

**COOPERATIVE AGREEMENT AMONG LINCOLN COUNTY, THE
SOUTHERN NEVADA WATER AUTHORITY AND THE LAS VEGAS VALLEY
WATER DISTRICT**

BE IT RESOLVED by the Lincoln County Board of Commissioners, the Las Vegas Valley Water District Board of Directors and the Southern Nevada Water Authority Board of Directors that the following Cooperative Agreement among Lincoln County, the Southern Nevada Water Authority and the Las Vegas Valley Water District is hereby adopted:

Cooperative Agreement for the allocation and management of water rights applications and groundwater basins (hereinafter the "Agreement") by and among Lincoln County, Nevada, a political subdivision of the State of Nevada created pursuant to NRS §243.210 (hereinafter "Lincoln"); the Las Vegas Valley Water District, a political subdivision of the State of Nevada created pursuant to Chapter 167, Statutes of Nevada 1947, (hereinafter the "District"); and the Southern Nevada Water Authority, a Joint Powers Authority established pursuant to NRS Chapter 277 (hereinafter the "Authority"). For convenience, Lincoln, the District and the Authority are at times herein referred to collectively as "Parties" and individually as "Party".

RECITALS

WHEREAS, in October 1989 the District filed numerous applications to appropriate groundwater in eastern and central Nevada under what the District refers to as the Cooperative Water Project (hereinafter "District Applications" as specifically defined herein); and

WHEREAS, the District Applications include applications to divert groundwater from hydrographic basins located in whole or in part within the geographic boundaries of Lincoln County; and

WHEREAS, Lincoln has filed numerous applications pursuant to its Master Plan to appropriate groundwater in various hydrographic basins throughout Lincoln County (hereinafter "Lincoln Applications" as specifically defined herein); and

WHEREAS, the Parties desire to reach agreement on methods and procedures whereby certain District Applications will either be retained and developed by the District and/or Authority or withdrawn, assigned to Lincoln for use within Lincoln County or portions of any permits granted pursuant to such applications made available for use within the hydrographic basin of origin; and

WHEREAS, Lincoln is willing to withdraw all of its protests to pending District Applications retained by the District and the District and/or Authority are willing to withdraw all protests filed by those entities to Lincoln Applications in all Category Two Basins as defined herein; and

WHEREAS, the Parties acknowledge that this Agreement is reflective of the intent of the Parties and that in the future the Parties may desire to modify and refine this

Agreement to accomplish the intent and goals of the Parties given the magnitude and complexity of the issues involved herein; and

WHEREAS, Lincoln understands that the District is a member of and operating agent for the Authority and that in the future any District Applications retained by the District or permits and/or certificates received pursuant to such applications may be transferred by the District to the Authority; and

WHEREAS, the Parties have the authority to enter into this Agreement pursuant to NRS §277.045.

NOW, THEREFORE, BE IT RESOLVED that the Lincoln County Board of Commissioners, the Las Vegas Valley Water District Board of Directors and the Southern Nevada Water Authority Board of Directors has adopted this Agreement effective upon this 17th day of April, 2003 (the "Execution Date"):

Section 1. Certain Definitions.

- 1.1 Category One Basins. "Category One Basins" shall mean the following hydrographic basins together with the number assigned to such hydrographic basin by the Nevada State Engineer: Tikapoo North (169A); Tikapoo South (169B); Three Lakes North (168); and Three Lakes South (211). The specific District Applications that are currently pending in each Category One Basin are enumerated in Exhibit A. Exhibit A is specifically incorporated by reference into this Agreement is if fully set forth herein. For convenience, each District Application within each Category One Basin is listed together at page 5 of Exhibit A.
- 1.2 Category Two Basins. "Category Two Basins" shall mean the following hydrographic basins together with the number assigned such hydrographic basin by the Nevada State Engineer: Patterson Valley (202); Pahroc Valley (208); Coal Valley (171); Garden Valley (172); and Lake Valley (183). The specific District Applications that are currently pending in each Category Two Basin are enumerated in Exhibit A. For convenience, each District Application within each Category Two Basin is listed together at page 5 of Exhibit A. The specific Lincoln Applications that are pending in Category Two Basins are enumerated in Exhibit B. Exhibit B is specifically incorporated by reference into this Agreement is if fully set forth herein
- 1.3 Category Three Basins. "Category Three Basins" shall mean the following hydrographic basins together with the number assigned to such hydrographic basin by the Nevada State Engineer: Delamar Valley (182); Dry Lake Valley (181); Cave Valley (180); and Spring Valley (184). The specific District Applications that are currently pending in each Category Three Basin are enumerated in Exhibit A. For convenience, each District Application within each Category Three Basin is listed together at page 6 of Exhibit A. The specific Lincoln Applications that are pending in Category Three Basins are enumerated in Exhibit B.

