

CENTRAL UTAH PROJECT
BONNEVILLE UNIT

CONTRACT BETWEEN
THE UNITED STATES OF AMERICA
AND
THE CENTRAL UTAH WATER CONSERVANCY DISTRICT
FOR ACQUISITION OF WATER RIGHTS

This contract, made this 15th day of March, 2005, between the UNITED STATES OF AMERICA, acting through the Secretary of the Interior the Secretary's duly authorized representative, and hereinafter called the United States or the Secretary, and the CENTRAL UTAH WATER CONSERVANCY DISTRICT, a water conservancy district organized and existing as a political subdivision under the laws of the State of Utah, and hereinafter called the District, is entered into pursuant to the Reclamation Act of 1902 (32 Stat 388), and other acts amendatory thereof and supplementary thereto, particularly the Central Utah Project Completion Act, P.L. 102-575, ("CUPCA"), as amended, and The Uniform Relocation Act (101 Stat. 255 § 49 C.F.R. Section 24.108).

WHEREAS, the United States and the District have investigated, planned, and propose to construct the Utah Lake Drainage Basin Water Delivery System ("ULS") of the Bonneville Unit of the Central Utah Project for the storage, diversion, and distribution of waters of the Colorado River and the Bonneville Basin drainage areas for municipal and industrial ("M&I") use and other project purposes, and have complied with the National Environmental Policy Act of 1969 in regards to same; and

WHEREAS, the District has acquired, using its own funds, water rights in Utah Lake, including 57,073 acre-feet of secondary rights; and

WHEREAS, simulated water operation studies of the Bonneville Unit have shown that in successive dry years, the amount of Utah Lake system storage would fall below the target levels required for conversion to priority storage in Jordanelle Reservoir, leaving inadequate supplies to meet Bonneville Unit demands; and

WHEREAS, under the circumstances described above, the District's Utah Lake water rights would be used to lower the conversion line in Utah Lake or be directly exchanged with system storage in Jordanelle Reservoir, in order to make certain the availability of Bonneville Unit water supplies; and

WHEREAS, the District desires to convey title to its Utah Lake water rights to the United States, for use by the project, and the United States is willing to accept such title conveyance from the District;

NOW, THEREFORE, the parties hereto agree as follows:

1. The District shall, without cost to the United States, convey title by Special Warranty deed to the United States, free of lien or encumbrance except as otherwise provided herein, and assign to the United States the related exchange application No. E 3100, and the related non-use application Nos. 1595 (59-14), 1594 (59-15) and 1593 (59-20) to the water rights identified by the following State of Utah Water Right

Numbers:

E3100 (55-9326), together with the corresponding base rights: 59-14 (A2621), 59-15 (A2621a), 59-20 (A3807) ("Water Rights")

2. Upon execution of this Agreement, the District will execute and have acknowledge a special warranty deed conveying title to the Water Rights and the assignments of the exchange application No. E3100, ("Exhibit B") and the non-use application Nos.1595

(59-14), 594 (59-15) and 1593 (59-20) (Exhibits “C”, “D” and “E”) relating to the Water Rights to the United States and will deliver the same to the law firm of CLYDE SNOW SESSIONS & SWENSON, P. C., (“Clyde Snow”) 201 South Main, Suite 1300, Salt Lake City, Utah 84111, to hold in escrow pursuant to this Agreement.

- a. Clyde Snow is hereby authorized to hold the escrowed documents until it has received written notification from the District and the United States of the occurrence of either of the following events:
 - i. That the Spanish Fork Canyon Pipeline and the Spanish Fork-Provo Reservoir Canal Pipeline, features of the ULS Project, have been substantially completed and the United States has issued its letter of intent to issue a Block Notice for the ULS water supply to be delivered through these features , in which case Clyde Snow will deliver the escrowed documents to the United States; or,
 - ii. That the ULS Project will not be completed, in which case the escrowed documents will be returned to the District.
- b. In the event the escrowed documents are delivered to the United States as provided in subparagraph a.i., hereof, the United States shall be responsible for recording the deed to the water rights with Utah County and Salt Lake County in accordance with Utah Code Ann. §73-1-10(1)(b) and filing a copy of the deed, as recorded, together with a Report of Conveyance with the Utah Division of Water Rights. Additionally, the United States will file for record with the Utah Division of Water Rights in accordance with Utah Code Ann. §73-3-18, the original

assignment of the exchange application (Exhibit "B") and the original of the assignments of the non-use applications (Exhibit "C", "D" and "E").

