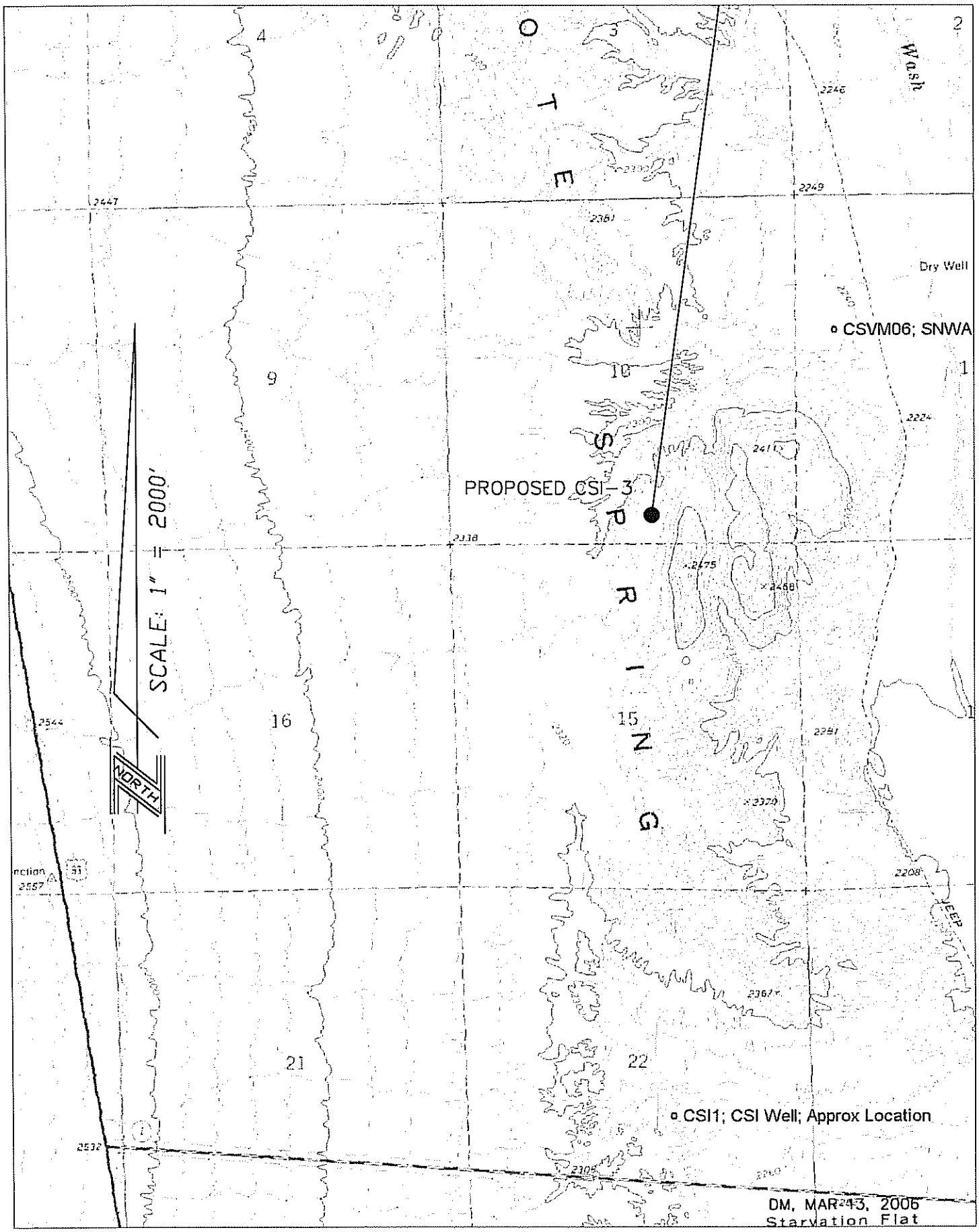
4. **Modification of the Plan**

- LCWD&VWC and the FWS may modify this plan by mutual agreement. The parties also acknowledge that the State Engineer has the authority to modify this plan. In addition, LCWD&VWC and the FWS may individually or jointly petition the State Engineer to modify this plan in the event that mutual agreement cannot be reached. Any such petition shall only be filed after 90 days written notice to the remaining party. Either LCWD&VWC or the FWS may submit written comments to the State Engineer regarding the merits of any such petition for modification.