- 1.4 District Applications. “District Applications” shall mean those applications to appropriate groundwater filed by the District as are enumerated in Exhibit A of this Agreement.
- 1.5 Lincoln Applications. “Lincoln Applications” shall mean those applications to appropriate groundwater filed by Lincoln and Vidler Water Company as are enumerated in Exhibit B of this Agreement.
- 1.6 Protest. “Protest” shall mean any action or notice filed pursuant to NRS §533.365(1) for the purpose of protesting or opposing the issuance of a permit to appropriate or divert the waters of the State of Nevada.
- 1.7 Point of Diversion. “Point of Diversion” shall mean the specific location of a proposed withdrawal, appropriation or diversion of groundwater as identified on individual District Applications and Lincoln Applications.
- 1.8 Dedicated Quantity. “Dedicated Quantity” shall mean the quantity of water, comprised exclusively of the Initial Cap and the Secondary Cap as defined herein, assigned by the District and/or Authority to Lincoln from permits and/or certificates issued to the District and/or Authority from all District Applications located within all Category Three Basins. “Dedicated Quantity” specifically excludes any portion of any permits and/or certificates issued to the District and/or Authority from all District Applications with a Point of Diversion outside of the geographical boundaries of Lincoln County including, specifically, any District Applications located in that portion of Spring Valley lying within the geographical boundaries of White Pine County.
- 1.8.1 Initial Cap. “Initial Cap” shall mean an amount not to exceed 3,000 acre-feet from the combined total of all permits and/or certificates granted to the District and/or Authority from all Category Three Basins.
- 1.8.2 Secondary Cap. “Secondary Cap” shall mean that in the event the State Engineer ultimately grants to the District and/or Authority permits and/or certificates that have a total combined duty of 30,000 acre-feet in Delamar, Dry Lake and/or Cave Valleys from District Applications with a Point of Diversion within those three hydrographic basins, then the District and/or Authority will assign to Lincoln fifteen percent (15%) of any additional permits and/or certificates granted to the District and/or Authority by the State Engineer above the total combined duty of 30,000 acre-feet in Delamar, Dry Lake and/or Cave Valleys from District Applications with a Point of Diversion within those three hydrographic basins. “Secondary Cap” specifically excludes any percentage of any permit and/or certificate granted to the District and/or Authority in Spring Valley in excess of the Initial Cap.
- 1.9 Use for a Term of Years. “Use for a Term of Years” shall mean the application of groundwater to a beneficial use for a definite term. Such uses shall not include residential, commercial, industrial or manufacturing development.

- 1.10 Basin of Origin. “Basin of Origin” shall mean the hydrographic basin in which the proposed Point of Diversion is located.
- 1.11 Water Service: “Water Service” shall mean a connection through which any water is obtained or provided, for all purposes permissible under law, including but not limited to: commercial uses, residential uses, industrial uses, fire protection uses and construction uses.

Section 2. Category One Basins.

- 2.1 Ownership. The Parties agree that the District and/or Authority shall retain all right, title and interest in any and all District Applications located within any Category One Basin. Furthermore, the District and/or Authority shall be the sole owner of any and all permits and/or certificates to appropriate and/or divert groundwater from any Category One Basin that may be issued by the Nevada State Engineer pursuant to such District Applications, together with all rights, title and interest associated therewith.
- 2.2 Withdrawal of Protests. Lincoln hereby expressly agrees, within 60 days of the Execution Date, to unconditionally withdraw any and all Protests on file with the Nevada State Engineer concerning any District Applications located within any Category One Basin. Such withdrawal shall include a waiver to any claim that any quantity of water should be reserved for use within the Basin of Origin pursuant to NRS §533.370(4)(d). Furthermore, Lincoln agrees that it will not Protest any application to change the place or type of use filed by the District and/or Authority for any such Category One Basin permit or certificate retained by the District and/or Authority. Lincoln specifically retains its junior priority Lincoln Applications within Category One Basins. The Parties agree that if, in the future, the State Engineer determines that sufficient quantities of water exist and the appropriation and/or diversion of such water will not impact any applications, permits or certificates held by the District and/or Authority, then the District and/or Authority will withdraw their respective Protests to Lincoln’s junior priority Lincoln Applications located within the relevant Category One Basin.
- 2.3 Non-Interference. Lincoln agrees that it will not take any action, nor support others in taking any action, to oppose or protest the District and/or Authority’s efforts to receive groundwater permits pursuant to the District Applications located within in any Category One Basin retained by either the District or Authority under this Agreement.
- 2.4 Uses Within Category One Basins. The Parties agree that the District and/or Authority shall in no event be obligated under the terms of this Agreement to provide any groundwater to any party for any use within any of the Category One Basins.

