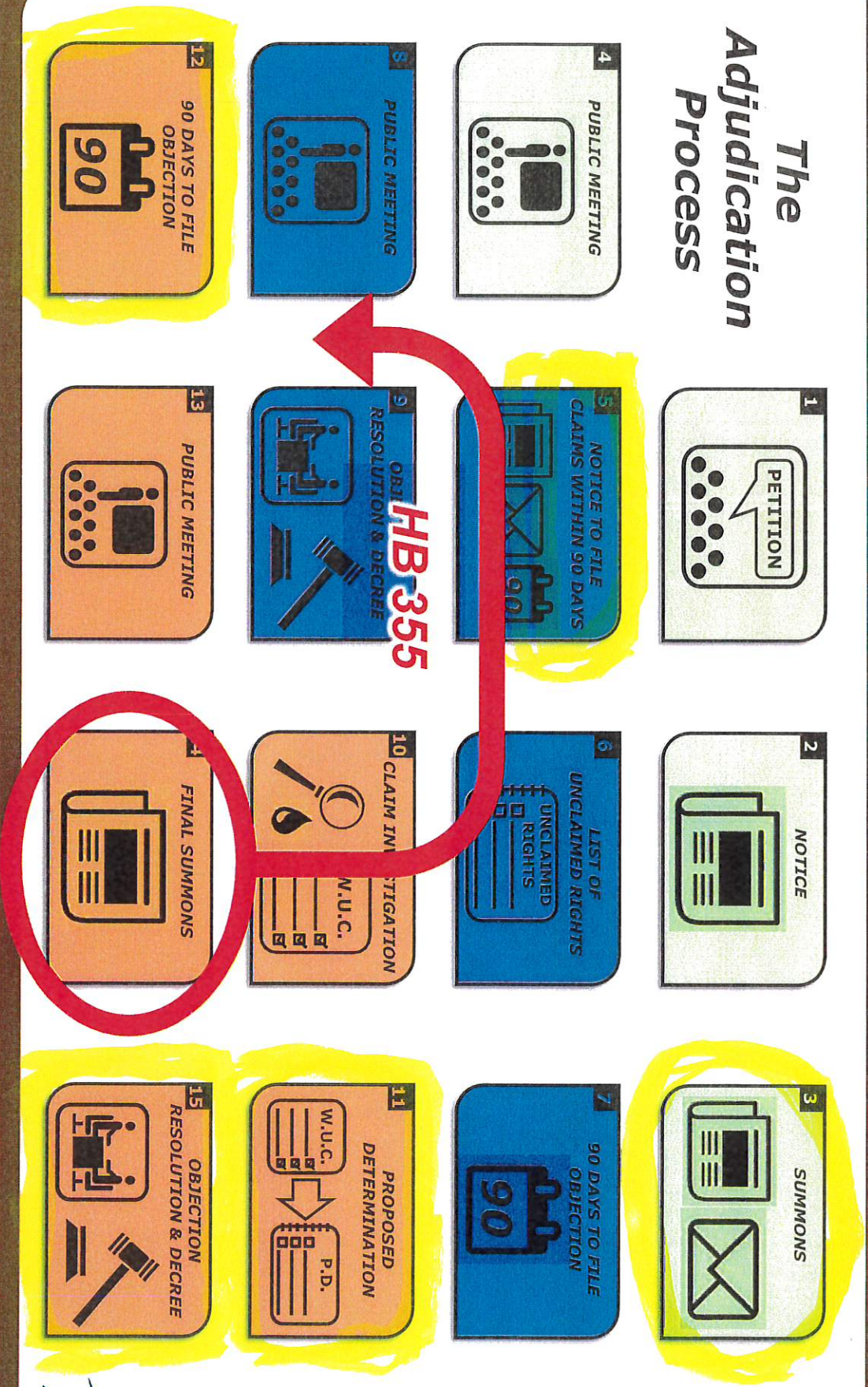


The Adjudication Process



A G R E E M E N T

THIS AGREEMENT made this 9th day of February, 1987, by and between THE UNITED STATES OF AMERICA, DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION, hereinafter called "RECLAMATION" and THE CENTRAL UTAH WATER CONSERVANCY DISTRICT, hereinafter called "CENTRAL DISTRICT" and PROVO CITY CORPORATION, a municipal corporation, hereinafter called "PROVO CITY", and PROVO METROPOLITAN WATER DISTRICT, hereinafter called "METRO DISTRICT", and

