

**AMENDED AND RESTATED AGREEMENT IN PRINCIPLE
CONCERNING THE COLORADO UTE INDIAN WATER RIGHTS SETTLEMENT
AND BINDING AGREEMENT FOR ANIMAS-LA PLATA COST SHARING**

Introduction

1. On June 30, 1986, the United States, the State of Colorado, the Ute Mountain Ute Tribe, the Southern Ute Indian Tribe, the Colorado Water Resources and Power Development Authority, the Animas-La Plata Water Conservancy District, the New Mexico Interstate Stream Commission, the San Juan Water Commission, and Montezuma County, Colorado, entered into the Agreement in Principle Concerning the Colorado Ute Indian Water Rights Settlement and Binding Agreement for Animas-La Plata Cost Sharing (the "1986 Agreement"). The 1986 Agreement set forth the Agreement in Principle of the United States, State of Colorado, Ute Mountain Ute Tribe, and Southern Ute Indian Tribe for settlement of the Tribes' outstanding reserved water right claims in the State of Colorado. A crucial component of the contemplated water rights settlement was the provision of water to the Tribes from the Animas-La Plata Project, a participating project of the Colorado River Storage Project Act, authorized by the Colorado River Basin Project Act, in satisfaction of the Tribes' reserved rights claims from the Animas and La Plata Rivers. As an integral part of the contemplated settlement, the 1986 Agreement also set forth the Binding Agreement of the United States, State of Colorado, Colorado Water Resources and Power Development Authority, Animas-La Plata Water Conservancy District, New Mexico Interstate Stream Commission, San Juan Water Commission, Montezuma County, Colorado, Ute Mountain Ute Tribe, and Southern Ute Indian Tribes, for cost sharing and financing of the Animas-La Plata Project.

2. The 1986 Agreement contemplated a final water rights settlement that would provide for: (1) a consent decree quantifying the Tribes' reserved rights that would be contingent upon adoption of specified legislation, including legislation approving the construction of and provision of water supply to the Tribes from the Animas-La Plata Project; (2) establishment and funding of certain tribal development funds; and (3) appropriate finality provisions. Pursuant to the 1986 Agreement, on December 10, 1986, the United States, State of Colorado, Ute Mountain Ute and Southern Ute Indian Tribes, and participating private and governmental entities within the State of Colorado entered into the Colorado Ute Indian Water Rights Final Settlement Agreement (the "Final Settlement Agreement"). The Final Settlement Agreement quantified the entitlements of the Tribes to reserved water rights in the State of Colorado and provided for administration of those reserved rights. It called for submission of a stipulation reflecting the terms of the agreement to the District Court in and for Water Division No. 7 and the entry by that Court of a Consent Decree embodying the terms of the Final Settlement Agreement, contingent on the adoption of certain legislation necessary to achieve the terms of the settlement, and the establishment and funding of tribal development funds as contemplated by the 1986 Agreement.

3. In 1988, the United States Congress enacted the Colorado Ute Indian Water Rights Settlement Act of 1988 (Public Law 100-585) (the "Settlement Act"). The Settlement Act authorized the Secretary of the Interior to supply both irrigation and municipal and industrial water supply to the Ute Mountain Ute and Southern Ute Indian Tribes from the Animas-La Plata Project in settlement of water rights claims of the Tribes, and also fulfilled the other requirements of the Final Settlement Agreement. Tribal Development Funds as required under the 1986 Agreement and the Final Settlement Agreement were also established and funded. On December 19, 1991, the various contingencies of the 1986 Agreement and the Final Settlement Agreement having been fulfilled, Consent Decrees were entered by the District Court in and for Water Division No. 7 adjudicating the Tribes' reserved water rights. As provided by the Final Settlement Agreement, however, the Consent Decrees allow the Tribes to litigate or renegotiate their claims from the Animas and La Plata rivers if certain facilities of the Animas La Plata Project were not completed by January 1, 2000.

4. In November, 1989, in furtherance of the 1986 Agreement, the United States and the Colorado Water Resources and Power Development Authority ("Authority") entered into an Agreement and Instructions for Administering Escrow Account for the Animas-La Plata Project, and an Escrow Agreement with the Colorado State Treasurer, (collectively, the "Escrow Agreements"), and established an Escrow Account for funding the State of Colorado's cost-sharing obligation for the Animas-La Plata Project.