Section 3. Category Two Basins.

- 3.1 Ownership. Subject to the deed restrictions enumerated in paragraph 6.2 of this Agreement, the District agrees to transfer to Lincoln all right, title and interest in

any and all District Applications located within any Category Two Basin except as specified in paragraph 3.2 of this Agreement. Furthermore, Lincoln shall have the exclusive right to any and all permits and/or certificates to appropriate and/or divert groundwater from any Category Two Basin that may be issued by the Nevada State Engineer pursuant to any District Application together with all rights, title and interest associated therewith or as to any Lincoln Applications located within any Category Two Basin. The District specifically agrees to take all steps necessary to transfer the ownership of all District Applications located within any Category Two Basin to Lincoln within 60 days of the Execution Date.

- 3.2 Withdrawal of Certain Applications. The District agrees, within 60 days of the Execution Date, to withdraw all District Applications located within any Category Two Basin with a Point of Diversion within the geographical boundaries of Nye County, Nevada. A list of the specific applications that are subject to the terms of this paragraph is contained in Exhibit A.
- 3.3 Withdrawal of Protests. The District and Authority hereby expressly agree, within 60 days of the Execution Date, to unconditionally withdraw any and all Protests on file with the Nevada State Engineer concerning any Lincoln Applications located within any Category Two Basin. Furthermore, the District and Authority agree that neither entity will Protest any application to change the place or type of use filed by Lincoln if such change application concerns any District Application assigned to Lincoln under this Agreement, any Lincoln Applications located within any Category Two Basin or any permit and/or certificate granted pursuant thereto, provided, however, that the District and/or Authority shall be entitled to file a Protest or other appropriate legal action to specifically enforce the deed restrictions enumerated at paragraph 6.2 of this Agreement.
- 3.4 Non-Interference. The District and the Authority agree that neither of those entities will take any action, nor support others in taking any action, to oppose or protest Lincoln's efforts to receive groundwater permits pursuant to the District Applications transferred pursuant to paragraph 3.1 of this Agreement or the Lincoln Applications located within any Category Two Basin.
- 3.5 Clover and Kane Springs Valleys. Although any Lincoln Applications located within either Clover Valley (assigned hydrographic basin No. 204 by the State Engineer) and Kane Springs Valley (assigned basin No. 206 by the State Engineer) are not otherwise subject to this Agreement, in regard to these basins the District and/or Authority agree as follows:
- 3.5.1 Clover Valley. The District and Authority hereby expressly agree, within 60 days of the Execution Date, to unconditionally withdraw any and all Protests on file with the Nevada State Engineer concerning any Lincoln Application located within Clover Valley. Furthermore, the District and Authority agree that neither entity will Protest any application to change the place or type of use filed by Lincoln if such change application concerns any Lincoln Application located within Clover Valley or any permit and/or certificate granted pursuant thereto. Further, the District and

the Authority agree that neither of those entities will take any action, nor support others in taking any action, to oppose or protest Lincoln's efforts to receive groundwater permits pursuant any Lincoln Application to divert groundwater from Clover Valley.

- 3.5.2 Kane Springs Valley. The District and Authority hereby expressly agree that if either entity acquires, by conveyance or otherwise, a Protest to any Lincoln Application located within Kane Springs Valley, that the District and/or Authority shall withdrawal such Protest within 60 days of such acquisition. Furthermore, the District and Authority agree that neither entity will Protest any application to change the place or type of use filed by Lincoln if such change application concerns any Lincoln Application located within Kane Springs Valley or any permit and/or certificate granted pursuant thereto. Except as expressly provided in this paragraph 3.5.2 of this Agreement, the District and the Authority agree that neither of those entities will take any action, nor support others in taking any action, to oppose or protest Lincoln's efforts to receive groundwater permits pursuant to any Lincoln Application to divert groundwater from Kane Springs Valley. Notwithstanding anything to the contrary contained in this paragraph 3.5.2, the District and Authority shall have the right to communicate to the State Engineer, whether during any public comment period during a hearing on the matter or otherwise, any concerns the District and/or Authority may have regarding potential impacts to senior water rights as a result of granting any applications to appropriate groundwater or to change the point of diversion of existing groundwater permits and/or certificates in Kane Springs Valley.