WHEREAS, RECLAMATION has filed Application No. 40523 to appropriate 300,000 acre feet of water from the Provo River and has filed Exchange Application No. 398 to exchange 300,000 acre feet of water from Utah Lake to the proposed Jordanelle Reservoir and Deer Creek Reservoir, and

WHEREAS, CENTRAL DISTRICT has a contractual right to use such water if the application or applications are approved, and

WHEREAS, PROVO CITY and METRO DISTRICT have protested such applications, and

WHEREAS, the Utah State Engineer has approved such applications, subject to existing water rights, and

WHEREAS, PROVO CITY AND METRO DISTRICT have appealed such approval and litigation is now pending in two separate cases entitled Provo City, et al v. Utah State Engineer, et al., Civil Nos. 70184 and 70908, respectively, filed in the Fourth District Court in and for Utah County, and

WHEREAS, PROVO CITY has rights decreed to it by the Morse Decree on the Provo River, and litigation is pending between or among the parties hereto to resolve the disputes which existed with respect to part of said decreed rights, which are hereinafter identified, and

WHEREAS, RECLAMATION and CENTRAL DISTRICT have joined with others in a general adjudication suit entitled "In the Matter of the General Determination

to the Use of Water, Both Surface and Underground, Within the Drainage Area of Utah Lake and Jordan River in Utah, Salt Lake, Davis, Summit, Wasatch, Sanpete and Juab Counties, Utah" Civil No. 57,298, in the Third Judicial District Court in and for Salt Lake County, hereinafter referred to as the Anderson case, part of which litigation involves newly filed petitions raising issues regarding paragraph 4a and 4b of the Morse Decree, Fourth Judicial Court, Civil No. 2888, and

WHEREAS, the parties hereto recognize that the disputes between the parties will ultimately be resolved with the entry of a General Adjudication decree in the above noted General Adjudication action and the parties desire hereby to resolve the differences that exist between them regarding the said applications and to abate the pending litigation between the parties until the State Engineer proposes his proposed determination of water rights and it becomes appropriate to resolve the differences between the parties as a part of the final decree in the General Adjudication to provide for the interim use of the water without prejudice to the parties in the ultimate determination of rights and to avoid litigation in regard to change applications and other matters, as set forth herein, and

WHEREAS, it is the desire of the parties to this agreement to resolve the differences that exist between them regarding said applications,

NOW, THEREFORE, in consideration of the mutual covenants of each of the parties hereto, IT IS AGREED:

1. Respective Claims of the Parties.

A. In the litigation pending, RECLAMATION and CENTRAL DISTRICT contend that there is sufficient surplus or unused water in the Provo River and Utah Lake and other sources to supply the purposes described in Applications Nos. 40523 and 398, other than from water sources owned by PROVO CITY. PROVO CITY and METRO DISTRICT have, prior to this agreement, contended that

the claims of RECLAMATION and CENTRAL DISTRICT are attempting to expropriate the water rights of PROVO CITY and METRO DISTRICT.

2. Withdrawal of Protest and Dismissal of Litigation.

A. On the basis of the conditions enumerated in this agreement, PROVO CITY and METRO DISTRICT will withdraw any objections to RECLAMATION's Application Nos. 40523 and 398 supported by CENTRAL DISTRICT, and shall dismiss the pending litigation in Civil Nos. 70184 and 70908 and to the Quiet Title Action pending in the Fourth Judicial District Court, Civil No. 68,300. The conditions are as follows:

(1) RECLAMATION and CENTRAL DISTRICT acknowledge that PROVO CITY was awarded water right under the Morse Decree, paragraphs 4, (a), (b), (c), (d) and (e), which water right is set forth verbatim as follows:

(a) 2,058.6 Acres of Farm Land.

