UNITED STATES

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

strawberry valley Project, Utah

THIRD-PARTY CONTRACT

FOR CHANGE OF USE OF PROJECT WATER TO MISCELLANOUES PURPOSES

THIS THIRD-PARTY CONTRACT (Third-Party Contract or Contract) is made and entered into pursuant to the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, particularly the Miscellaneous Purposes Act of February 25, 1920 (43 USC § 521), by and among, the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Canal Company) a nonprofit corporation organized and existing under the laws of the State of Utah, [the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Receiving Canal Company) a nonprofit corporation organized and existing under the laws of the State of Utah,] and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, (SVP Water User) representing and certifying that he/she/it has the undisputed and lawful right to beneficially use the water described herein, and the Strawberry Water Users Association (SWUA). This Third-Party Contract has been reviewed by the United States Bureau of Reclamation to ensure compliance with the laws, regulations, bylaws, and rules governing this Contract. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the 1920 Act Contract referenced below.

EXPLANATORY RECITALS

WHEREAS, Reclamation has constructed the Strawberry Valley Project (SVP or Project), for the purpose of delivering water to the users thereof for irrigation and other incidental purposes; and

WHEREAS, the Miscellaneous Purposes Act of February 25, 1920 (43 USC § 521) (1920 Act) provides the authority for the Secretary of the Interior to enter into contracts to supply water from any irrigation project system for purposes other than irrigation, which provides greater flexibility in how and where the SVP Project Water may be used; and

WHEREAS, on September, 18, 2025, various parties entered into Contract No. 25-WC-40-1015 with Reclamation (1920 Act Contract) to allow Project Water to be converted to miscellaneous purposes consistent with the terms of the 1920 Act Contract. While the 1920 Act Contract allows for the potential change in use of the entire Project Water supply from Irrigation to Miscellaneous Purposes, Project Water can only be used for Miscellaneous Purposes after an approved Third-Party Contract has been executed; and

WHEREAS, the SVP Water User desires [to use, for Miscellaneous Purposes, all or a portion of the Project Water to which such SVP Water User is entitled,] [to transfer all or a portion of the Project Water to which such SVP Water User is entitled for continued Irrigation use within the service area of another Canal Company,] in the manner described in Exhibit B attached hereto; and

[WHEREAS, the parties hereto desire to enter into this Third-Party Contract to be able to use a portion of the Project Water for purposes other than irrigation, consistent with the requirements of the 1920 Act; and]

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, the parties agree as follows:

1. AUTHORIZATION

Pursuant to the 1920 Act Contract and this Third-Party Contract, the SVP Water User is hereby authorized to use of the identified portion of the Project Water for Miscellaneous Purposes, in addition to Irrigation, as described in Exhibit B.

1. TERM

This Third-Party Contract will become effective, following the execution hereof by all the parties, on the date reviewed by Reclamation. and will continue in effect for the life of the duration of the 1920 Act Contract, unless terminated earlier by failure to perform or by mutual written consent of the parties.

1. SUBJECT TO 1920 ACT CONTRACT

By signing this Contract, the SVP Water User acknowledges that the right to use water for Miscellaneous Purposes is based strictly on the execution of federal contracts, and that the SVP Water User has read and understands the 1920 Act Contract, which is incorporated by reference herein, and agrees to be bound by all of the terms of the 1920 Act Contract. If there are any conflicts between the 1920 Act Contract and this Third-Party Contract, the 1920 Act Contract will govern.

1. PERMITS, LICENSES, AND AGREEMENTS
   1. The SVP Water User is responsible for compliance with Utah state law, including obtaining any and all approvals that may be required by the Utah State Engineer for the use of water for Miscellaneous Purposes. The SVP Water User will assist Reclamation and SWUA in filing any necessary water right change applications, obtaining approval from the Utah State Engineer’s Office, and providing copies to Reclamation, SWUA, and all delivery entities of any applications and/or approvals at no cost to Reclamation, SWUA, or the delivery entities.
   2. The parties acknowledge that nothing herein alters or amends the interest of the United States in and to the Project Water Rights, lands and facilities, in particular, those facilities constructed that reside on Project lands and associated easements and appurtenances thereto.
2. TRANSFERS

If the SVP Water User proposes, as detailed in Exhibit B, to merely transfer Project Water from one Canal Company to another, for continued Irrigation use, the provisions of this Third-Party Contract relating to conversion to Miscellaneous Purposes shall be disregarded; provided, however, that all other provisions hereof shall apply, including in particular but without limitation the provisions of Sections 6, 7 and 8 hereof.