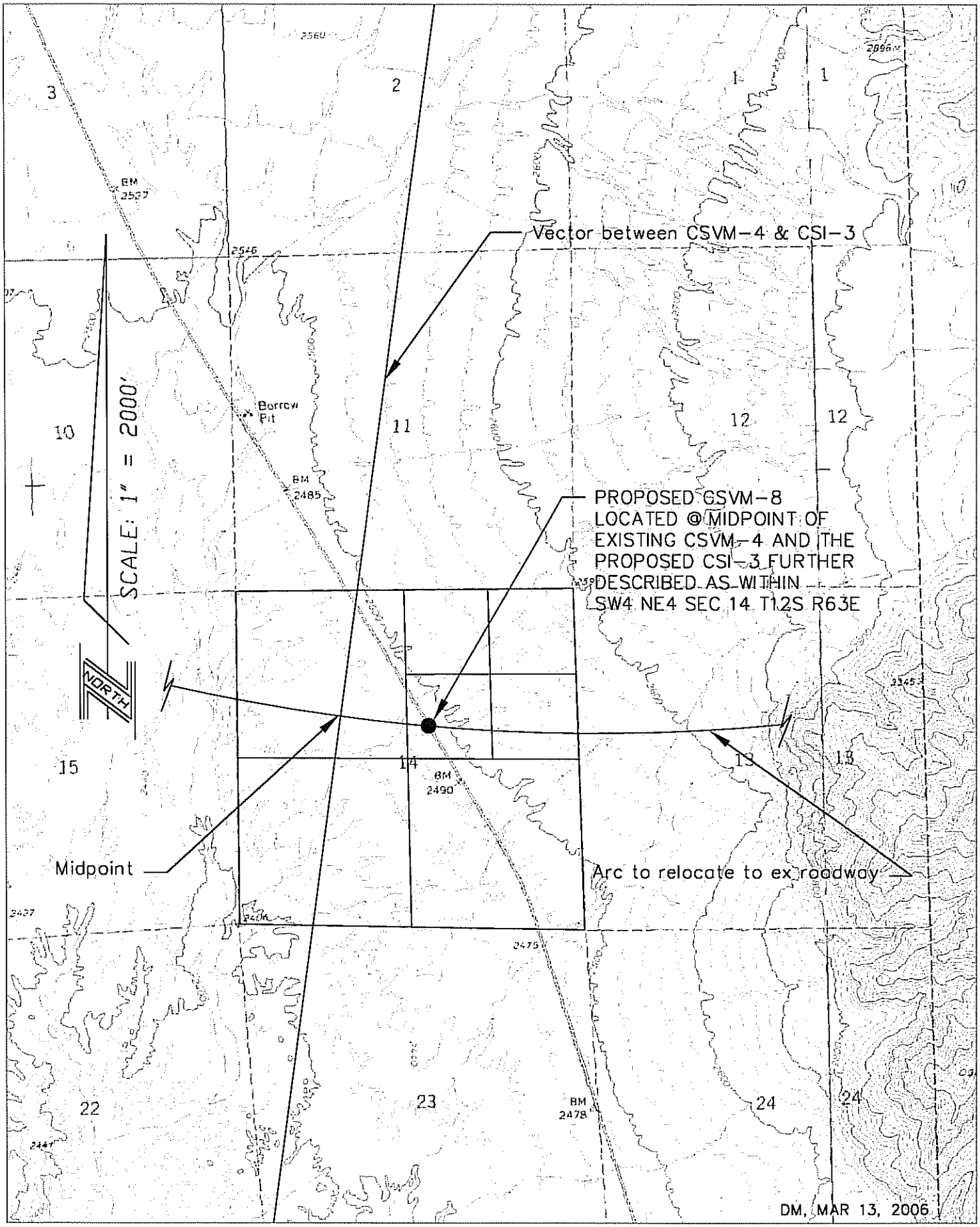
ATTACHMENT "A1"
OVERALL VIEW



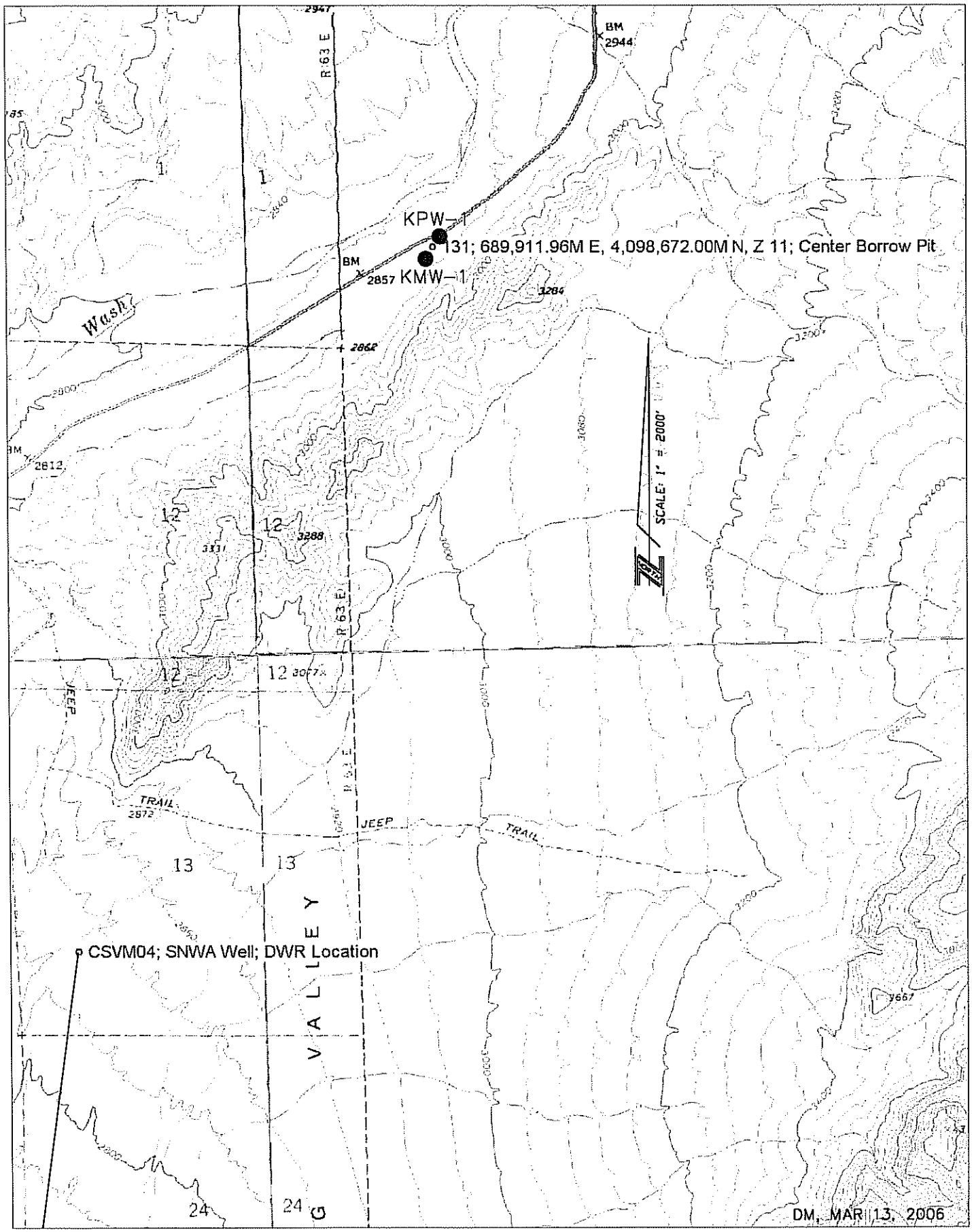
ATTACHMENT "A2"
CSI-3 DETAIL VIEW



ATTACHMENT "A3"
CSVM-8 DETAIL VIEW



ATTACHMENT "A4"
CSVM-4 & KANE SPRINGS WELLS VIEW



APPENDIX A-2

OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA
ORDER 1169

IN THE OFFICE OF THE STATE ENGINEER

OF THE STATE OF NEVADA

1169

ORDER

HOLDING IN ABEYANCE CARBONATE-ROCK AQUIFER SYSTEM GROUNDWATER APPLICATIONS PENDING OR TO BE FILED IN COYOTE SPRINGS VALLEY (BASIN 210), BLACK MOUNTAINS AREA (BASIN 215), GARNET VALLEY (BASIN 216), HIDDEN VALLEY (BASIN 217), MUDDY RIVER SPRINGS aka UPPER MOAPA VALLEY (BASIN 219), LOWER MOAPA VALLEY (BASIN 220), AND FOR FURTHER STUDY OF THE APPROPRIATION OF WATER FROM THE CARBONATE-ROCK AQUIFER SYSTEM, LINCOLN AND CLARK COUNTIES, NEVADA.

WHEREAS, the Nevada State Engineer is designated by the Nevada Legislature to perform the duties related to the management of the water resources belonging to the people of the State of Nevada.[1]

WHEREAS, the State Engineer is empowered to make such reasonable rules and regulations as may be necessary for the proper and orderly execution of the powers conferred by law.[2]

WHEREAS, the State Engineer is empowered to conduct such studies as are necessary.[3]

WHEREAS, a large portion of the State of Nevada consisting of approximately 50,000 square miles of sparsely populated land is underlain by significant carbonate-rock sequences.[4]

WHEREAS, the carbonate-rock sequences contain groundwater aquifers, which are believed to contain significant, but undetermined, quantities of ground water.

WHEREAS, many persons or entities have filed water right applications requesting permission to appropriate substantial quantities of underground water from the carbonate-rock aquifer system.

WHEREAS, in 1984, the Water Resources Division of the United States Department of Interior, Geological Survey proposed a 10-year investigation of the entire Carbonate Terrane, which includes the carbonate-rock aquifers of the areas referenced above. This study was proposed because the water resources of the Carbonate Terrane were not well defined, the hydrology and geology of the area are complex, and data was sparse.[5]

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[1] See, Nevada Revised Statutes chapters 532, 533, 534, 535 and 536.

[2] NRS § 532.120.

[3] NRS § 532.165(1), 533.368 and 533.370(2).

[4] Michael D. Dettinger, Distribution of Carbonate-Rock Aquifers in Southern Nevada and the Potential for their Development, Summary of Findings, 1985-1988, Summary Report No. 1, United States Geological Survey, Department of Interior and Desert Research Institute, University of Nevada System, p. 3, 1989. See also, Memorandum dated August 3, 1984, from Terry Katzer, Nevada Office Chief, Water Resources Division, United States Department of Interior Geologic Survey, Carson City, Nevada, to Members of the Carbonate Terrane Study, Attachment p. 8, which indicates that the area underlain by significant carbonate-rock sequences in Nevada is over 40,000 square miles of sparsely populated land, and includes 106 hydrographic areas and basins.

[5] Memorandum dated August 3, 1984, from Terry Katzer, Nevada Office Chief, Water Resources Division, United States Department of Interior Geologic Survey, Carson City, Nevada, to

WHEREAS, it has been known since 1984 that to arrive at some reasonable understanding of the carbonate-rock aquifer system, substantial amounts of money would be required to develop the science, a significant period of study would be required, and that "unless this understanding is reached, the development of carbonate water is risky and the resultant effects may be disastrous for the developers and current users."[6]

WHEREAS, the United States Geological Survey has indicated that given the multiple possible avenues of hydrologic connection between the various aquifers and flow systems, and the uncertainties of recharge and discharge mechanisms and processes, an investigation of the hydrology of the carbonate-rock aquifer system in Nevada is undoubtedly a difficult undertaking.

WHEREAS, an investigation of the carbonate-rock aquifer system is additionally complicated by factors including:[7]

- basic hydrologic data such as groundwater levels in the basin-fill aquifers and the carbonate-rock aquifers, and reliable flow measurements for important springs and major streams are scarce or infrequently obtained in much of the area;
- secondary hydrologic and other data, such as hydraulic parameters, geophysical and geochemical, are lacking in many areas;
- the geometry, properties, and boundaries of the carbonate-rock and basin-fill reservoirs are generally unknown, and definition of these properties can be expensive and difficult;
- climatic conditions today are inadequately defined (particularly at higher altitudes) and conditions during the development of the flow paths within the deep-rock aquifers and flow paths within the carbonate-rock aquifer are even more uncertain;
- uncertainties and inaccuracies exist in current methods of estimating precipitation;
- uncertainties and inaccuracies exist in current methods of estimating groundwater inflow and recharge;
- uncertainties and inaccuracies exist in current methods of estimating groundwater outflow and evaporative discharge;
- only a small number of wells tap the deep carbonate-rock aquifer system;
- because there has been no significant historical pumping of ground water from the carbonate-rock aquifer system, groundwater models can only be used as a limited predictive tool for estimating the principle location and magnitude of the impacts of pumping ground water from the system;
- limited stresses on the water resources of the area under current development conditions allow hydrologists information only on the narrow band of system responses to natural conditions; and
- the relationship between geothermal systems and the deep carbonate-rock aquifers and groundwater flow systems is not well understood.

WHEREAS, in 1985, the Nevada Legislature authorized a program for the study and testing of the carbonate-rock aquifer system of eastern and southern Nevada. The program was a cooperative effort between the State of Nevada and the Federal Government. The overall plan for the program was to study the carbonate-rock aquifers of southern, east-central, and northeastern Nevada as separate phases of work, with a summary of findings to be prepared at the end of each

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Members of the Carbonate Terrane Study.

[6] Ibid.

[7] Id., Attachment p. 7.

phase. A report, Distribution of Carbonate-Rock Aquifers in Southern Nevada and the Potential for their Development, Summary of Findings, 1985-1988,[8] summarized the findings of the first phase of the study, which assessed the resources of the carbonate-rock aquifers of southern Nevada. The summary brought together results from more than 20 technical reports produced during the study. The summary indicated that:

> The rocks that compose the carbonate-rock aquifers are layers of limestone and dolomite that were deposited hundreds of millions of years ago in much of the eastern Great Basin. Subsequently, the carbonate rocks were much deformed; as a result, they no longer exist as continuous layers beneath the region. Instead, they have been pulled apart to form a few large areas of thick and relatively continuous carbonate rocks. Separating these areas are noncarbonate rocks, within which are isolated mountain-sized blocks of carbonate rock.
>
> Beneath southern Nevada, the thick carbonate-rock layers are continuous enough to transmit ground water at regional scales only beneath a north-south "corridor" 60-90 miles wide that extends southward from east-central Nevada to and beyond the Spring Mountains area west of Las Vegas. Within this corridor are the two major regional flow systems of southern Nevada: the Ash Meadows-Death Valley system and the White River-Muddy River Springs system. These flow systems link the ground water beneath dozens of valleys and over distances exceeding 200 miles. Flow in these systems probably is concentrated along highly transmissive zones associated with (1) recently active faults and (2) confluences of flow near major warm-water springs. Outside of the corridor, the carbonate rocks are present primarily as isolated blocks that form aquifers of limited extent, recharged mostly by local precipitation.
>
> * * *
>
> Large-scale development (sustained withdrawals) of water from the carbonate-rock aquifers would result in water-level declines and cause the depletion of large quantities of stored water. Ultimately, these declines would cause reductions in the flow of warm-water springs that discharge from the regional aquifers. Storage in other nearby aquifers also might be depleted, and water levels in those other aquifers could decline. In contrast, isolated smaller ground-water developments, or developments that withdraw ground water for only a short time, may result in water-level declines and springflow reductions of manageable or acceptable magnitude.
>
> Confidence in predictions of the effects of development, however, is low; and it will remain low until observations of the initial hydrologic results of development are analyzed. A strategy of staging developments gradually and adequately monitoring the resulting hydrologic conditions would provide information that eventually could be used to improve confidence in the predictions.[9]

WHEREAS, because assurances that the adverse effects of development will not overshadow the benefits cannot be made with a high degree of confidence, development of the carbonate-rock aquifer system must be undertaken in gradual stages together with adequate

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[8] Michael D. Dettinger, Distribution of Carbonate-Rock Aquifers in Southern Nevada and the Potential for their Development, Summary of Findings, 1985-1988, Summary Report No. 1, United States Geological Survey, Department of Interior and Desert Research Institute, University of Nevada System, Forward, 1989.