Section 4. Category Three Basins.

- 4.1 Ownership. Subject to the provisions of section 4.3 of this Agreement, the Parties agree that the District and/or Authority shall retain all right, title and interest in any and all District Applications located within any Category Three Basin. Furthermore, the District and/or Authority shall be the sole owner of any and all permits and/or certificates to appropriate and/or divert groundwater from any Category Three Basin that may be issued by the Nevada State Engineer pursuant to any District Application together with all rights, title and interest associated therewith.
- 4.2 Withdrawal of Protests. Lincoln hereby expressly agrees, within 60 days of the Execution Date, to unconditionally withdraw any and all Protests on file with the Nevada State Engineer concerning District Applications located within any Category Three Basin. Such withdrawal shall include a waiver to any claim that any quantity of water should be reserved for use within the Basin of Origin pursuant to NRS §533.370(4)(d). Furthermore, Lincoln agrees that it will not Protest any application to change the place or type of use filed by the District and/or Authority if such change application concerns any District Application retained by the District and/or Authority or any permit and/or certificate granted pursuant thereto. Lincoln specifically retains its junior priority Lincoln Applications within Category Three Basins. The Parties agree that if, in the

future, the State Engineer determines that sufficient quantities of water exist and the appropriation and/or diversion of such water will not impact any applications, permits or certificates held by the District and/or Authority, then the District and/or Authority will withdraw their respective Protests to Lincoln's junior priority Lincoln Applications located within the relevant Category Three Basin.

4.3 Lincoln's Use of Category Three Basin Water. Subject to the limitations set forth in paragraphs 4.3.1 through 4.3.2.4, inclusive, of this Agreement, the District and Authority agree to make portions of any permits and/or certificates to appropriate, divert and use groundwater that may be issued by the Nevada State Engineer pursuant to any District Applications located within any Category Three Basin, excluding that portion of Spring Valley within the geographical boundaries of White Pine County, available for use within either Lincoln County generally or the relevant Basin of Origin specifically on the following basis:

4.3.1 Dedicated Quantity. Subject to paragraphs 4.3.1.1 through 4.3.1.4, inclusive, of this Agreement, upon written request by Lincoln, the District and/or Authority agree to assign to Lincoln such portions of any permit and/or certificate issued to either the District or Authority pursuant to any District Application located within any Category Three Basin, excluding that portion of Spring Valley within the geographical boundaries of White Pine County, as are requested by Lincoln. Further, the District and/or Authority shall request that the State Engineer act upon any District Application located within any Category Three Basin, excluding that portion of Spring Valley within the geographical boundaries of White Pine County, at the request of Lincoln.

4.3.1.1 Initial Cap. Notwithstanding anything to the contrary contained in this Agreement and except as expressly provided in paragraph 4.3.1.2 of this Agreement, Lincoln shall in no event be entitled to have the District and/or Authority assign any portion of any permit and/or certificate representing a quantity of water in excess of the Initial Cap.

4.3.1.2 Secondary Cap. If, as an expressly required condition precedent to the operation of this paragraph 4.3.1.2, the State Engineer grants the District and/or Authority permits and/or certificates to appropriate and divert 30,000 acre-feet of groundwater from District Applications located within Delamar, Dry Lake and Cave Valleys, but not District Applications located within Spring Valley, then Lincoln shall have a right to have fifteen percent (15%) of any permits and/or certificates above 30,000 acre-feet granted to the District and/or Authority from District Applications located within Delamar, Dry Lake and Cave Valleys, but not Spring Valley, assigned to Lincoln in accordance with paragraph 4.3.1 of this Agreement.

4.3.1.3 Point of Diversion of Dedicated Quantity. The Parties expressly agree that in no event shall the District and/or Authority be

obligated under the terms of this Agreement to assign any portion of the Dedicated Quantity from any particular Category Three Basin in excess of the following amounts: one thousand five hundred (1,500) acre-feet from Delamar Valley; one thousand five hundred (1,500) acre-feet from Dry lake Valley; one thousand five hundred (1,500) acre-feet from Cave Valley; and three thousand (3,000) acre-feet from Spring Valley. These quantified limits on per basin assignments shall apply to both the Initial Cap and to any assignments of permits and/or certificates under the Secondary Cap.