5. Construction of the Animas-La Plata Project has not occurred as contemplated by the 1986 Agreement, the Final Settlement Agreement, the Settlement Act, the Consent Decree, or the Escrow Agreements. In December of 2000, the United States Congress enacted the Colorado Ute Settlement Act Amendments of 2000 (Public Law 106-554) (the "2000 Amendments"). The 2000 Amendments authorize the Secretary of the Interior to complete construction of, and to operate and maintain, a reconfigured Animas-La Plata Project, consisting of facilities to divert and store water from the Animas River to provide for an average annual depletion of 57,100 acre-feet of water, to be used for municipal and industrial water supply only, for the Ute Mountain Ute and Southern Ute Indian Tribes and for other tribal and non-tribal entities in the Four Corners Region of the United States.

6. The purpose, therefore, of this Amended and Restated Agreement in Principle Concerning the Colorado Ute Indian Water Rights Settlement and Binding Agreement for Animas-La Plata Cost Sharing is to amend and restate the 1986 Agreement to reflect the substantial changes to the Animas-La Plata Project, and to effectuate changes to the agreements of the parties concerning final settlement of the Ute Mountain Ute and Southern Ute Indian Tribes' reserved water rights, and cost sharing and financing of the Animas-La Plata Project, necessitated by the changes in the Project and the 2000 Amendments.

Water Rights Settlement.

The United States, acting through the Secretary of the Interior, the Ute Mountain Ute Tribe, the Southern Ute Indian Tribe, the State of Colorado, and the Animas-La Plata Water Conservancy District, agree as follows:

1. Background. Section 18(a) of the Settlement Act, as amended by the 2000 Amendments, provides that (a) construction of the Animas-La Plata Project, as reconfigured and described in the 2000 Amendments; (b) allocation of water supply to the Tribes as set forth in the 2000 Amendments; (3) establishment of two Tribal Resource Funds, one each for the Southern Ute and Ute Mountain Ute Indian Tribes, and deposit of \$40,000,000 collectively into those Funds; and (4) issuance of an amended final decree by the District Court in and for Water Division No. 7 providing for the changes made by the 2000 Amendments, shall constitute final settlement of the tribal claims of the Tribes to water of the Animas and La Plata Rivers in the State of Colorado.

2. Construction of Animas-La Plata Project and Allocation of Water Supply. Contingent upon appropriations by Congress and fulfillment of all environmental commitments as set forth in the FSEIS and ROD, and pursuant to federal law and policy, the United States, acting through the Secretary of the Interior, will construct the facilities comprising the Animas-La Plata Project as reconfigured and described in the 2000 Amendments, and will allocate water supply to the Ute Mountain Ute and the Southern Ute Indian Tribes as set forth in Section 6(a)(1)(A) of the Settlement Act, as amended by Section 302 of the 2000 Amendments.

3. Joint Request for Amendment of Consent Decree. No later than April 1, 2002 the United States, the Ute Mountain Ute Tribe, and the Southern Ute Indian Tribe, the State of Colorado, and the Animas-La Plata Water Conservancy District, shall, consistent with Section 18(c) of the 2000 Amendments, jointly petition the District Court in and for Water Division No. 7, State of Colorado for amendments of the Consent Decrees entered in Cases No. W-1603-76F and W-1603-76J: (1) to reflect the changes to the Animas-La Plata Project and the water rights settlement effected by the 2000 Amendments and (2) to extend the deadline for the Tribes to commence litigation (or renegotiation) of their reserved rights claims for waters of the Animas and La Plata rivers from the current deadline of January 1, 2005.