[9] Id, pp. 1-2.

monitoring in order to predict, through the use of a calibrated model, the effects of continued or increased development with a higher degree of confidence.

WHEREAS, staging development gradually means not developing the resources in one large step, but rather starting with small projects that are possibly augmented gradually if conditions and confidence warrant. This approach allows the effects of development to be observed and analyzed continually, so that the benefits and adverse effects of development can be judged and the effects reversed or mitigated if they prove to be detrimental to existing rights and the environment. This approach would hopefully avoid the havoc that could be created by the curtailment of water use by those who have come to rely on it if impacts occur requiring curtailment of the water use.

WHEREAS, the 1995 Water-Resources Investigations Report 91-4146[10] estimates the total water budget of all southern Nevada aquifers from the natural recharge to the mountains and subsurface inflow to the study area[11] to be about 160,000 acre-feet annually, and discharges from major discharge areas to be about 77,000 acre-feet annually.[12]

WHEREAS, it is believed that all of the recharge and subsurface inflow cannot be captured for use.

WHEREAS, in July and August of 2001 nearly four weeks of public administrative hearings were conducted on applications filed by the Las Vegas Valley Water District (Applications 54055 - 54059, inclusive) and Coyote Springs Investment, LLC (Applications 63272 - 63276, inclusive, and 63867 -63876, inclusive), which together request to appropriate approximately 135,000 acre-feet of water annually from the carbonate-rock aquifer system within the Coyote Springs Valley Hydrographic Basin.[13]

WHEREAS, testimony and evidence from the administrative hearing on the Las Vegas Valley Water District's applications indicates that using the standard Maxey-Eakin technique for estimation of groundwater recharge from precipitation, the recharge for the Coyote Springs Valley, Muddy River Springs, Hidden Valley, Garnet Valley, Black Mountains and Lower Moapa Valley

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[10] Michael D. Dettinger, et al., Distribution of Carbonate-Rock Aquifers and the Potential for Their Development, Southern Nevada and Adjacent Parts of California, Arizona and Utah, U.S. Geological Survey, Water-Resources Investigations Report 91-4146, p. 50, 1995.

[11] The study area is defined on p. 5 of Water-Resources Investigations Report 91-4146 to be most of southern Nevada south of Tonopah and Pioche.

[12] Discharge areas are identified as Muddy River Springs 36,000 acre-feet annually (afa) of spring flow, Blue Point Spring 240 afa of spring flow, Rogers Spring 920 afa of spring flow, Frenchman Mountain 2,100 afa of underflow toward Colorado River, Pahrump Valley 18,000 afa of underflow to California, Ash Meadows 17,000 afa of spring flow and evapotranspiration, Amargosa Desert 3,000 afa of underflow to Death Valley, and Grapevine Canyon 400 afa of underflow to Death Valley. Water-Resources Investigations Report 91-4146 at 53.

[13] It is noted that at the administrative hearing on Coyote Springs Investment, LLC Applications 63272 - 63276, inclusive, and 63867 -63876, inclusive, the applicant indicated they are requesting the State Engineer "to issue the permits as requested but limit their full use until the monitoring and mitigation program is in effect." Transcript, public administrative hearing before the State Engineer, August 20, 2001, p. 58. However, the applicant further indicated that it requested that a minimum of four permits be issued, two in each county, with the second permit in each county to be used to stress the aquifer. Two permits for a total amount of 14,478 afa would be for development, two permits for a total amount of 14,478 afa would be to stress the aquifer under some temporary development. Transcript, public administrative hearing before the State Engineer, August 20, 2001, pp. 91-96. This is after the 27,504 afa requested by the Las Vegas Valley Water District.

areas combined is approximately 3,550 acre-feet annually. Using the modified Maxey-Eakin technique introduced at the administrative hearing (known as the Donovan-Katzer 2000 technique), the recharge is estimated at approximately 6,761 acre-feet annually for the combined areas.[14]

WHEREAS, testimony and evidence from the administrative hearing on the Las Vegas Valley Water District's applications indicates that approximately 50,000 acre-feet of groundwater inflow comes into the Coyote Springs Valley from northern groundwater basins and approximately 53,000 acre-feet annually outflows[15] from Coyote Springs Valley of which a portion may be available for capture from that groundwater underflow. While testimony presented indicated a belief that significant quantities of water may be available for capture from storage, it is unknown what quantity that would be and if any underground water could be appropriated without unreasonable and irreversible impacts.[16]

WHEREAS, testimony and evidence from the administrative hearing on the Las Vegas Valley Water District's applications indicates that a portion of the ground water outflow from Coyote Springs Valley is believed to discharge at a rate of approximately 37,000 acre-feet annually at the Muddy River Springs area and approximately 16,000 to 17,000 acre-feet annually flows to groundwater basins further south.[17] This 37,000 acre-feet is counted as part of the 53,000 acre-feet outflow from Coyote Springs Valley resulting in 16,000-17,000 acre-feet annual flow that by-passes the Muddy River Springs area.

WHEREAS, these referenced large springs located near the central part of the Upper Moapa Valley, which that collectively discharge approximately 37,000 acre-feet annually of underground water, are fully appropriated pursuant to the Muddy River Decree.[18] It is believed that the source of water discharged originates mainly from the carbonate-rock aquifer system, but it is unknown if the discharge originates solely from the White River Flow System or is also influenced by discharge from the Meadow Valley Flow System or if there is influence from the alluvial aquifer.

WHEREAS, listed endangered and/or potential threatened species exist in the Muddy Springs/Muddy River area.

WHEREAS, testimony and evidence from the administrative hearing on the Las Vegas Valley Water District's applications indicates that their own expert witnesses are unable to make a suggestion to the State Engineer as to what part of the water budget could be captured without a great deal of uncertainty, and that the question cannot be resolved without stressing the system.[19]

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[14] See, testimony of Terry Katzer and David Donavan; Exhibit 54, p. 4-25, public administrative hearing before the State Engineer, July 16-24, 2001.

[15] Taking into account for 4,000 afa of in-basin recharge and 1,000 afa of evapotranspiration.

[16] See, testimony of Terry Katzer and David Donavan, public administrative hearing before the State Engineer, July 16-24, 2001.

[17] See, testimony of Terry Katzer and David Donavan, public administrative hearing before the State Engineer, July 16-24, 2001.

[18] Judgment and Decree, In the Matter of the Determination of the Relative Rights In and To the Waters of the Muddy River and Its Tributaries in Clark County, State of Nevada, March 12, 1920, Tenth Judicial District Court of the State of Nevada, In and For the County of Clark.

[19] See, testimony of Terry Katzer and David Donavan, public administrative hearing before the State Engineer, June 16-24, 2001.

WHEREAS, testimony and evidence from the administrative hearing on the Las Vegas Valley Water District's applications indicates that the State Engineer's ability to determine if development of the carbonate-rock aquifer system will impact existing rights is dependent on how the water rights are brought "on-line" and monitored.[20]

WHEREAS, testimony and evidence from the administrative hearing on the Las Vegas Valley Water District's applications indicates that little is known about the hydrologic connectivity between the groundwater basins, that virtually nothing is known about the mountain blocks, estimates of recharge to the area can vary by a factor of two, there is probably some connectivity between the water in the carbonate-rock aquifers and the alluvial groundwater basins,[21] there is still little data available and not much has changed from the information known in 1984.

WHEREAS, the State Engineer has been provided several different models, which though based on little pumping data, all provide the State Engineer with different analyses, and which all indicate that the pumping of substantial amounts of carbonate-rock aquifer water will likely impact the sources of the Muddy River.

WHEREAS, the State Engineer has previously granted groundwater permits, which authorize use of underground water in the area underlain by the carbonate-rock aquifer system or directly from the carbonate-rock aquifer system in the following quantities:

Coyote Springs Valley (Basin 210)	16,300	acre-feet
Black Mountain (Basin 215)	10,216	acre-feet
Garnet Valley (Basin 216)	3,380	acre-feet
Hidden Valley (Basin 217)	2,200	acre-feet[22]
Muddy River Springs aka Upper Moapa Valley (Basin 219)	14,756	acre-feet
Lower Moapa Valley (Basin 220)	5,813	acre-feet
	50,465	acre-feet

WHEREAS, of all the water rights issued from the carbonate-rock aquifer system, to date very few have actually been pumped.

WHEREAS, if 16,000 to 17,000 acre-feet is believed to by-pass the Muddy River Springs area, the water right permits already issued in Coyote Springs Valley alone equal the estimate of the amount of carbonate flow that by-passes the region and is not part of the flow discharged from the Muddy River Springs area.

WHEREAS, Nevada Revised Statute § 533.370(2)(b) provides that the State Engineer may postpone action on an application in areas where studies of water supplies are necessary.

WHEREAS, Nevada Revised Statute § 533.368 provides that if the State Engineer determines that a hydrological study, an environmental study or any other study is necessary before he makes a final determination on an application, and the applicant, a governmental agency or other person has not conducted such a study or the required study is not available, the State Engineer shall advise the applicant of the need for the study and the type of study required.

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[20] Ibid.

[21] Ibid.

[22] This 2,200 acre-feet is combined with 2,200 acre-feet issued in Garnet Valley for a total of 2,200 afa between the two basins.

WHEREAS, Nevada Revised Statute § 533.368(4) provides that the State Engineer shall consult with the applicant and the governing body of the county or counties in which the point of diversion and place of use are located concerning the scope and progress of the study.

WHEREAS, the State Engineer believes it is prudent to work with a model, and the appropriate model will be determined in conjunction with the parties identified below who are responsible for participating in the study.

WHEREAS, the State Engineer does not believe it is prudent to issue any additional water rights to be pumped from the identified portions of the carbonate-rock aquifer until a significant portion of the water rights which have already been issued are pumped for a substantial period of time in order to determine if the pumping of those water rights will have any detrimental impacts on existing water rights or the environment.