From May 10th to June 20th, Duty 57, 36.12 second feet.
From June 20th to July 20th, Duty 63, 32.68 second feet.
From July 20th to May 10th, Duty 70, 29.41 second feet.

(b) 499.91 Acres of City Lots.

From May 10th to Sept. 1st, Duty 50, 10.00 second feet.
From Sept. 1st to May 10th, Duty 70, 7.14 second feet.

(c) 16.50 second feet, during the irrigation season of each and every year. Which water has heretofore been used for irrigation purposes by said City and for the generation of power by the Provo Ice & Cold Storage Company, a corporation, E. J. Ward & Sons Company, a corporation, Knight Woolen Mills, a corporation, Smoot Investment Company, a corporation, and Upton Hoover, W. E. Hoover, Webster Hoover and Frank Hoover, as partners doing business under the name of Excelsior Roller Mills. And the said use for power purposes has been under license and grant from said Provo City and at such times and in such manner as has been made by mutual arrangements therefor.

(d) During the non-irrigating season of each and every year, subject to the rights of storing water at the several reservoirs of the plaintiff and defendants as hereinafter set forth, sufficient of the waters of Provo River to supply the necessities of Mill owners upon the Factory Race using water under license and grant from said City, not to exceed 65 second feet.

- (e) Said defendant Provo City, is the owner of, and has the right to collect by its pipe line and Waterworks System as now located and constructed in Provo Canyon, Utah County, Utah, and is entitled to divert into its waterworks system and to convey and use for domestic and municipal purposes at Provo City, Utah, and adjacent thereto, all of the waters of "South Guard Quarters Spring," which arises in a ravine above the flume line of the Utah Power & Light Company and below the ditch known as the Johnson Ditch, situate in the southwest quarter section 33, township 5 south, range 3 east of the Salt Lake Base and Meridian. Also all of the waters of all springs arising between the County Road as now located and used and the flume line of the Utah Power & Light Company and down from the County highway bridge crossing said river near the mouth of Bridal Veil Falls to the west line of the northeast quarter section 5, township 6 south of range 3 east of the Salt Lake Base and Meridian; excepting therefrom, however, all of the waters of all springs which flow into or rise in the Blue Cliff Canal and all of the waters of Maple or commonly called Yellow Jacket Spring.

(2) RECLAMATION and CENTRAL DISTRICT acknowledge that in addition to the above described rights, PROVO CITY and METRO DISTRICT own rights in the Provo River which have been acquired by purchase, and which are shown on Exhibit "A" attached. PROVO CITY and METRO DISTRICT further own well rights, Lost Lake storage rights, Canyon Spring rights, and stock in the Provo River Project, which stock allows the yield of about 8,000 acre feet of water. These rights are shown on Exhibit "B" attached.

3. No Future Contest. Until the completion of the general adjudication of water rights under the Anderson case, the parties hereto will not seek to have a determination of the rights of parties which are the subject of this agreement litigated and determined ahead of the entry of the decree in the General Adjudication suit. This provision does not foreclose any of the parties from initiating actions against other parties, and the ultimate resolution of the disputes between the parties hereto shall await the determinations to be made in the General Adjudication suit (Anderson case).

4. Reservations to Provo and District. PROVO CITY and METRO DISTRICT reserve the right to use for any purpose, including but not limited to, rental, lease or sale, their right to Provo River Project storage water of approximately 8,000 acre feet in Deer Creek Reservoir and the 10,000 acre feet in Jordanelle Reservoir referred to in Provision 6 below; provided that if said Jordanelle water is to be sold for use outside of Provo City, an appropriate change application will be filed by Provo City.