4.3.1.4 Lincoln's Obligation to Basin of Origin. Lincoln specifically agrees to make available any and all groundwater required by the State Engineer pursuant to NRS §533.370(4)(d) or otherwise necessary to meet the development needs of the Basin of Origin for all Category Three Basins exclusively from the Dedicated Quantity assigned to Lincoln under paragraph 4.3.1 of this Agreement. Except as provided in section 4.3.2 of this Agreement, the District and/or Authority not be required under the terms of this Agreement to provide or otherwise make available any quantity of water from any permit and/or certificate issued to either the District or Authority pursuant to any District Application located within any Category Three Basin.

4.3.2 Use for a Term of Years. At their sole discretion and subject to paragraphs 4.3.3 and 4.3.4 of this Agreement, the District and/or Authority agree to lease for a Use for a Term of Years to Lincoln or to such third party as Lincoln designates ("Lessee"), without cost, such portion of any permit and/or certificates to appropriate, divert and use groundwater that may be issued by the Nevada State Engineer pursuant to any District Applications located within any Category Three Basin. Notwithstanding anything to the contrary contained in this Agreement, neither the District nor the Authority shall be obligated to lease or otherwise make available any portion of any permits and/or certificates issued to the District and/or Authority from any District Application with a Point of Diversion outside of the geographical boundaries of Lincoln County, including, specifically, any District Application with a point of diversion in Spring Valley, assigned hydrographic basin No. 184. The place of use for any Use for a Term of Years shall specifically be confined to the Basin of Origin wherein such Use for a Term of Years is to occur.

4.3.2.1 Initial Duration of Lease. The initial duration of any lease entered into by the District or Authority pursuant to paragraph 4.3.2 of this Agreement will be 15 years. Further, such lease will expressly state that the continued right to use any percentage of the leased water that is not placed to the beneficial use identified in the lease for 4 consecutive years during the initial duration of the lease will be forfeited by the Lessee at the District and/or Authority's option.

- 4.3.2.2 Extension of Lease. Following the expiration of the 15-year term discussed in paragraph 4.3.2.1 of this Agreement, the lease shall automatically renew for a one-year term on a year-to-year basis. However, if the District and/or Authority provide the Lessee with written notice by December 1st of any calendar year then the lease shall automatically terminate at the end of the next following calendar year.
- 4.2.2.3 New Lease Cap. The Parties agree and acknowledge that neither the District nor the Authority shall have any obligation to enter into any new leases under this Agreement after January 1, 2015.
- 4.3.2.4 Termination of Lease. Notwithstanding anything to the contrary contained in this Agreement, the Parties expressly agree and acknowledge that the District or Authority shall be entitled to terminate any lease entered into pursuant to this Agreement for any or no reason on January 1, 2030. Further, should the District or Authority allow any lease to extend beyond January 1, 2030, such extension shall in no way abrogate, waive or otherwise limit the right of the District or Authority to terminate such lease at any time and for any or no reason after January 1, 2030.
- 4.3.3 Limitation on Interbasin and Intercounty Transfers. As to the transfer of any groundwater either assigned or made available by the District and/or Authority under paragraphs 4.3.1 and 4.3.2 of this Agreement, the Parties hereto do agree as follows:
- 4.3.3.1 Dedicated Quantity. It is expressly agreed by the Parties that no permit and/or certificate, either in whole or in part, assigned to Lincoln under paragraph 4.3.1 of this Agreement shall be transferred outside of the geographic boundaries of Lincoln County. This restriction shall be recorded as a deed restriction in accordance with paragraph 6.2 of this Agreement.
- 4.3.3.2 Use for a Term of Years. It is expressly agreed by the Parties that no water made available for a Use for a Term of Years by either the District or the Authority within any Category Three Basin will be transferred, transported or otherwise conveyed outside of the Basin of Origin. Any lease executed pursuant to paragraphs 4.3 through 4.3.2.4, inclusive, of this Agreement shall contain an express prohibition against any interbasin transfer of the leased water.
- 4.4 Non-Interference. Lincoln agrees that it will not take any action, nor support others in taking any action, to oppose or protest the District and/or Authority's efforts to receive groundwater permits pursuant to the District Applications located within any Category Three Basin retained by either the District or Authority under this Agreement.