Animas-La Plata Cost Sharing

The United States, acting through the Secretary of the Interior, the State of Colorado, the Colorado Water Resources and Power Development Authority, the Animas-La Plata Water Conservancy District, Ute Mountain Ute Tribe, Southern Ute Indian Tribe, New Mexico Interstate Stream Commission, San Juan Water Commission, and Montezuma County, Colorado, agree as follows:

1. Background. The Animas-La Plata Project as reconfigured and authorized by the 2000 Amendments (“Project”), will be a significantly different and smaller project than was contemplated

by the 1986 Agreement, comprising only those facilities necessary for the diversion and storage of water from the Animas River for municipal and industrial use. The 2000 Amendments authorize the reconfigured Project to deliver municipal and industrial water allocations to certain non-tribal entities as follows:

- (A) San Juan Water Commission: average annual depletions not to exceed 10,400 acre-feet;
- (B) Animas-La Plata Water Conservancy District: average annual depletions not to exceed 2,600 acre-feet
- (C) State of Colorado: average annual depletions not to exceed 5,230 acre-feet;
- (D) La Plata Conservancy District, New Mexico: average annual depletions not to exceed 780 acre-feet.

The 2000 Amendments provide further that the non-Tribal municipal and industrial water capital repayment obligations for the Project may be satisfied upon the payment in full of the non-Tribal water capital obligations prior to the initiation of construction, with the amount of the repayment obligations determined by agreement between the Secretary of Interior and the entity responsible for the repayment as to the appropriate reimbursable share. In such case, interest shall not accrue during construction, and the repaying entity shall not be liable for repayment of any such interest during construction. In addition, the 2000 Amendments provide that the non-Tribal repayment obligation is subject to a final cost allocation upon Project completion, and additional payment, warranted only for reasonable and unforeseen costs associated with Project construction, may be required in order to secure the full storage or water supply allocated to a non-Tribal entity.

By Agreement between the Animas-La Plata Water Conservancy District and the Colorado Water Resources and Power Development Authority dated November 5, 2001, the Animas-La Plata Water Conservancy District has assigned all its right, title and interest in and to the 2,600 acre-foot average annual municipal and industrial water depletion allocation reserved for the Animas-La Plata Water Conservancy District by the 2000 Amendments, and the Colorado Water Resources and Power Development Authority has agreed to finance and acquire that water allocation. By these presents, the United States, acting through the Secretary of Interior, approves such assignment, and agrees that by virtue of such assignment, the Colorado Water Resources and Power Development Authority has succeeded to the rights and obligations of the Animas-La Plata Water Conservancy District under the 2000 Amendments.

2. Determination of Appropriate Reimbursable Share.

The table below sets forth the amounts that must be paid by each party prior to initiation of construction in order to attain the benefits of Section 302(a)(3)(A) of the 2000 Amendments.

Entity	Percent of Joint Costs	Specific Costs	Joint Costs	Total Costs
Animas-La Plata Water Conservancy District/Colorado Water Resources and Power Development Authority	3.07%	\$582,400	\$6,674,350	\$7,256,750
San Juan Water Commission	3.18%	-0-	\$6,916,722	\$6,916,722
La Plata Conservancy District, New Mexico	1.64%	-0-	\$3,566,970	\$3,566,970
State of Colorado	10.99%	-0-	\$23,871,264	\$23,871,264

3. Cost Sharing/Repayment for Non-Tribal Entity Allocations.

The parties agree that any payment of the water capital obligation for water or storage allocated to non-Tribal entities by the 2000 Amendments that a non-Tribal entity elects to purchase shall be made as determined by separate negotiations between the entity receiving the water and the United States. Each non-Tribal entity may enter into a separate agreement with the Secretary of the Interior for repayment or payment in advance of the non-Tribal water capital obligation.

4. Cost Sharing /Repayment of Animas- La Plata Water Conservancy District Water Allocation.

The United States and the Colorado Water Resources and Power Development Authority agree that the water capital obligation for the water allocation to the Animas-La Plata Water Conservancy District shall be paid as set forth in the Funding Agreement and Repayment Contract, an Amended and Restated Escrow Agreement among the United States Department of the Interior and the Colorado Water Resources and Power Development Authority and the State Treasurer of the State of Colorado and the Amended and Restated Agreement and Instructions for Administering Escrow Account(collectively the Funding and Escrow Agreement) entered into contemporaneously herewith. These agreements will effectuate a re-dedication of a portion of the funds in the Escrow Account established pursuant to the 1989 Escrow Agreement.