NOW THEREFORE, the State Engineer orders:

1. All applications pending and any new filings for the appropriation of water from the carbonate-rock aquifer system in Coyote Springs Valley (Basin 210), Black Mountains Area (Basin 215), Garnet Valley (Basin 216), Hidden Valley (Basin 217), Muddy River Springs aka as Upper Moapa Valley (Basin 219), and Lower Moapa Valley (Basin 220) will be held in abeyance until further information is obtained by stressing the aquifer by those water right permits already issued to appropriate water from the carbonate-rock aquifer system.

2. While the studies proposed in 1985 were a beginning, those studies indicated that large-scale developments with sustained withdrawals of water from the carbonate-rock aquifers would result in water-level declines and depletion of stored water, but that isolated smaller groundwater developments or developments of limited duration may result in water-level declines and springflow reductions of manageable and acceptable magnitudes. However, very little additional information based on hard science has been produced since that time. Nevada Revised Statute § 533.368 provides the State Engineer with the authority to withhold action on pending applications and to advise the applicant of the need for additional study. The State Engineer finds that further hydrological study is needed before a final determination can be made on carbonate-rock aquifer system water right applications in the referenced basins.

3. The State Engineer, in conjunction with those identified below as applying for additional water rights and already having an interest in water rights permitted from the carbonate-rock aquifer system, or their successors in interest, will conduct a study to provide information on the effect of pumpage of those water rights which have already been issued from the carbonate-rock aquifer. The entities that shall participate in the study must at a minimum include:

Las Vegas Valley Water District
Southern Nevada Water Authority
Coyote Springs Investment, LLC
Nevada Power Company
Moapa Valley Water District.

The study must cover a 5-year minimum period during which at least 50% of the water rights currently permitted in the Coyote Springs Valley groundwater basin are pumped for at least 2 consecutive years.

4. These referenced applicants or permittees shall bear the cost of the study, and a cash deposit divided pro rata among them will be required as set forth in NRS § 533.368(3) after a determination of the estimate of cost to complete the study.

5. The State Engineer will arrange meetings between the State Engineer and the Las Vegas Valley Water District, Southern Nevada Water Authority, Coyote Springs Investment, LLC, Nevada Power Company, and Moapa Valley Water District, or their successors, and the governing bodies of the counties in which there are proposed points of diversion and places of use under their pending applications concerning the scope of the study.

6. The State Engineer orders the Las Vegas Valley Water District, Southern Nevada Water Authority, Coyote Springs Investment, LLC, Nevada Power Company, Moapa Valley Water District, Dry Lake Water Company, LLC, Republic Environmental Technologies, Inc., Chemical Lime Co., Nevada Cogeneration Associates, or their successors, who presently hold water rights authorized for appropriation from the carbonate-rock aquifer, to provide the other parties to the study and the State Engineer with data on a quarterly basis as to the rate at which water was diverted under the specific water right permits issued, total acre-feet diverted per month, and monthly water level measurements

7. After the study period, the Las Vegas Valley Water District; Southern Nevada Water Authority; Coyote Springs Investment, LLC; Nevada Power Company; and Moapa Valley Water District are ordered to file with the State Engineer, within 180 days of the end of the fifth consecutive year, a report as to the information obtained and any impacts seen to the groundwater or surfacewater resources of the carbonate-rock aquifer or alluvial aquifer systems from the pumping of those rights presently permitted.

8. At the end of the study period, the Las Vegas Valley Water District/Southern Nevada Water Authority will update Exhibit 54 from the July 2001 hearings in order to show the State Engineer the effects, if any, of the water it requested for appropriation under Applications 54055 - 54059, inclusive, as they are filed. The State Engineer will then make a determination if he has sufficient information to proceed with ruling on those applications for which hearings have already been conducted, i.e., Las Vegas Valley Water District (Applications 54055 - 54059, inclusive) and Coyote Springs Investment, LLC (Applications 63272 - 63276, inclusive, and 63867 -63876, inclusive), and other applications pending for the appropriation of water from the carbonate-rock aquifer system.

HUGH RICCI, P.E.
State Engineer

Dated at Carson City, Nevada,

this 8th day of March, 2002

CERTIFICATE OF SERVICE

I, the undersigned, declare under penalty of perjury, that I am an employee of the Nevada Division of Water Resources, that I am over the age of eighteen (18) years, and that I am not a party to, nor interested in, this action. On this date, I mailed a true and correct copy of Nevada Division of Water Resources' Order No. 1169, addressed to the following:

Las Vegas Valley Water District
Attn: Kay Brothers
1001 S. Valley View
Las Vegas, NV 89153
Cert. Mail #7000 0520 0023 8555 9034

Coyote Springs Investment, L.L.C.
7755 Spanish Springs Road
Sparks, NV 89436
Cert. Mail #7000 0520 0023 8555 9041

C.S. Inc.
Judy Kuban
1625 Wendy Way
Reno, NV 89509
Cert. Mail #7000 0520 0023 8555 9058

Dry Lake Water, LLC
2701 North Tenaya Way, Suite 200
Las Vegas, NV 89128
Cert. Mail #7000 0520 0023 8555 9065

Bonneville Nevada Corp.
257 East 200 South, Suite 800
Salt Lake City, UT 84111
Cert. Mail #7000 0520 0023 8555 9072

C.O. Myers, Exec. Dir.
Nevada Cogeneration Ass.
P.O. Box 81378
Bakersfield, CA 93380
Cert. Mail #7000 0520 0023 8555 9089

Nevada Power Co.
Attn: Craig York
P.O. Box 230
Las Vegas, NV 89151-0001
Cert. Mail #7000 0520 0023 8555 9096

Oxford Energy of Nevada, Inc.
3510 Unocal Place
Santa Rosa, CA 95403
Cert. Mail #7000 0520 0023 8555 9102

James W. Adams
7439 La Palma Ave., Suite 234
Buena Park, CA 90620
Cert. Mail #7000 0520 0023 8555 9119

Stallion Sand & Gravel, LLC
624 Casa del Norte
North Las Vegas, NV 89031
Cert. Mail #7000 0520 0023 8555 9126

Moapa Band of Paiute Indians
P.O. Box 340
Moapa, NV 89025
Cert. Mail #7000 0520 0023 8558 4562

Moapa Valley Water District
P.O. Box 257
Logandale, NV 89021
Cert. Mail #7000 0520 0023 8558 4579

Three Kids Enterprises
4055 S. Spencer St., Suite 106
Las Vegas, NV 89119
Cert. Mail #7000 0520 0023 8558 4586

Sandia Construction Inc.
c/o Cameron Adams
Box 1297
Susanville, CA 96103
Cert. Mail #7000 0520 0023 8558 4593

Nevada Cogneration Associates
420 N. Nellis Blvd., #A3-148
Las Vegas, NV 89110
Cert. Mail #7000 0520 0023 8558 4609

N. Burgess
420 N. Nellis Blvd., #A3-117
Las Vegas, NV 89110
Cert. Mail #7000 0520 0023 8558 4616

North Valley Holdings
500 Damonte Ranch Parkway, Suite 1056
Reno, NV 89511
Cert. Mail #7000 0520 0023 8558 4623

Michael Buschelman
P.O. Box 51371
Sparks, NV 89435
Cert. Mail #7000 0520 0023 8558 4630

William Penn
CMS Generation Co.
330 Town Center Drive, Ste. 1100
Dearborn, MI 48126
Cert. Mail #7000 0520 0023 8558 4647

Thomas Shelton
CMS Generation Co.
2154 Hastings Ct.
Santa Rosa, CA 95495-8577
Cert. Mail #7000 0520 0023 8558 4654

Wyman Engineering Consultants
P.O. Box 60473
Boulder City, NV 89006-0473
Cert. Mail #7000 0520 0023 8558 4661

John E. Hiatt
8180 Placid St.
Las Vegas, NV 89123
Cert. Mail #7000 0520 0023 8558 4678

City of Caliente
Attn: George T. Rowe, Mayor
P.O. Box 158
Caliente, NV 89008
Cert. Mail #7000 0520 0023 8558 4685

County of Nye
P.O. Box 1767
Tonopah, NV 89049
Cert. Mail #7000 0520 0023 8558 4692

Ely Shoshone Tribe
16 Shoshone Circle
Ely, NV 89301
Cert. Mail #7000 0520 0023 8558 4708

Lincoln County, Board of Commissioners
P.O. Box 90
Pioche, NV 89043
Cert. Mail #7000 0520 0023 8558 4715

Clark County Commissioners
500 S. Grand Central Parkway
Las Vegas, NV 89106-4506
Cert. Mail #7000 0520 0023 8558 4807

Muddy Valley Irrigation District
P.O. Box 160
Logandale, NV 89021
Cert. Mail #7000 0520 0023 8558 4722

U.S. Bureau of Indian Affairs
Attn: Barry Welch
P.O. Box 10
Phoenix, Az. 85001
Cert. Mail #7000 0520 0023 8558 4739

U.S.D.I., B.L.M.
Attn: Ben F. Collins, District Manager
P.O. Box 26569
Las Vegas, NV 89126
Cert. Mail #7000 0520 0023 8558 4746

U.S. Fish and Wildlife Service
911 NE 11th Ave.
Portland, OR 97232-4184
Cert. Mail #7000 0520 0023 8558 4753

U.S. National Park Service
Dan McGlothlin
1201 Oak Ridge Drive, Suite 250
Fort Collins, CO 80525
Cert. Mail #7000 0520 0023 8558 4760

Republic Environmental Technologies, Inc.
770 E. Sahara Ave.
Las Vegas, NV 89104
Cert. Mail #7000 0520 0023 8558 4777

Chemical Lime Co.
P.O. Box 3609
North Las Vegas, NV 89036
Cert. Mail #7000 0520 0023 8558 4784

Nevada Cogeneration Associates
420 N. Nellis Blvd., A3-148 and 117
Las Vegas, NV 89110
Cert. Mail #7000 0520 0023 8558 4791

Richard Berley/Mark Slonim
Ziontz, Chestnut, Varnell, Berley and Slonim
2101 4th Ave., Suite 1230
Seattle, WA 98121

Robert Johnston
Kilpatrick, Johnston & Adler
412 North Division St.
Carson City, NV 89703

Ross de Lipkau
Marshall Hill Cassas & de Lipkau
P.O. Box 2790
Reno, NV 89505

Peter Fahmy
U.S. Dept. of Interior
755 Parfet St., Suite 151
Lakewood, CO 80215

Robert Marshall
Marshall Hill Cassas & deLipkau
P.O. Box 2790
Reno, NV 89505

Byron Mills
732 S. 6th St.
Las Vegas, NV 89101

Steve Palmer
Office of the Regional Solicitor
U.S. Dept. of Interior
2800 Cottage Way, Room E-2753
Sacramento, CA 95825-1890

Karen Peterson
Allison, MacKenzie, Hartman, et. al.
P.O. Box 646
Carson City, NV 89702

Peggy Twedt
Frank Flaherty
Dyer, Lawrence, Cooney & Penrose
2805 N. Mountain St.
Carson City, NV 89703

Harvey Whittemore
Carl Savely
Lionel, Sawyer & Collins
50 West Liberty St. Suite 1100
Reno, NV 89501

Don Winter
Agent C.S. Inc.
P.O. Box 35136
Las Vegas, NV 89133

Charles Cave
2325 W. Charleston Blvd.
Las Vegas, NV 89102

Dale Ferguson
Woodburn & Wedge
6100 Neil Road, Ste. 500
Reno, NV 89511

Mark Stock
Global Hydrologic Services, Inc.
561 Keystone Ave. #200
Reno, NV 89503

Linda Bowman
540 Hammil Lane
Reno, NV 89511

George Benesch
P.O. Box 3498
Reno, NV 89505

Dated this 8 day of March, 2002.