5. Waiver of Defenses. By delaying the resolution of the dispute, none of the parties will be prejudiced in asserting its claims or defenses at the time of the entry of the final General Adjudication decree (Anderson case) and as to these rights it will not raise as a defense any claimed non-use, abandonment, statutes of limitation, laches, or failure to put the water to beneficial use, by reason of anything that happens subsequent to this Agreement.

6. Storage in Jordanelle.

A. For valuable consideration recited herein, RECLAMATION and CENTRAL DISTRICT shall provide, without charge, except for proportionate operations and maintenance costs, storage privileges for 10,000 acre feet of storage space for such water of PROVO CITY and METRO DISTRICT as they may hereafter from time to time designate. If water is stored during the irrigation season, RECLAMATION and CENTRAL DISTRICT will allow the unused portion of such water to carry over into the next water year commencing October 1st of that same calendar year, but total in storage in Jordanelle for PROVO CITY or METRO DISTRICT will never exceed the 10,000 acre feet at any given time.

B. PROVO CITY shall be responsible for providing the water right and for securing permission from the State Engineer to store water under that right in Jordanelle Reservoir. A separate account will be kept of the water

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for
2011

so stored on PROVO CITY and METRO DISTRICT's behalf and they shall be entitled to withdraw all of the water stored on its behalf under its own right on demand. If there is restricted capacity to furnish demand such withdrawal will be prorated. If, but only if, the right used to provide for such storage is a consumptive irrigation use right and the State Engineer requires as a condition to approval replacement of the return flow in Utah Lake, RECLAMATION and CENTRAL DISTRICT will make that replacement from Project water. If PROVO CITY or DISTRICT elect to store water during the non irrigation season they will do so to the extent allowed by appropriate application to the State Engineer and RECLAMATION and CENTRAL DISTRICT will not directly or indirectly challenge or protest such application or have the duty to provide replacement water for return flow.

7. Agreement to Dismiss or Withdraw from Other Ligation.

A. RECLAMATION and CENTRAL DISTRICT have joined with others in the filing of a new Petition in the General Adjudication suit asking the court to resolve disputes regarding the use by PROVO CITY of its 4(a) and 4(b) water during the non-irrigation season. RECLAMATION and CENTRAL DISTRICT will endeavor to get PROVO CITY dismissed as a respondent without prejudice in said Petitions, but if they are unsuccessful in doing so, RECLAMATION and CENTRAL DISTRICT will withdraw as petitioners.

B. PROVO CITY has filed suit to resolve disputes between it and RECLAMATION in regard to the 65 c.f.s. 4(d) water right described above. Provo City will dismiss that suit without prejudice.

8. Anderson Case. None of the parties to this agreement will, directly or indirectly, take steps to accelerate the adjudication between themselves in the Anderson case and will await the orderly determination of said case.

9. Reservations. Each party reserves the right to contest any recommendation of the State Engineer to the trial judge in the Anderson case and

each reserves the right to litigate any determination made in said case.

10. Contract Construction. Nothing contained herein shall be construed to be a transfer or relinquishment of parties' vested water rights.

11. Pending and Future Applications.

A. RECLAMATION and CENTRAL DISTRICT will acknowledge to the State Engineer that Application No. 40524, now pending, will not adversely affect PROVO CITY's and METRO DISTRICT's water rights, and further, they will not file any future applications to appropriate or exchange water that will adversely affect PROVO CITY and METRO DISTRICT's rights.

B. RECLAMATION and CENTRAL DISTRICT will not protest or oppose change applications filed by PROVO CITY or METRO DISTRICT to change the 4(a), 4(b) water rights into PROVO CITY's municipal system for use within PROVO CITY so long as:

1. The return flow from said municipal use (primarily the effluent from the sewage treatment plant) is discharged into Utah Lake.
2. PROVO CITY does not endeavor to recapture said effluent in Utah Lake and transfer the use thereof for the irrigation of lands, or other uses outside PROVO CITY.
3. Except for storage in Deer Creek and Jordanelle, the change application does not involve a proposal to change the direct flow rights into storage so that non-irrigation season water can be stored and utilized during the regular irrigation season.
4. The purpose of the change is to place the water into PROVO CITY's municipal system with return flow to Utah Lake, and not to provide for the marketing of water to third parties for use outside Provo.