5. Cost Sharing/Repayment of San Juan Water Commission Storage Allocation.

The United States and the San Juan Water Commission (“Commission”) agree that the water capital obligation based on the storage allocation to the Commission shall be paid as set forth in the Amendatory Funding Agreement and Repayment Contract, the Escrow Agreement among the United

States Department of the Interior and the Commission and the County Treasurer of the County of San Juan, New Mexico, and the Agreement and Instructions for Administering Escrow Account (collectively the Commission Funding and Escrow Agreements) entered into contemporaneously herewith.

Recreation Facilities

The United States, acting through the Secretary of the Interior, and the State of Colorado, agree as follows:

1. Background. The 2000 Amendments authorized the Project Facilities to include those recreation facilities determined to be appropriate by an agreement between the State of Colorado and the Secretary that shall provide for payment of any of the costs of such facilities by the State of Colorado (in addition to any payment for the State of Colorado's municipal and industrial water allocation).
2. Further Agreement. Determination of appropriate recreational facilities for the Project, and provision for payment for such facilities, shall be concluded by separate agreement between the United States and the State of Colorado, which agreement shall acknowledge that any funds provided by the State of Colorado for recreation facilities shall constitute cost sharing in the Project by the State of Colorado.

Other

1. Effect of Agreement. This Agreement amends and restates the 1986 Agreement in full and therefore supersedes and replaces the 1986 Agreement in full. Accordingly, upon execution of this Agreement by all parties, the 1986 Agreement shall be of no further force and effect, and execution of this Agreement expressly releases all parties from any and all obligations created or subsisting under the 1986 Agreement.

Dated this 9th day of November, 2001.

This Contract may be executed in any number of counterparts, all of which together shall constitute one original agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written by their respective officers and representatives, and warrants that each is duly authorized by the respective entity to execute this Agreement, which shall bind the parties hereto, their successors and assigns.

Bill Owens
For the State of Colorado

Ken Salazar
For the State of Colorado

Thomas R. Sharp
For the Colorado Water Resources
and Power Development Authority

Leonard C. Burch, Chairman
For the Southern Ute Indian Tribe

Richard Griswold, President
For the Animas-La Plata Water
Conservancy District

Judy Knight - Frank
For the Ute Mountain Ute Tribe

Thomas C. Turney
For the New Mexico Interstate
Stream Commission

Randy Kirkpatrick
For the San Juan Water Commission

J. Kent Lindsay
For Montezuma County

Rick L. Gold
For the Secretary of the Interior

Bill Owens.

For the State of Colorado

Ken Salazar

For the State of Colorado

James P. Shroy

For the Colorado Water Resources
and Power Development Authority

For the Southern Ute Indian Tribe

For the Animas-La Plata Water
Conservancy District

For the Ute Mountain Ute Tribe

For the New Mexico Interstate
Stream Commission

For the San Juan Water Commission

For Montezuma County

For the Secretary of the Interior

For the State of Colorado

For the State of Colorado

For the Colorado Water Resources
and Power Development Authority

Lamar A. Bruce A. CHAIRMAN
For the Southern Ute Indian Tribe

[Signature] - President
For the Animas-La Plata Water
Conservancy District

For the Ute Mountain Ute Tribe

For the New Mexico Interstate
Stream Commission

For the San Juan Water Commission

For Montezuma County

For the Secretary of the Interior

For the State of Colorado

For the State of Colorado

For the Colorado Water Resources
and Power Development Authority

For the Southern Ute Indian Tribe

For the Animas-La Plata Water
Conservancy District

Judy Knight-Frank
For the Ute Mountain Ute Tribe

For the New Mexico Interstate
Stream Commission

For the San Juan Water Commission

For Montezuma County

For the Secretary of the Interior.