Sandra Allen

APPENDIX A-3

Memorandum of Agreement between Southern Nevada Water Authority, Coyote Springs Investment LLC, Moapa Band of Paiute Indians, Moapa Valley Water District, and United States Fish and Wildlife Service

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement ("MOA") is entered into this 20th day of April, 2006, (the "Effective Date") by and between the Southern Nevada Water Authority ("SNWA"), a political subdivision of the State of Nevada, the United States Fish and Wildlife Service ("FWS"), Coyote Springs Investment LLC, a Nevada limited liability company ("CSI"), the Moapa Band of Paiute Indians ("Tribe") and the Moapa Valley Water District ("MVWD"), a political subdivision of the State of Nevada. For convenience, SNWA, FWS, CSI, the Tribe and MVWD are at times herein referred to individually as "Party" and collectively as "Parties."

RECITALS

A. In Order No. 1169 the Nevada State Engineer held in abeyance applications for new groundwater rights in certain groundwater basins, and mandated that SNWA, MVWD and other parties conduct a regional groundwater study including the pumping of at least 50 percent of the permitted water rights within the Coyote Spring Valley hydrographic basin for a period of at least two consecutive years ("Pump Test").[1] SNWA currently owns 9,000 afy of water rights with points of diversion within the Coyote Spring Valley hydrographic basin under Permit Nos. 49414, 49660 through 49662 and 49978 through 49987 ("SNWA Water Rights").

B. To facilitate the Pump Test and delivery of SNWA Water Rights, SNWA applied to the Bureau of Land Management ("BLM") for a right-of-way across Federal land for the

[1] Currently there are 16,100 acre-feet per year ("afy") of permitted groundwater rights in the Coyote Spring Valley hydrologic basin, including the SNWA Water Rights and CSI Water Rights, defined in Recitals A and D herein, and Order No. 1169 requires the continuous diversion of 8,050 acre-feet per year during the Pump Test.

construction and operation of a pipeline to deliver groundwater from the Coyote Spring hydrographic basin to either the Muddy River System or to MVWD's service system.

C. In Ruling No. 5115 the Nevada State Engineer granted Application No. 54075, filed by the Las Vegas Valley Water District ("District") on October 17, 1989, for a total duty of 2,500 afy with a diversion rate of 5.0 cubic feet per second ("cfs") within the California Wash hydrographic basin ("Permit No. 54075"). By separate agreement, the District has transferred ownership of Permit No. 54075 to the Tribe. The Tribe plans to divert and utilize groundwater under Permit No. 54075.

D. CSI is a private landowner in the Coyote Spring Valley hydrographic basin and owns 4,600 afy of water rights with points of diversion within the basin under Permit Nos. 70429 and 70430 ("CSI Water Rights").

E. MVWD is responsible for supplying the municipal water needs of Upper and Lower Moapa Valley located in Clark County, Nevada. MVWD owns several water rights within Upper Moapa Valley including surface rights to spring flows in the Muddy Springs area and groundwater rights (Permit Nos. 52520, 55450 and 58269) with points of diversion at the Arrow Canyon well and a right to 1.0 cfs of spring flow from the Jones Spring (Certificate No. 10060) ("Jones Water Right").

F. FWS is a Federal agency within the Department of the Interior. FWS' responsibilities include implementation of the Endangered Species Act and administration of the National Wildlife Refuge System. FWS holds a Nevada State water right certificate for a flow rate of not less than 3.5 cfs as measured at the Warm Springs West flume (Permit No. 56668; Certificate No. 15097 issued subject to the terms of Permit No. 56668) for the maintenance of habitat of the Moapa dace and other wildlife purposes ("FWS Water Right").

G. The Moapa dace (*Moapa coriacea*) is an endemic fish that inhabits the upper Muddy River and tributary thermal spring systems within the Warm Springs area in Clark County, Nevada. The Moapa dace was federally listed as endangered on March 11, 1967 (32 FR 4001). FWS manages the Moapa Valley National Wildlife Refuge established in 1979 as part of the National Wildlife Refuge System.

H. Based upon its evaluation of available data, FWS postulates that current groundwater pumping by MVWD at the Arrow Canyon well is causing a decline in spring flows in the Warm Springs area and that future withdrawals of groundwater by SNWA and/or CSI in the Coyote Spring Valley hydrographic basin and/or by the Tribe in the California Wash hydrographic basin may cause spring flows to decline. SNWA, CSI, and MVWD do not believe the available hydrologic data supports these conclusions.

I. The Tribe believes that regional groundwater monitoring and scientifically valid, but conservative, regional computer modeling have demonstrated and will continue to demonstrate that on-Reservation groundwater pumping authorized under Permit No. 54075 will not cause appreciable declines in spring flows in the Warm Springs area.

J. Prior to the issuance of Order No. 1169, a stipulation was executed on July 19, 2001, between Federal agencies and SNWA regarding protests filed by Federal agencies against SNWA applications for new groundwater rights in the Coyote Spring Valley hydrographic basin. The Federal agencies and SNWA agreed to implement a monitoring study that was clarified in a Monitoring, Management, and Mitigation Plan for Existing and Future Permitted Groundwater Development in Coyote Spring Valley ("3M Plan") attached to and incorporated in that stipulation.

K. As part of the approval of the MVWD water rights at the Arrow Canyon well, the Nevada State Engineer required a monitoring plan. A monitoring plan has been developed and agreed upon jointly by MVWD, Nevada Power Company, FWS and National Park Service, with the most recent amendments to that plan being submitted to the State Engineer in September 2002 ("MVWD Monitoring Plan").

L. State Engineer Ruling No. 5115 requires that "[a] monitoring program approved by the State Engineer prior to the diversion of any water [under Permit No. 54075] be prepared in conjunction with the [Pump Test] ordered in State Engineer's Order No. 1169."[2] The Tribe will develop, in coordination with the other Parties, a monitoring plan approved by the Nevada State Engineer prior to applying any groundwater to beneficial use under Permit No. 54075 ("Tribal Monitoring Plan").

M. On March 11, 2005, the Nevada State Engineer approved a document entitled "Southern Nevada Water Authority's Monitoring Plan for Groundwater Applications and Permits in Coyote Spring Valley, Hidden and Garnet Valleys, and California Wash Hydrographic Basin, Clark and Lincoln Counties March, 2005" ("SNWA Monitoring Plan"). The State Engineer directed that the SNWA Monitoring Plan serve as the monitoring plan required by the State Engineer for the SNWA Water Rights and the CSI Water Rights.

N. The Parties share a common interest in the conservation and recovery of the Moapa dace and its habitat. Each Party also has an interest in the protection, use and enjoyment of its water rights and entitlements. To serve these interests, the Parties have identified certain conservation measures with the objective of making measurable progress toward the conservation and recovery of the Moapa dace, and have agreed to coordinate the monitoring, management and mitigation measures included and to be included in the 3M Plan, MVWD

Monitoring Plan, SNWA Monitoring Plan, and Tribal Monitoring Plan (collectively the "Regional Monitoring Plans").

O. The Parties desire that FWS engage in consultation and prepare a formal biological opinion under the provisions of Section 7 of the Endangered Species Act and its implementing regulations prior to execution of this MOA. The consultation shall consider the effects on the Moapa dace from the pumping of 9,000 afy under the SNWA Water Rights, 4,600 afy under the CSI Water Rights, and 2,500 afy by the Tribe under Permit No. 54075, together with the implementation of the monitoring, management and conservation measures identified herein.

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

I. Conservation Measures. The Parties agree that in order to make measurable progress toward protection and recovery of the Moapa dace and its habitat concurrent with the operation and development of water projects for human use, it is beneficial to the public interest to establish the following conservation measures:

1. Establishment of Recovery Implementation Program. To effectuate the goals of this MOA the Parties agree to establish a Recovery Implementation Program ("RIP") whereby measures necessary to accomplish the protection and recovery of the Moapa dace, the operation and development of regional water facilities, and the inclusion of necessary and interested third parties are outlined and implemented. To facilitate establishment of the RIP:

a. The Parties agree to cooperate in the selection of qualified personnel and/or contractors to oversee the development of the RIP.

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[2] Ruling No. 5115 at 40.

b. SNWA agrees to provide funding in the amount of $300,000.00 to develop the RIP. SNWA agrees to execute such documents as may be necessary to ensure that these funds are available to meet the needs of those persons designated by the Parties with the task of establishing the RIP.

c. The Parties agree to seek the cooperation of other parties within the region that have an interest in the development and management of water and biological resources. To achieve the goals of the RIP, the Parties agree to employ principles of adaptive management to further the current understanding of the habitat and aquatic needs of the Moapa dace. The Parties will jointly negotiate the participation of any other party in the RIP.