- c. The United States will be responsible for any fees charged by the Division of Water Rights for filing the recorded Deed to Water Rights and Report of Conveyance and the original assignments, Exhibits "B", "C", "D" and "E" hereto, with the Division of Water Rights. District shall pay any escrow fees and costs incurred by the parties in escrowing these documents with Clyde Snow.
 - d. While the documents are in escrow, District, at its sole expense, will take all steps reasonably necessary to protect and preserve the water rights and the applications in good standing before the State Engineer. In the event the District fails to take reasonably necessary steps to protect and preserve the water rights and the applications as required by this Agreement, the United States may act on behalf of the District and take any steps reasonable necessary for the protection and preservation of the water rights and related applications. Any costs incurred by the United States in performing the District's obligations in this regard shall be charged to the District and must be repaid by the District within 60 days of the District's receipt of an itemized invoice from the United States relating to its costs so incurred.
3. The water rights conveyed and the applications assigned in Article 1 above to the United States shall be used by the District and the United States for project purposes as described in the ULS Final Environmental Impact Statement, the 2004 Supplement to the 1988 Definite Plan Report for the Bonneville Unit, and the Secretary's Record of Decision.

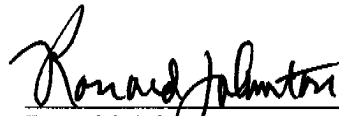
4. The water rights and applications acquired by the United States herein shall be utilized by the United States to provide the water supply to the District that was contractually agreed to under Repayment Contract No. 04-WC-40-120.
5. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract, or to any benefit that may arise there from, but this restriction shall not be construed to extend to this contract if made with a corporation or company for its general benefit.
6. The terms of this contract shall expressly survive the conveyances provided for herein.

IN WITNESS WHEREOF, the parties hereto have executed this contract on the day and year first written above.

UNITED STATES OF AMERICA
DEPARTMENT OF INTERIOR


Approved:


Regional Solicitor


Ronald Johnston, Program Director

CENTRAL UTAH WATER
CONSERVANCY DISTRICT

Attest:


Secretary

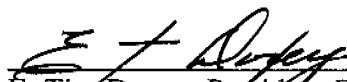

E. Tim Doxey, President Board of Trustees

EXHIBIT A

When Recorded Return To:
Department of the Interior
Central Utah Project Completion Act Office
302 East 1860 South
Provo, UT 84606-7317

SPECIAL WARRANTY DEED

CENTRAL UTAH WATER CONSERVANCY DISTRICT, a water conservancy district organized and created in accordance with the laws of the State of Utah, with its principal place of business located at 355 West University Parkway, Orem, UT 84058, GRANTOR, hereby conveys and warrants to the UNITED STATES OF AMERICA, and to those claiming title by through or under it, for the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the following described water and water rights which are diverted and used in both Utah County and Salt Lake County, State of Utah:

E3100 (55-9326), together with the corresponding base rights: 59-14 (A2621), 59-15 (A2621a), 59-20 (A3807) ("Water Rights").

The officers who sign this deed hereby certify that this deed and the transfer represented thereby was duly authorized under a resolution duly adopted by the Board of Trustees of the GRANTOR at a lawful meeting held pursuant to legal notice and attended by a quorum.

IN WITNESS WHEREOF, the GRANTOR has caused its hand to be hereunto affixed by its duly authorized officers this _____ day of _____, 2004.

CENTRAL UTAH WATER
CONSERVANCY DISTRICT
a political subdivision of the State of Utah

By: _____
President

ATTEST:

Secretary

State of Utah)
) ss.
County of Utah)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004, by E. Tim Doxey, President, and Don A. Christiansen, Secretary of the Central Utah Water Conservancy District, the Grantor named herein, and that they signed the same on behalf of the district.

Notary Public

SEAL

EXHIBIT E

ASSIGNMENT OF NON-USE APPLICATION

For value received, the sufficiency of which is hereby acknowledge, CENTRAL UTAH WATER CONSERVANCY DISTRICT, Assignor hereby assigns all of its right, title and interest in and to approved Non-Use Application 1593 (59-20), to the United States of America,

Assignee

Date this _____ day of _____, 2004.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

By: _____
Its: President

ATTEST:

Secretary

State of Utah)
) ss:
County of Utah)

The foregoing instrument was acknowledged before me this _____ day of _____, 2004, by E. Tim Doxey, and Don A Christiansen, who acknowledged to me that they are the President and Secretary of the Central Utah Water Conservancy District, and that they signed the same on behalf of said district.

Notary Public

SEAL