For the State of Colorado

For the State of Colorado

For the Colorado Water Resources
and Power Development Authority

For the Southern Ute Indian Tribe

For the Animas-La Plata Water
Conservancy District

For the Ute Mountain Ute Tribe

Thomas P. Turey

For the New Mexico Interstate
Stream Commission

For the San Juan Water Commission

For Montezuma County

For the Secretary of the Interior

For the State of Colorado

For the State of Colorado

For the Colorado Water Resources
and Power Development Authority

For the Southern Ute Indian Tribe

For the Animas-La Plata Water
Conservancy District

For the Ute Mountain Ute Tribe

For the New Mexico Interstate
Stream Commission

For the San Juan Water Commission



For Montezuma County

For the Secretary of the Interior

For the State of Colorado

For the State of Colorado


For the Colorado Water Resources
and Power Development Authority

For the Southern Ute Indian Tribe

For the Animas-La Plata Water
Conservancy District

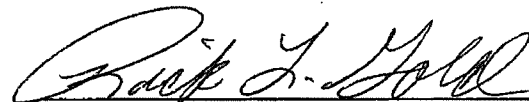
For the Ute Mountain Ute Tribe

For the New Mexico Interstate
Stream Commission



For the San Juan Water Commission

For Montezuma County



For the Secretary of the Interior

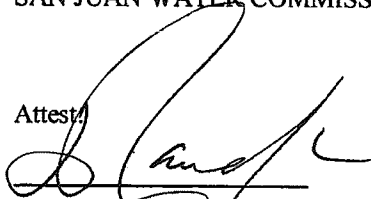
ADDENDUM TO COST SHARE AGREEMENT

The Amended and Restated Agreement in Principle Concerning the Colorado Ute Indian Water Rights Settlement and Binding Agreement for Animas-La Plata Cost Sharing (the "Cost Share Agreement") was signed by L. Randy Kirkpatrick, Executive Director of the San Juan Water Commission (the "Commission"), on November 9, 2001, after the Commission's unanimous approval on October 16, 2001 of a Motion to Approve and Execute the Cost Share Agreement. On February 27, 2002, the fifth and last member entity of the Commission joined the other four entities in approving the Amendatory Funding Agreement and Repayment Contract between the United States and the San Juan Water Commission, New Mexico ("Amendatory Contract"), which specifically refers to the Cost Share Agreement. Also on February 27, 2002, all Commissioners signed the Amendatory Contract. The unanimous agreement of all member entities, together with the signing of the Amendatory Contract by all Commissioners, fulfills the requirements of Article X of the Joint Powers Agreement ("JPA") regarding contracts with the Bureau of Reclamation pertaining to the Animas-La Plata Project. Further, these acts serve to ratify the Cost Share Agreement as of the date it was signed.

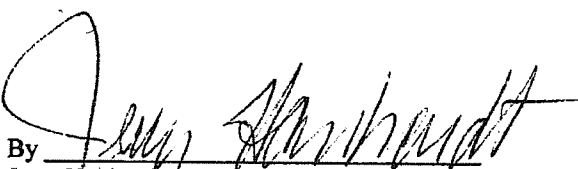
The undersigned Commissioners hereby affix their signatures to this Addendum to acknowledge the ratification of the Cost Share Agreement through the approval and signing of the Amendatory Contract and to comply with any and all technical requirements of the JPA. Dated this 6th day of March, 2002.

SAN JUAN WATER COMMISSION, NEW MEXICO

Attest:

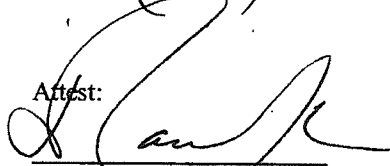


By

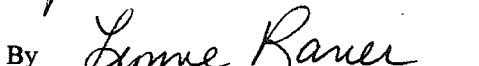


Jerry Hanhardt
Member, City of Aztec, New Mexico

Attest:




By


Lynne Raner
Member, City of Bloomfield, New Mexico

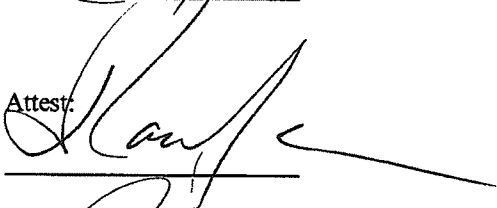
Attest:




By


Cy Cooper
Member, City of Farmington, New Mexico

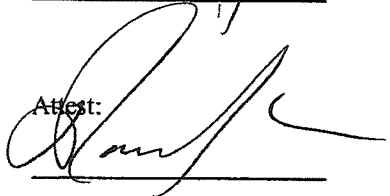
Attest:




By


Mark Duncan
Member, San Juan County, New Mexico

Attest:



By


Jim Dunlap
Member, San Juan Rural Water Users Association