2. Dedication of the Jones Water Right. The Parties agree that the recovery of the Moapa dace will be enhanced by the guarantee of additional in-stream flows in areas of historical Moapa dace habitat. One such area is the Apcar Stream down gradient of the Jones Spring. The Parties concur that the dedication of the Jones Water Right to the purpose of providing in-stream flows will be beneficial to the Moapa dace population in this area and further the recovery of the species. To effectuate the dedication of the Jones Water Right to the provision of in-stream flows in the Apcar Stream, the Parties agree as follows:

a. MVWD agrees to record an agreement between MVWD and FWS ("Jones Springs Agreement") on the Jones Water Right with both the Nevada State Engineer and the Clark County, Nevada, Recorder's Office that requires the entire 1.0 cfs flow right under the Jones Water Right to be dedicated to the purpose of maintaining in-stream flows in the Apcar Stream subject to the provisions of paragraph 7 of the Jones Springs Agreement. MVWD shall retain ownership of the Jones Water Right. The Jones Springs Agreement shall be executed and recorded promptly upon execution of this MOA. A draft of the Jones Springs Agreement is

attached hereto as "Exhibit A." The Jones Springs Agreement ultimately recorded pursuant to this paragraph shall be in substantially the same form as Exhibit A.

b. SNWA agrees to transfer to MVWD, at no cost, a portion of Permit No. 49414 equal to 724 afy. This transferred portion of Permit No. 49414 shall remain of equal priority date with that portion of Permit No. 49414 retained by SNWA.

c. MVWD agrees to transfer to SNWA, at no cost, the first 724 afy, or any portion thereof if less than 724 afy is permitted, of any permit(s) issued by the Nevada State Engineer pursuant to Application Nos. 54055 through 54059, inclusive.

d. The Parties agree to cooperate with MVWD in the filing and processing of any change applications, including applications to change the manner or place of use that are filed by MVWD with the Nevada State Engineer in order to effectuate the Jones Springs Agreement referenced in paragraph I(2)(a) above.

e. Subject to paragraph 2 of the Jones Springs Agreement, the Parties agree to cooperatively determine the best methods to ensure that the Jones Water Right accomplishes the purpose stated in paragraph I(2)(a) above, as related to the recovery of the Moapa dace and other endemic species, including the possibility of restoration of the springhead at Jones Spring.

3. Dedication of Portion of CSI Water Rights.

a. CSI agrees to record a conservation easement with both the Nevada State Engineer and the Clark County, Nevada, Recorders Office dedicating 460 afy of the CSI Water Rights to the survival and recovery of the Moapa dace and its habitat. The use of this water would be at the discretion of the FWS in consultation with the CSI and the Parties.

b. In addition, CSI agrees to dedicate 5 percent of all water rights above 4,600 afy that CSI may in the future be entitled to withdraw from Coyote Spring Valley

hydrographic basin or any water rights that CSI imports into and uses in the basin. The Parties, consistent with the RIP, will determine the most effective method for utilizing such water rights. CSI shall execute and record such documentation, including conservation easements, deeds, change applications and reports of conveyance, as may be necessary to effectuate the dedication of that portion of such water rights that is subject to the terms and conditions contained herein.

4. Habitat Restoration and Recovery Measures. To restore the habitat necessary for the Moapa dace and take other steps to protect and recover the species, the Parties agree as follows:

a. SNWA agrees to provide funding in the amount of $750,000.00 for the restoration of Moapa dace habitat under the direction of FWS on the Apcar Unit of the Moapa National Wildlife Refuge or otherwise. All tasks funded under this paragraph I(4)(a) shall be agreed to in advance by SNWA and FWS in consultation with the other Parties. SNWA agrees to execute such documents as may be necessary in order to ensure that these funds are available for such habitat restoration.

b. FWS agrees to provide funding in the amount of $125,000.00 and SNWA agrees to provide funding in the amount of $125,000.00 to develop an ecological model designed to investigate the effects of habitat change on the ecology of the Moapa dace. FWS and SNWA shall, in consultation with the other Parties, agree upon the selection of a contractor to prepare the model.

c. SNWA agrees to provide funding in the amount of $50,000.00 to construct fish barriers to help eliminate the predacious Tilapia from areas of Moapa dace habitat. FWS and SNWA shall, in consultation with the other Parties, agree upon the selection of a contractor to perform such work.

d. SNWA agrees to provide funding in the amount of $25,000.00 to implement programs related to the eradication of non-native fish species, including predacious Tilapia, in the Warm Springs area. FWS and SNWA shall, in consultation with the other Parties, agree upon the selection of a contractor to perform such work.

e. CSI agrees to provide FWS with funding on an annual basis in the amount of $50,000.00 for a period of four years following the execution of this MOA for the restoration of Moapa dace habitat outside the boundaries of the Moapa National Wildlife Refuge along the Apcar Stream, or at such other locations as CSI and FWS, in consultation with the other Parties, agree.

f. The Tribe agrees to use a reasonable portion of the existing on-Reservation greenhouse facility for a reasonable period of years, for the purpose of cultivating native vegetation for use in RIP-approved habitat restoration. The Parties understand that the greenhouse is in a state of major disrepair and that such use of the greenhouse will require repairs and a water supply. FWS will work with the Tribe to obtain the funding necessary to provide for such repairs and to identify and secure a water supply adequate for such use. The Tribe reserves the right to pursue, and if feasible implement, separate arrangements for the improvement and commercial operation of the remainder of the greenhouse.

g. The Tribe agrees to provide access to the Tribe's Reservation for the construction and subsequent maintenance of at least one fish barrier, at a mutually agreeable location, to help eliminate the predacious Tilapia from Moapa dace habitat. FWS will work with the Tribe to obtain the funding necessary for construction, maintenance and repair of such barrier(s).

h. The Tribe agrees to provide the services of the Tribe's Environmental Director for in-kind staff services and participation in the RIP.

5. Protection of In-Stream Flows. The Parties recognize that maintenance of minimum in-stream flows in the Warm Springs area is essential for the protection and recovery of the Moapa dace. Although those flows are unknown at this time, the Parties agree as follows:

a. For purposes of this paragraph I(5), all "Average Flow Levels" specified herein shall be determined by flow measurements at the Warm Springs West flume. Average Flow Levels will be determined to have reached a particular level within a range specified in paragraphs I(5)(b) through (g) ("Trigger Range"): (1) if the daily average flow for each of 45 consecutive days decreases to an amount within the Trigger Range, or if the 90 day average flow over any 90 consecutive day period decreases to an amount within the Trigger Range; or (2) if the daily average flow for each of 90 consecutive days increases to an amount within the Trigger Range, or if the 135 day average flow over any 135 consecutive day period increases to an amount within the Trigger Range. If determined to be necessary by the Parties, the Parties will cooperate in removing phreatophytes, repairing or replacing the flume or taking any other steps to ensure the accuracy of flume measurements. Any adjustment in the rating curve for the Warm Springs West flume shall result in a pro-rata adjustment of the Trigger Ranges. The remaining provisions of this paragraph I(5) apply both during and after the Pump Test, except for paragraphs I(5)(c)(i) and (ii) which apply only during the Pump Test.

b. If the Average Flow Level decreases to an amount within the Trigger Range of 3.2 cfs or less, the Parties agree to meet as soon as practicably possible to discuss and interpret all available data and plan for mitigation measures in the event flows continue to decline.

c. If the Average Flow Level decreases to an amount within the Trigger Range of 3.0 cfs or less, the following Parties agree to take the following further actions:

i. During the pendency of the Pump Test, MVWD agrees to immediately cease pumping from the Arrow Canyon well; and

ii. While the Arrow Canyon Well is shut down pursuant to paragraph I(5)(c)(i) above, SNWA agrees to supply MVWD with all necessary municipal and domestic water supplies from the MX-5 and RW-2 wells or other sources available to the SNWA. Except for the express provision contained in paragraph I(2)(b) of this MOA, nothing in this MOA will obligate SNWA to supply MVWD with any water from SNWA's existing permits in the Coyote Spring Valley following the completion of the Pump Test; and

iii. SNWA and CSI agree to take necessary actions to prepare to geographically redistribute their groundwater pumping in the Coyote Spring Valley should flow levels continue to decline; and

d. If the Average Flow Level is within the Trigger Range of 3.0 cfs or less but greater than 2.9 cfs, the pumping of SNWA from the MX-5, RW-2, CS-1 and CS-2 wells in combination with the pumping of CSI from the MX-5, RW-2, CS-1 and CS-2 and CSI's pumping from other wells within the Coyote Springs Valley ("CSV") shall be restricted to 8,050 afy.

e. If the Average Flow Level is within the Trigger Range of 2.9 cfs or less but greater than 2.8 cfs, the pumping of SNWA from the MX-5, RW-2, CS-1 and CS-2 wells in combination with the pumping of CSI from the MX-5, RW-2, CS-1 and CS-2 and CSI's

pumping from other wells in CSV shall be restricted to 6,000 afy, and the pumping of the Tribe under Permit No. 54075 shall be restricted to 2,000 afy.

f. If the Average Flow Level is within the Trigger Range of 2.8 cfs or less but greater than 2.7 cfs, the pumping of SNWA from the MX-5, RW-2, CS-1 and CS-2 wells in combination with the pumping of CSI from the MX-5, RW-2, CS-1 and CS-2 and CSI's pumping from other wells in CSV shall be restricted to 4,000 afy, and the pumping of the Tribe under Permit No. 54075 shall be restricted to 1,700 afy.

g. If the Average Flow Level is within the Trigger Range of 2.7 cfs or less, the pumping of SNWA from the MX-5, RW-2, CS-1 and CS-2 wells in combination with the pumping of CSI from the MX-5, RW-2, CS-1 and CS-2 and CSI's pumping from other wells in CSV shall be restricted to 724 afy, and the pumping of the Tribe under Permit No. 54075 shall be restricted to 1,250 afy.

h. The Parties agree that any pumping of the 460 afy of CSI Water Rights dedicated to the survival and recovery of the Moapa dace pursuant to paragraph 3.a. of this MOA shall be at the discretion of FWS and not counted against the pumping restrictions set forth in paragraphs 5(d) through 5(g) of this MOA.