Section 5. Future Reallocation of Water Resources.

- 5.1 General Policy Recognition. The Parties recognize that the groundwater flow systems are complex and as of the Execution Date are in the early stages of exploration and development. Because of the current lack of empirical data, the Parties recognize the possibility that situations may arise where District Application(s) that are the subject of this Agreement are denied by the Nevada State Engineer on the basis that the entire groundwater flow system is fully appropriated or upon the basis that granting of rights in one basin would adversely affect existing rights in another basin.
- 5.2 Good Faith Negotiation. In the event of such a denial by the State Engineer, the Parties agree to negotiate in good faith to reallocate the quantity of water permitted and/or certificated under any District Application, but not any Lincoln Application, to each Party in Category Two and Category Three Basins according to the following concept:

If one Party has permits and/or certificates granted pursuant to any District Application(s) in Basin A and another Party has a District Application(s) in Basin B denied solely on the basis of the permits and/or certificates granted in Basin A, the Parties will negotiate in good faith to determine what quantity of water the Parties believe should be reallocated to Basin B. Once the Parties have reached such an accord, the Parties shall jointly petition the Nevada State Engineer to grant the mutually agreed upon quantity of permits in Basin B (in the name of the Party whose District Application(s) was denied) in exchange for a corresponding renunciation of an equal quantity of permits in Basin A. In the event the Nevada State Engineer denies such joint petition, the Party with permits and/or certificates in Basin A will be obligated to assign to the Party whose District Application(s) was denied in Basin B a quantity of the permit and/or certificate in Basin A equivalent to the previously negotiated amount. The Party with the original District Application(s) in Basin A would have no obligation to transport or assist another Party in transporting any water from Basin A to Basin B via pipeline or otherwise.

Section 6. Agreement Regarding Transcounty Water Service and Conveyance.

- 6.1 Service Within Lincoln County. The District and the Authority hereby agree that neither of those two entities will provide Water Service within the geographic boundaries of Lincoln County or make available any water from any Category One or Category Three Basin to any person to provide Water Service in Lincoln County unless requested in writing to do so by Lincoln.
- 6.2 Service Within Clark County. Lincoln hereby agrees not to provide Water Service within the geographic boundaries of Clark County or make available any water from any District Applications within any Category Two or Category Three Basin to any person to provide Water Service in Clark County unless requested in writing to do so by the District, the Authority, the Moapa Valley Water District or

the Virgin Valley Water District. Furthermore, Lincoln expressly agrees that upon the assignment or other method of conveyance of any District Application to Lincoln by the District and/or Authority that the deed accomplishing such a conveyance will contain an express restriction limiting the place of use of such District Application and any permit, certificate or other form of water right granted pursuant to such District Application to within the geographic boundaries of Lincoln County. The Parties specifically agree and acknowledge that the District and/or Authority shall have the right to enforce the covenants contained in this paragraph 6.2 through an action for specific performance.

Section 7. Place of Use of District and Authority Water.

- 7.1 Waiver of Rights. Lincoln hereby agrees and acknowledges that the District and Authority intend to and in the future will transport any water granted to the District and/or Authority by the Nevada State Engineer pursuant to any District Applications to Clark County in general and the Las Vegas urban area in particular unless such water is otherwise assigned in accordance with paragraph 4.3.1 of this Agreement.

Furthermore, as to the District Applications only, Lincoln does hereby expressly waive any legal right it may have to protest or in any manner complain of an interbasin transfer or transcounty transfer of any groundwater or right to divert groundwater owned in whole or in part by the District or Authority, in law or in equity, including its right to invoke priority NRS 534.080(3), their right to invoke NRS 534.110(6) and their right to invoke what is commonly known as the Basin of Origin statute, NRS 533.370(4).

Section 8. Cooperation.

- 8.1 Data Sharing and Cooperation. The Parties agree that the full understanding of the water resources in Category One, Two and Three Basins will require many years of study and development and that it is important to freely share the information derived from the water resource development envisioned herein and to cooperate in the development of groundwater models and other regional data that can allow for the full development of such water resources, including, but not necessarily limited to, the following:

- 8.1.1 The District, Authority and Lincoln will have access to all monitoring and investigative data and information resulting from each respective Party's development of District and Lincoln Applications.
- 8.1.2 The District and Authority agree to give Lincoln reasonable access, based upon the availability of District and Authority staff time and resources, to their White River and Meadow Valley Flow Systems Groundwater Model for the purpose of running data for Lincoln within the model.
- 8.1.3 Lincoln agrees to reimburse the District and/or Authority for costs or expenses associated with running data for Lincoln or the expansion of the model development when required.