1. CARRIER WATER

Changes in place or type of use of Project Water may require the dedication of Carrier Water to the original Canal Company as necessary to protect SVP Irrigators. It is the Canal Company’s responsibility to ensure that sufficient Carrier Water remains in the delivery facility to protect SVP Irrigators. The 1920 Act Contract governs the calculation and administration of Carrier Water. If at any time there is insufficient Carrier Water, SWUA may modify the water identified in this Contract to ensure sufficient flows in the original Canal Company for conveyance to SVP Irrigators.

1. PAYMENTS TO CANAL COMPANIES AND SWUA

a. If, pursuant to this Third-Party Contract, the SVP Water User proposes to transfer Project Water out of the Canal Company, the SVP Water User agrees to pay directly to such Canal Company the SVP Water User’s proportionate share of costs and expenses incurred by the Canal Company to operate, maintain, repair and replace (OMR&R) Canal Company facilities used by remaining SVP Water Users as if the SVP Water User’s Project Water were still being delivered by Canal Company, as reasonably calculated by the Canal Company, for so long as Canal Company facilities continue to be used to provide Project Water to any SVP Water Users. In addition, if the SVP Water User proposed to transfer water to the Receiving Canal Company, the SVP Water User agrees to pay OMR&R payments to the Receiving Canal Company. Reasonable OMR&R assessments will be determined by the Company board of directors. The SVP Water User acknowledges that water used for non-Irrigation purposes may be subject to different OMR&R rates compared to water used for Irrigation.

1. The SVP Water User will pay 100 percent of all reasonable incremental costs incurred by SWUA and the Company to administer this Contract.
2. OTHER CONTRACTS

All other contracts that rely on the change in use authorized in this Third-Party Contract and the 1920 Act Contract must include and incorporate the terms and conditions of the 1920 Act Contract. If the SVP Water User proposes to further transfer Project Water covered by this Third-Party Contract, the SVP Water User must notify the affected canal companies and SWUA of all such proposed transfers, terminate this Contract, and enter into a new Third-Party Contract prior to effecting such transfer.

9. THIRD-PARTY REPRESENTATION

The SVP Water User represents that the SWUA shares identified in Section 1 above are in good standing. The SVP Water User further represents that it is current on all of its payment obligations to the Canal Company.

1. RECLAMATION AND SWUA NOT LIABLE
   1. Neither Reclamation nor SWUA will be responsible for the control, care, or distribution of water before it is introduced into or after it is discharged from Strawberry Valley Project facilities.
   2. The SVP Water User will indemnify and hold Reclamation, SWUA, the Company, and their respective officers, agents, and employees harmless from every claim for legal liability for damages of any nature whatsoever arising out of any actions or omissions resulting from the performance of this Contract.
2. ENLARGEMENT OF WATER RIGHTS

This Third-Party Contract does not create, enlarge, or diminish any water right of the Company, Reclamation, or the SVP Water User. Further, no third party may claim a water right based on any legal theory arising under State or federal law, before any State or federal judicial or administrative body, based on the use of the water under this Third-Party Contract.

1. APPLICABLE LAWS

SVP Water User acknowledges that this Contract is subject to all applicable federal laws, State of Utah laws, and regulations applicable to Project Water.

1. APPROVAL

Review or approval of this Third-Party Contract by any of the parties listed below will not be unreasonably withheld.

1. RECORDS

The SVP Water User will establish and maintain records acceptable to the Secretary pertaining to the SVP Water User's receipt and use of Project Water, and other matters as the Secretary may reasonably require. Records will be furnished to the Secretary in such form and on such date or dates as the Secretary may reasonably require.

1. ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED

The provisions of this Contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein by either party shall be valid until approved in writing by all parties to this Third-Party Contract and Reclamation.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year first above written.

CANAL COMPANY

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

President

ATTEST: SVP WATER USER

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Secretary

RECEIVING CANAL COMPANY

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

STRAWBERRY WATER USERS ASSOCIATION

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Secretary President

REVIEWED: UNITED STATES OF AMERICA

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Area Manager, Provo Area Office

Bureau of Reclamation

Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_