6. Hydrologic Review Team. Upon execution of this MOA, the Parties shall establish a Hydrologic Review Team ("HRT") which shall be constituted and function as follows:

a. Membership. Each Party shall appoint two representatives ("HRT Representatives"), including at least one with substantial formal training and experience in hydrogeology ("Technical Representative"). Except as otherwise provided herein, the two HRT Representatives shall together have one vote on HRT matters. By consensus, the HRT

Representatives may offer voting or non-voting HRT membership to others who provide regional monitoring records and analyses to the HRT.

b. Objectives. The objectives of the HRT shall be: (1) to identify opportunities and make recommendations for the purpose of coordinating and ensuring accuracy, consistency and efficiency in monitoring, other data collection, and analytical activities performed under the Regional Monitoring Plans; (2) to establish technically sound analyses of impacts on Muddy River Springs and Muddy River flows resulting from regional groundwater pumping; (3) to assess based thereon whether the pumping restrictions, but not the Trigger Ranges, under paragraphs I(5)(c) through (g) above (or any successors thereto) should be adjusted to better reflect the extent to which regional groundwater pumping by the respective Parties causes, or is likely to cause, impacts on Muddy River Springs and Muddy River flows; and (4) to adopt by consensus appropriate adjustments to such restrictions, if warranted.

c. Regional Baseline Pumping Analysis. Within one year following the execution of this MOA, the Technical Representatives shall prepare a written analysis of regional groundwater pumping data and impacts ("Regional Baseline Pumping Analysis"). In preparing such baseline analysis, the HRT shall consider all relevant and available data and analytical materials. The Regional Baseline Pumping Analysis shall set forth all shared and dissenting analyses, interpretations and recommendations of the participating Technical Representatives. All modeling analyses contained therein shall be based on modeling codes in the public domain and data files that are available for comprehensive review by all Technical Representatives.

d. Annual Determination. Based on the Regional Baseline Pumping Analysis, and no later than one year after preparation of that analysis and annually thereafter, the HRT shall endeavor to determine by consensus ("Annual Determination") whether the

groundwater pumping restrictions, but not the Trigger Ranges, under paragraphs I(5)(c) through (g) above (or any successors thereto) should remain in place, or whether and how any of such restrictions should be adjusted ("Pumping Restriction Adjustments") to better reflect the extent to which regional groundwater pumping by the respective Parties causes, or is likely to cause, impacts on Muddy River Springs and Muddy River flows. However, no Pumping Restriction Adjustments will be made within the first five years following the Effective Date of this MOA. All Annual Determinations (including any Pumping Restriction Adjustments adopted by HRT consensus) shall be final and binding on all Parties, except that by consensus the HRT may at any time modify or vacate any Annual Determination.

e. Annual Determination Reports. Each Annual Determination shall be set forth and explained in a written Annual Determination Report which includes as appendices the Regional Baseline Pumping Analysis, all previously submitted Annual Technical Representative's Reports, and any other data or analytical materials considered by the HRT. If the Annual Determination is not made due to lack of consensus or any other reason, the positions thereon of the HRT Representatives shall be set forth and explained in the Annual Determination Report. Furthermore, if the HRT fails to adopt Pumping Restriction Adjustments recommended in a timely submitted Annual Technical Representative's Report, the Annual Determination Report shall briefly explain why such recommendation was not adopted.

f. Annual Technical Representative's Reports. Within six months after the close of the year of this MOA and annually thereafter, based on the best available scientific data and information, any Technical Representative may submit to all other HRT Representatives a written report ("Annual Technical Representative's Report") containing both: (1) a well-

documented professional analysis of monitored regional pumping and pumping impacts; and (2) recommendations, if any, for Pumping Restriction Adjustments.

g. Provision for Peer Review. If the HRT Representatives are unable to reach consensus on an Annual Determination, the Parties shall refer the matter to a qualified panel of third party reviewers ("Panel") consisting of three scientists unaffiliated with any Party and having substantial formal training and experience in hydrogeology. If the Parties cannot agree by consensus on the make-up of the Panel, one member of the Panel shall be designated by each of the following from its own ranks: U.S. Geologic Survey, Desert Research Institute and a private firm with the requisite expertise designated by a majority of the Parties ("Appointing Entities"), provided that the Parties by consensus may designate different similarly qualified Appointing Entities. If any Appointing Entity for any reason is unable or refuses to designate a member of the Panel, the Parties by majority vote shall designate a qualified replacement Appointing Entity. The purpose of the referral to the Panel will be to obtain peer review of the then-current Annual Determination Report, the data upon which it is based, all previously submitted Annual Technical Representative's Reports, and any other relevant and available data and analytical materials. The Panel will be asked to make its recommendation based on the foregoing information concerning the appropriate content of the Annual Determination. All Parties shall have a fair and reasonable opportunity to present factual and analytical submissions in person and/or in writing to the Panel. The Parties contemplate that a determination of the Panel on the Annual Determination will constitute the best available scientific information concerning the impacts on Muddy River Springs and Muddy River flows resulting from regional groundwater pumping, and the appropriateness of any proposed Pumping Restriction Adjustments. The cost of the Panel shall be borne equally by the Parties.

7. Acquisition of Additional Land and Water Rights. As a potential conservation measure, the Parties agree to work cooperatively to identify both land and water rights that, if acquired and dedicated to the recovery of the Moapa dace, will assist in making measurable progress towards the recovery of the Moapa dace. SNWA agrees to make a good faith effort to acquire land and water rights identified by the Parties. The Parties expressly agree that the reasonableness of any terms and conditions for any acquisition of land or water rights by SNWA shall be determined by SNWA at SNWA's sole discretion, and that SNWA shall have no obligation to acquire any land or water rights upon terms and conditions that SNWA finds unreasonable. When such land or water rights are acquired by SNWA, SNWA will cooperate with FWS in establishing restrictions upon the use of such lands and water rights consistent with existing laws so as to effectuate the conservation of these resources and the recovery of the Moapa dace.

8. Operational Coordination Among FWS, SNWA, CSI and MVWD. Consistent with the terms of this MOA and to accomplish the goals of protecting and recovering the Moapa dace, and accommodating the operation of municipal water supply infrastructure, FWS, SNWA, CSI and MVWD agree to examine all reasonable water operational scenarios and agree to implement feasible scenarios that will minimize impacts to the Moapa dace and its habitat, including, but not limited to the provision of water to MVWD from the Coyote Spring Valley hydrographic basin during the Pump Test or other water supplies available to SNWA and MVWD. MVWD shall have the right during the Pump Test to use the Arrow Canyon Well only in the event and to the extent SNWA is unable to supply MVWD with "all necessary municipal and domestic water supplies" pursuant to the provisions of paragraph I(5)(c)(ii) of this MOA. Except for the express provision contained in paragraph I(2)(b) of this MOA, nothing in this

MOA will obligate SNWA to supply MVWD with any water from SNWA's existing permits in the Coyote Spring Valley hydrographic basin following the completion of the Pump Test.

SNWA and CSI agree, following the execution of this MOA, and in coordination with FWS, to cooperate in locating and drilling one or more production wells in the northern part of the Coyote Spring Valley hydrographic basin. The details of this cooperative effort shall be contained in a separate agreement between CSI and SNWA.

9. Adaptive Management Measures. The Parties agree to carry out additional conservation measures that will need to be taken to protect and recover the Moapa dace following the initiation of the RIP and as more data becomes available both as to the biology of the Moapa dace and regional hydrology. Thus, the Parties agree to cooperate in carrying out the following measures as may be appropriate:

a. Funding, preparation and implementation of biological and hydrological studies and activities supporting the recovery of the Moapa Dace; and

b. Establish a regional monitoring and management plan that will include science-based management and mitigation measures for RIP participants; and

c. Assessing the feasibility of augmenting and/or restoring in-stream flows and establishing those flows as deemed feasible.

d. Continue to re-evaluate necessary measures to protect and recover the Moapa dace.

II. Current Access Agreement. SNWA currently has an access agreement with the owners of the Warm Springs Ranch, which contains Moapa dace habitat, in order to conduct biological surveys of the Moapa dace. SNWA agrees to use its best efforts to seek to amend this access

agreement so that each of the Parties to this MOA will have similar rights of access to the Warm Springs Ranch.

III. Modification of MVWD Monitoring Plan. Pursuant to the MVWD Monitoring Plan, submitted to the Nevada State Engineer in September 2002, FWS and MVWD agreed to a monitoring plan for development of MVWD's water rights at the Arrow Canyon well that contained certain management and mitigation measures that would be taken if flows at the Warm Springs West flume reached 3.17 cfs and 2.94 cfs respectively. This monitoring plan was recognized by the Nevada State Engineer in Ruling No. 5161. The Parties agree that, in order to effectuate a uniform regional monitoring and management plan, that the flow level restrictions and mitigation measures contained in this MOA shall replace the flow and water level restrictions and mitigation measures contained in the MVWD Monitoring Plan.

IV. No Assertion of FWS State Water Right. Provided that the other Parties to this MOA are in full compliance with the terms of this MOA, FWS expressly agrees not to assert a claim of injury to the FWS Water Right against either MVWD for pumping at the Arrow Canyon Well, against the Tribe for pumping within the California Wash hydrographic basin or against SNWA or CSI for any pumping in the Coyote Spring Valley for any diminution in flows at the Warm Springs West flume above 2.7 cfs. This provision shall in no way prejudice the FWS' ability and/or right to assert any and all rights inherent to the FWS Water Right for any diminution in flows at the Warm Springs West flume below 2.7 cfs.

V. No Waiver of Statutory Duties or Legal Rights. This MOA does not waive any of the authorities or duties of the FWS or the United States, nor does it relieve SNWA, CSI, the Tribe and MVWD from complying with any Federal laws, including but not limited to, the National Environmental Policy Act, Endangered Species Act, National Wildlife Refuge System

Improvement Act of 1997, and Federal Land Policy and Management Act of 1976, and any and all rules and regulations thereunder. Except as provided in paragraph IV of this MOA, it is the expressed intention of the Parties that FWS and the United States are not waiving any legal rights or obligations of any kind, including obligations to consult or re-consult under the Endangered Species Act, by entering into this MOA. Further, this agreement is entered as a good faith resolution of certain issues and is not intended to waive any party's rights in a subsequent legal proceeding regarding those issues. In addition, except for the restrictions set forth in paragraphs I(5)(e) through (g) above, this MOA does not in any respect waive, limit, or diminish any rights or claims of the Tribe to any federally-reserved or State surface or groundwater rights.