- 8.2 Infrastructure. The Parties recognize that the development of substantial conveyance infrastructure will be necessary to transport, deliver and treat the water resources that are the subject of this Agreement. Thus, the Parties agree that in the event any Party plans to construct any such water conveyance infrastructure that that Party shall give the other Parties notice of such plans. After receiving such notice, the Parties will meet to determine whether opportunities for cooperation between the Parties in constructing the infrastructure exist.
- 8.2.1 Capital Costs Based On Capacity Rights. If the Parties decide to cooperate in constructing any water conveyance infrastructure under paragraph 8.2 of this Agreement, then each Party's respective capital obligation shall be based upon the percentage of conveyance capacity to which each Party is determined to have a right.
- 8.2.2 Operation, Maintenance and Replacement Costs based Upon Actual Use. If the Parties cooperate in constructing any water conveyance infrastructure under paragraphs 8.2 and 8.2.1 of this Agreement, then each Party's respective costs to operate, maintain and replace wells, pumps, pipelines, electrical lines and other appurtenances will be borne by each Party in proportion to its respective water usage within the infrastructure.
- 8.3 Withdraw of Other Protests. In addition to its commitment under paragraphs 2.2 and 4.2 of this Agreement, Lincoln specifically agrees to withdraw, within 60 days of the Execution Date, any and all other protests to any District Application as enumerated at Exhibit A of this Agreement.
- 8.4 Future Filings. The District and Authority agree that they will not file any additional applications to appropriate groundwater within Lincoln County other than as set forth in Exhibit A without first providing the Lincoln County Board of County Commissioners with thirty days written notice of intent prior to the filing of such additional applications.
- 8.5 Cooperation Resolving Third Party Protests to District Applications. The Parties recognize that numerous third parties have filed Protests to all of the District Applications. The Parties agree to work cooperatively to resolve each of these Protests in a coordinated manner.

Section 9. Authority of the Nevada State Engineer

- 9.1 Acknowledgement of Authority. The Parties understand the authority of the Nevada State Engineer's office in dealing with all issues involving water within the State of Nevada and agree that nothing contained in this Agreement is intended to nor shall be construed as attempting to abrogate such authority in any manner.

- 9.2 Mitigation. The Parties hereto agree and acknowledge that the State Engineer has the authority to require the Parties to take such actions as are necessary to mitigate any impacts resulting from the diversion of groundwater. Moreover, the Parties agree that any reductions in water use will be conducted pursuant to any order issued by the State Engineer notwithstanding anything to the contrary contained in this Agreement. If the State Engineer orders any specific mitigation, that mitigation will be conducted specifically as ordered.

Section 10. Notices

If to Lincoln County: Lincoln County Board of County Commissioners
Lincoln County
P.O. Box 90
Pioche, NV 89403

Copy: District Attorney
Lincoln County
P.O. Box 60
Pioche, NV 89403

If to District: General Manager
Las Vegas Valley Water District
1001 S. Valley View Blvd.
Las Vegas, NV 89153

Copy: General Counsel
Las Vegas Valley Water District
1001 S. Valley View Blvd.
Las Vegas, NV 89153

If to Authority: General Manager
Southern Nevada Water Authority
1001 S. Valley View Blvd.
Las Vegas, NV 89153

Copy: General Counsel
Southern Nevada Water Authority
1001 S. Valley View Blvd.
Las Vegas, NV 89153

Section 11. Miscellaneous

- 11.1 Applicable Law. The laws of the State of Nevada shall govern the validity, construction, performance and effect of this Agreement.