C. By acceding to the above limitations PROVO CITY does not concede to any limitation of its decreed rights under the Morse Decree and will wait until the general adjudication suit (Anderson case) to raise it.

12. Deer Creek Reservoir. This Agreement relates to storage of water under Application 40523 and 398 for the Bonneville Unit of the Central Utah Project. RECLAMATION will not protest change applications if in its opinion the approval thereof will not adversely affect storage of water in Deer Creek Reservoir under the Provo River Project.

13. Consent to Jordanelle Storage. PROVO CITY and METRO DISTRICT will not object to the storage of water during the non-irrigation season and high water period under Applications 40523 and 398 so long as during that time the municipal beneficial needs of PROVO CITY under present rights and/or rights changed to the municipal system are being fully met, however by such consent PROVO CITY and METRO DISTRICT do not concede to any diminution of their decreed rights.

14. Term. The provisions hereof for storage of water in Jordanelle Reservoir will become operative when the said reservoir is completed and ready for service and shall thereafter remain operative for the life of the Jordanelle Dam and Reservoir. The remaining provisions shall be operative upon the execution of this Agreement and shall remain operative until the completion of the adjudication of the rights of the parties in the pending general adjudication suit (Anderson case).

15. Other Litigation. In the event of future litigation between PROVO CITY, METRO DISTRICT and any other person, regarding PROVO CITY's or METRO DISTRICT's rights, including applications to change points of diversion, and conversion of rights to Provo's municipal use, RECLAMATION and CENTRAL DISTRICT shall not join in such litigation and will not directly or indirectly challenge PROVO CITY's or METRO DISTRICT's claims nor lend support to those contesting such rights as they relate to Jordanelle but RECLAMATION may protest and join in such litigation as the same relates to protection of water rights in Provo River Project.

16. Parties. For the purpose of this agreement, PROVO CITY and METRO DISTRICT shall be considered one party. This agreement shall be binding upon the successors and assigns of each of the parties hereto.

17. Authority. Each of the parties acknowledge that the agreement was signed in conformity with law and approved by the respective boards, councils or government agencies, and the signatures attached hereto are attached in conformity with such signatory contractual requirements.

DATED at the places and on the dates hereinafter set forth:

Salt Lake City, Utah, this _____ day of _____, 1987.

UNITED STATES OF AMERICA

BY

Joseph W. Anderson
Regional Director
Upper Colorado Region
Bureau of Reclamation
Assistant United
State Attorney

Orem, Utah, this 9 day of Feb, 1987.

CENTRAL UTAH WATER CONSERVANCY DISTRICT

BY

Ronald S. Reed

ATTEST:

Hon A. Christensen

Provo, Utah, this 9th day of FEB., 1987.

PROVO CITY CORPORATION

BY

Joseph A. Jensen

ATTEST:

Jean Eklund

Provo, Utah, this 7th day of Feb, 1987.

METROPOLITAN WATER DISTRICT
OF PROVO CITY

BY

LaVere B. Merritt

ATTEST:

Jean Eklund

EXHIBIT "A"

(Page 1)