VI. No Modification of Previous Agreements. The Parties recognize that CSI, SNWA and MVWD have previously entered into multiple agreements concerning the sale, purchase and settlement of water rights within the Coyote Spring Basin including a certain *Agreement For Settlement Of All Claims To Groundwater In The Coyote Spring Basin* entered into between MVWD, CSI, SNWA and the District on March 7, 2002, and a certain *Agreement For Option, Purchase and Sale of Water Rights, Real Property and Easements* entered into between SNWA and CSI on April 16, 1998. Nothing contained herein is intended to abrogate or modify in any manner any of the provisions contained in any of those agreements except as expressly provided in paragraphs I(2)(b) and I(2)(c) of this MOA.

VII. Miscellaneous Provisions.

1. Notices. If notice is required to be sent by the Parties, the addresses are as follows:

If to FWS:

Supervisor
Nevada Fish and Wildlife Office
Fish and Wildlife Service
1340 Financial Blvd., #234
Reno, Nevada 89502

If to SNWA:

General Manager
Southern Nevada Water Authority
1001 South Valley View Boulevard
Las Vegas, Nevada 89153

If to MVWD:

General Manager
Moapa Valley Water District
Post Office Box 257
Logandale, Nevada 89021

If to CSI:

Carl Savely, General Counsel
Wingfield Nevada Group
6600 North Wingfield Parkway
Sparks, Nevada 89436

If to the Tribe:

Chairperson, Moapa Band of Paiute Indians
Post Office Box 340
Moapa, Nevada 89025
Fax: 702-865-2875

With copies to:

Steven H. Chestnut
Richard M. Berely
Ziontz, Chestnut, Varnell, Berely & Slonim
2101 Fourth Avenue, Suite 1230
Seattle, Washington 98121
Fax: 206-448-0962

2. Choice of Law. This MOA shall be governed in accordance with applicable Federal laws, and the laws of the State of Nevada to the extent not inconsistent with Federal law.

3. Funding. Any commitment of funding by FWS, MVWD or SNWA under this MOA is subject to appropriations by the respective governing bodies of those entities.

4. Amendment. This MOA may be amended in writing by mutual agreement of the Parties.

5. Integration. This MOA sets forth the entire agreement of the Parties and supercedes all prior discussions, negotiations, understandings or agreements with respect to the subject matter hereof. No alteration or variation of this MOA shall be valid or binding unless contained in an amendment in accordance with paragraph VI(4) of this MOA.

6. Binding Effect, Withdrawal From MOA. The terms and conditions of this MOA shall be binding upon and inure to the benefit of the Parties hereto and their respective personal representatives, successors, transferees and assigns. However, the Parties expressly agree that should the execution of this MOA, or any consultation held or biological opinion issued under Section 7 of the Endangered Species Act which is premised thereon, be challenged in a court of competent jurisdiction and be found in violation of the Endangered Species Act or any other law, any of the Parties may withdraw from the MOA upon thirty days written notice to the other Parties. Upon such withdrawal, the withdrawing Party shall have no further obligation to perform any commitment contained in this MOA.

7. Effective Date, Counterparts. This MOA will become effective as between the Parties upon all Parties signing this MOA. The Parties may execute this MOA in two or more counterparts, which shall, in the aggregate, be signed by all Parties; each counterpart shall be deemed an original as against any party who has signed it.

8. Additional Parties. Other entities may become Parties to this MOA by mutual written assent of the Parties.

9. Headings. The underlined paragraph headings used in this MOA are for the convenience of the Parties only, and shall not be deemed to be of substantive force in interpreting the MOA.

10. No Third Party Beneficiaries. This MOA does not create any right or benefit, substantive or procedural, enforceable by any third parties against the Parties or against any other person or entity. The terms of this MOA are not enforceable by any person or entity other than a Party.

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Agreement on the 20th day of April, 2006.

MOAPA VALLEY WATER DISTRICT

By: Ivan Cooper
Title: Chairman

U.S. FISH AND WILDLIFE SERVICE

for By: Steve Thompson
Title: Manager, California/Nevada Operations Office

SOUTHERN NEVADA WATER AUTHORITY

By: Amanda M. Cyphers
Title: Chair

COYOTE SPRINGS INVESTMENT, LLC

By: Robert R. Derck
Title: General Manager

MOAPA BAND OF PAIUTE INDIANS

By: Dalton Tom
Title: Chairman

When Recorded Mail To:

_____

_____

_____

Jones Springs Agreement

This Jones Springs Agreement ("Agreement") is entered into for the purposes described herein this 20th day of April, 2006 by between Moapa Valley Water District ("MVWD"), Muddy Valley Irrigation Company ("MVIC") and the U.S. Fish and Wildlife Service ("FWS").

RECITALS

1. MVWD was created in 1983 by an act of the Nevada Legislature and is the municipal water purveyor in upper and lower Moapa Valleys and serves the communities of Moapa, Glendale, Logandale and Overton, and the surrounding areas, located in Clark County, Nevada.

2. One of MVWD's water sources is a spring known locally as Pipeline Jones Spring ("Jones Spring"). Certificate No.10060 issued by the Nevada State Engineer provides MVWD the right to divert 1 c.f.s. of flow of water from Jones Spring for municipal purposes. The waters of Jones Spring and Certificate No.10060 constitute a portion of the Muddy River Decreed water rights.

3. Water from Jones Spring, as well as numerous other springs, form small streams which make up the Muddy River ("Tributary Streams").

4. There lives in the upper reaches of the Muddy River and in the Tributary Streams, a small minnow known as the Moapa Dace ("Dace"). The Dace was listed as endangered in 1967 under the Endangered Species Preservation Act of 1966 and continues to be so listed and protected under the Endangered Species Act of 1973 as amended.

5. MVWD needs the quantity of water represented by Certificate No.10060 to serve its municipal customers.

6. As an inducement to MVWD to grant this Agreement, the Southern Nevada Water Authority ("SNWA") has agreed to furnish to MVWD a quantity of water equal to MVWD's rights under Certificate No.10060 from SNWA's wells and water rights in Coyote Spring Valley ("Coyote Spring Water"). The terms and conditions of SNWA's obligations are set forth in a separate agreement.

7. MVWD desires to help in the recovery and preservation of the Dace.

NOW THEREFORE, for the purpose of aiding in the recovery and preservation of the Dace, MVWD and FWS hereby agree as follows:

1. Effective on MVWD receiving Coyote Spring Water from Southern Nevada Water Authority, the water from Jones Spring shall not be diverted for municipal purposes pursuant to Certificate No.10060, but shall be allowed to flow down the Tributary Streams to the Muddy River.

EXHIBIT A

2. MVWD may, as soon as Coyote Spring Water is available and being furnished to MVWD for municipal purposes disconnect their existing pumping facilities from the Jones Spring diversion pipe and or otherwise affix appurtenances that will allow the entire flow of water from Jones Spring to flow down to the Muddy River, thus increasing the flow of water in one or more Tributary Streams.

3. MVWD shall file any necessary change applications with the State Engineer as may be required by Nevada Law as a result of this Agreement.

4. The Agreement herein granted shall be for a non-consumptive use of water, with no warranty as to quality or quantity of flow.

5. MVWD reserves the right to change the point of diversion for its consumptive use right to the water from Jones Spring to a point on the Muddy River below that site generally known as the White Tank Narrows and to utilize such water for any purpose permitted by the Nevada State Engineer. Any such change shall not affect the flow of water at Jones Spring for in-stream purposes.

6. This Agreement will be recorded with the Clark County Recorder and filed with the Nevada State Engineer.

7. So long as MVWD is in full compliance with the terms and conditions applicable to MVWD in the Memorandum of Agreement dated April 20, 2006 and attached hereto as Attachment 1, then, if for any reason, whether natural, man-made or otherwise, any portion of the Coyote Spring Water becomes unavailable or unusable to meet MVWD's municipal needs previously supplied by Certificate 10060 (Jones Spring), then MVWD shall have the right to utilize a like portion of water from Jones Spring to replace such portion of the Coyote Spring Water that remains unavailable to MVWD for so long as the Coyote Spring Water remains unavailable.

8. MVIC has joined in the execution of this Agreement to reflect MVIC's approval of the terms thereof.

IN WITNESS WHEREOF, MVWD, MVIC and FWS have executed this Agreement the date first above written.

MOAPA VALLEY WATER DISTRICT

By: _____
Ivan Cooper, Chairman of the Board

U.S. FISH AND WILDLIFE SERVICE

By: _____
FOR Steve Thompson, Manager
California/Nevada Operations Office

MUDDY VALLEY IRRIGATION COMPANY

By: _____
Todd Robison, Chairman of the Board

STATE OF NEVADA)
)
COUNTY OF CLARK)

This instrument was acknowledged before me on April 20, 2006, by Ivan Cooper as Chairman of the Board of MOAPA VALLEY WATER DISTRICT.

DIANNE K. WEST
Notary Public State of Nevada
No. 98-0443-1
My appt. exp. Dec. 16, 2009

Dianne K West
NOTARY PUBLIC in and for the State of Nevada
My Commission Expires: 12-16-09

[SEAL]

STATE OF NEVADA)
)
COUNTY OF CLARK)

This instrument was acknowledged before me on April 20, 2006, by Robert D. Williams as Field Supervisor of U.S. FISH AND WILDLIFE SERVICE

DIANNE K. WEST
Notary Public State of Nevada
No. 98-0443-1
My appt. exp. Dec. 16, 2009

Dianne K West
NOTARY PUBLIC in and for the State of Nevada
My Commission Expires: 12-16-09

[SEAL]

STATE OF NEVADA)
)
COUNTY OF CLARK)

This instrument was acknowledged before me on April 20, 2006, by Todd Robison as Chairman of the Board of MUDDY VALLEY IRRIGATION COMPANY.

DIANNE K. WEST
Notary Public State of Nevada
No. 98-0443-1
My appt. exp. Dec. 16, 2009

Dianne K West
NOTARY PUBLIC in and for the State of Nevada
My Commission Expires: 12-16-09

[SEAL]