- 11.2 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.
- 11.3 No Waiver of Rights. The failure to enforce or delay in enforcement of any provision of this Agreement by a Party hereto or the failure of any Party to exercise any right hereunder shall in no way be construed to be a waiver of such provision or right (or of any provision or right of a similar or dissimilar nature) unless such Party expressly waives such provision or right in writing.
- 11.4 Cost of Litigation. In the event any action is commenced by any Party against another Party in connection herewith (including any action to lift a stay or other bankruptcy proceeding), the unsuccessful Party shall pay the costs and expenses, including reasonable attorneys' fees of the prevailing party as determined by the court.
- 11.5 Integration. The Parties hereto agree that this Agreement represents the final and complete understanding and Agreement of the Parties with respect to the subject matter hereof. Moreover, this final, written Agreement supercedes all previous conversations, negotiations and representations of the Parties and in no event shall any claim be brought by any Party other than in accordance with this written Agreement. No additional or modification of this Agreement shall be binding unless executed in writing by the Parties hereto.
- 11.6 Time of the Essence. Time is of the essence in the performance of the Parties' respective obligations set forth in this Agreement and all the terms, provisions, covenants and conditions therein.
- 11.7 Counterparts as Originals. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all such counterparts shall constitute one and the same Agreement. Any signature page of this Agreement may be detached from any counterpart without impairing the legal effect of any signature thereon, and may be attached to another counterpart, identical in form thereto, but having attached to it one or more additional signature pages.
- 11.8 Recordation. A copy of this Agreement shall be lodged with the Nevada State Engineer and duly recorded with both the Clark County and Lincoln County Recorder's Office.
- 11.9 No Third Party Beneficiaries. No third party not a signatory to this Agreement shall be a beneficiary to its provisions or otherwise entitled to enforce any provision contained herein.
- 11.10 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable. The remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement, unless the illegal, invalid, or

unenforceable provision vitiates the overall purpose, intent, of either Party or a material part of the consideration bargained for by either Party.

11.11 Termination. This Agreement shall automatically terminate thirty (30) years from the Execution Date.

11.12 Attorney General Opinion 2002-15. The District and Authority agree that neither entity will oppose any efforts by Lincoln, whether administrative or legal, to specifically withdraw Attorney General Opinion No. 2002-15. Furthermore, neither the District nor the Authority will appear pursuant to NRS 43.130 in Case No. CV 1041002 in the Seventh Judicial District Court or to otherwise take any action to oppose Lincoln's action to judicially confirm the agreements that are the subject of the above referenced action.

11.13 Limited Remedies. In the event that any Party is in default under this Agreement, then any other Party may, at that Party's option, pursue only the following remedies:

- (i) to waive such default; or
- (ii) to demand specific performance of the defaulting Party pursuant to this Agreement.

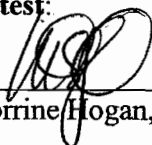
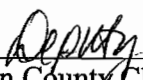
IN WITNESS WHEREOF, each of the Parties has executed this Agreement on the date and year written below.

LINCOLN COUNTY



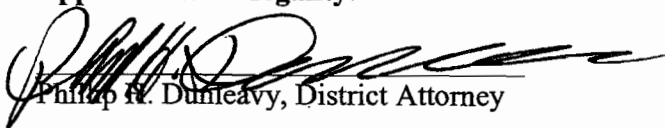
Spencer Hafen, Chairman

Attest:

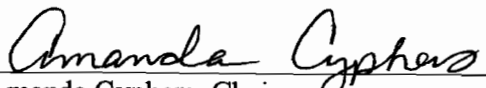
Corrine Hogan, Lincoln County Clerk

Approved as to Legality:



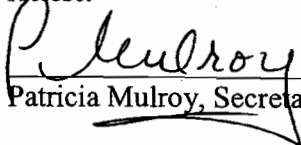
Philip R. Dumeavy, District Attorney

SOUTHERN NEVADA WATER AUTHORITY



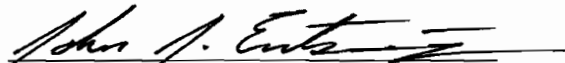
Amanda Cyphers, Chair

Attest:

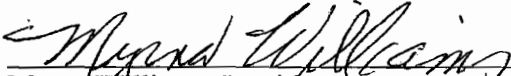


Patricia Mulroy, Secretary

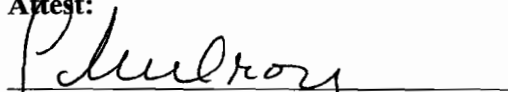
Approved as to Legality


John J. Entsminger, Deputy Counsel

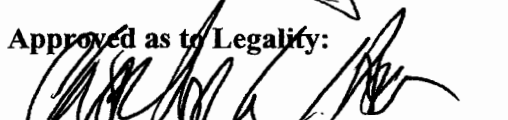
LAS VEGAS VALLEY WATER DISTRICT


Myrna Williams, President

Attest:


Patricia Mulroy, Secretary

Approved as to Legality:


Charles K. Hauser, General Counsel