99.76 Shares	Right #5	Timpanogos Canal Co.		
+/-	Duty 60	May 10 to June 20	847 Acres	14,120 CFS
	66	June 20 to July 20	"	12,830 CFS
	75	July 20 to Sept. 1	"	11,290 CFS
	75	Sept. 1 to May 10	"	11,290 CFS
127.5 Shares	Right #7	Upper East Union Canal Co.		
+/-	Duty 57	May 10 to June 20	744.9 Acres	13,070 CFS
	63	June 20 to July 20	"	11,820 CFS
	70	July 20 to Sept. 1	"	10,640 CFS
	70	Sept. 1 to May 10	"	10,640 CFS
ALL	Right #9	First Ward Pasture Co.		
	Duty 60	May 10 to June 20	147 Acres	2,450 CFS
	66	June 20 to July 20	"	2,230 CFS
	75	July 20 to Sept. 1	"	1,960 CFS
	75	Sept. 1 to May 10	"	1,960 CFS
56.25 Shares	Right #15	West Union Canal Co.		
+/-	Duty 57	May 10 to June 20	1,820 Acres	31,930 CFS
	63	June 20 to July 20	"	28,890 CFS
	70	July 20 to Sept. 1	"	26,000 CFS
	70	Sept. 1 to May 10	"	26,000 CFS
	Right #22P	Andrew Forsythe		
	Duty 50	May 10 to June 20	24.69 Acres	.494 CFS
	55	June 20 to July 20	"	.449 CFS
	63	July 20 to Sept. 1	"	.392 CFS
	70	Sept. 1 to May 10	"	.353 CFS
367.5 AF	Right #22K	Fred Davies		
	Duty 50	May 10 to June 20	14.30 Acres	.286 CFS
	55	June 20 to July 20	"	.260 CFS
	63	July 20 to Sept. 1	"	.227 CFS
	70	Sept. 1 to May 10	"	.204 CFS
	Right #27C	L.L. Donnan		
	Duty	Year-round right	5 Acres	.097 CFS
	Right #27I	Charles W. Thomas, Charles E. Giles		
	Duty 60	Year-round right	40 Acres	.670 CFS
	Right #28	John D. Dixon		
	Duty	Year-round right		1.32 CFS

EXHIBIT "A"
(Page 2)

Right #10	East River Bottom Water Company			
4 Shares	Duty 52	May 10 to June 20	361.72 Acres	6.96 CFS
+/-	57	June 20 to July 20	"	6.35 CFS
	65	July 20 to Sept. 1	"	5.56 CFS
	70	Sept. 1 to May 10	"	5.17 CFS

Right #22af	E. V. Vincent			
	Duty 50	May 10 to June 20	10.00 Acres	0.200 CFS
	55	June 20 to July 20	"	0.182 CFS
	63	July 20 to Sept. 1	"	0.159 CFS
	70	Sept. 1 to May 10	"	0.143 CFS

Right #27e	H. Heiselt			
	Duty 60	;		.033 CFS
				Annually

Right #27g Spring Dell Resort Company
 Jan. 1 to Dec. 31
 Is entitled to the use of one second foot of the flowing waters of what is known as the "Spring Dell Spring" arising on the premises of said defendant in Provo Canyon, to be used for culinary and domestic purposes, and said water to be used upon, and only upon, the said premises.

Right #27h	So. Fork Trout Company			
	Jan. 1 to Dec. 31			.50 CFS
				Annually

Is entitled to the use of all of the waters of those certain springs commonly known as the Ellen, Pine Bug and Rhode Springs, arising on the lands now owned by said company lying along the South Fork and of ten second feet of the flowing waters of the South Fork, all of said waters to be used for the purpose of fish culture and to be diverted from said springs and said Fork of the Provo River into lakes or ponds and runs and hatcheries, the same after being applied to such use to be returned to the natural channel of said South Fork.

Right #20i	Provo Pressed Brick			.38 CFS
277,157 AF				Annually

11 Shares West Smith Ditch Company

1-5,5 Shares Park Canyon Ditch Company

EXHIBIT "A"
(Page 3)

6.5 Shares Fort Field-Little Dry Creek

Right #27b Charles F. Conrad & A.F. Conrad rights

Right #27i Thomas Giles rights
217.21 AF

EXHIBIT "B"

Rock Canyon Springs
City Wells-Consolidated Right
BYU-Helaman Halls Well
Smith Ditch Springs
Yellow Jacket Springs
Mary's Spring
Partridge Springs
Searle Springs
Springdell Springs
Lost Lake Storage
Provo River Project Shares (Deer Creek)
State Engineer - Exchange 85