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**see page 2 for additional counsel*

**IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS**

In Re SRBA

Case No. 39576

Subcase No. 27-11375

**STIPULATION AND JOINT
MOTION TO APPROVE
BLACKFOOT EQUITABLE
ADJUSTMENT SETTLEMENT
AGREEMENT**

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Stucki Revocable Trust*

The United States, the Shoshone-Bannock Tribes, the State of Idaho, the Committee of Nine of Water District 01, Alma Hubbard, Blackfoot Springs Ranch, LLC, Lewis Brothers, Inc., Ohanesian & Associates, P4 Production, LLC, Eastern Idaho Water Company, Mark B. Pratt, Brett McDaniel, Gary and Sonja Wright, Marvin Yancey, Merlin Yancey, Patrick Taney, Natural Guardian, LLC, Bear Lake Grazing Co., P. Thomas Blotter Family, and Stucki Revocable Trust, (“Movants”) by and through their respective counsel, hereby jointly stipulate that the *Blackfoot River Equitable Adjustment Settlement Agreement Pursuant to the 1990 Fort Hall Indian Water Rights Settlement Agreement*, (“EA Agreement”), which is attached hereto and incorporated herein by reference as Exhibit A, constitutes a complete resolution of all issues in the proceeding on the Shoshone-Bannock Tribes’ and United States’ *Motion for Enforcement of the Fort Hall Consent Decree* and move the Court for entry of an order approving the EA Agreement. Movants further move the Court to amend the *Partial Final Consent Decree Determining the Rights of the Shoshone-Bannock Tribes to the Use of Water in the Upper Snake River Basin* (“Consent Decree”) to include the EA Agreement as Attachment F and amend the third and fourth sentence of Paragraph 27-11375x.d of the Consent Decree to read as follows:

These state created water rights listed on Attachment E are estimated to divert not more than 45,000 AFY of water from the Blackfoot River. ~~In the event this estimate of the amount of existing diversions under state created water rights is exceeded as a result of the Decree in the SRBA, the parties shall negotiate an equitable adjustment to the Tribal water rights to account for this change. The Blackfoot River Equitable Adjustment Settlement Agreement Pursuant to the 1990 Fort Hall Indian Water Rights Settlement Agreement set forth in Attachment F provides for an equitable adjustment to this water right in the event the Primary Volume diversions under the partial decrees listed on Attachment E exceed 45,000 AFY.~~¹

The grounds for this motion are:

1. Paragraph 27-11375x.d. of the Consent Decree provides:

¹ The first two sentences of paragraph 27-11375x.d of the Consent decree are the subject of the *State of Idaho’s Motion For An Accounting of All Water Rights Benefitting From the Subordination Provisions of The Fort Hall Consent Decree and Insertion of A Remark Memorializing That Benefit on Each Affected Right*. Those sentences in the Consent Decree read as follows: “The Tribes and United States shall exercise this water right in a manner that ensures persons diverting natural flow from the Blackfoot River prior to January 1, 1990, whose rights are decreed in the SRBA will continue to receive their full legal entitlement under state law. The parties will specifically enumerate all rights protected by this provision once the SRBA Decree for this basin becomes final.” *A Joint Motion To Include Subordination Remark On Water Right No. 27-11375 And Certain Blackfoot Natural Flow Water Rights* pending before this Court seeks a modification of the first and second sentences of paragraph 27-11375x.d.

“These state created water rights are estimated to divert not more than 45,000 AFY of water from the Blackfoot River. In the event this estimate of the amount of existing diversions under state created water rights is exceeded as a result of the Decree in the SRBA, the parties shall negotiate an equitable adjustment to the Tribal water rights to account for this change.”

2. Paragraph 27-11375x.d has two purposes: 1) It allows persons diverting natural flow from the Blackfoot River prior to January 1, 1990 whose rights are decreed in the SRBA to continue to divert that amount of water put to beneficial under state created water right prior to January 1, 1990; and 2) It provides for an equitable adjustment to water right 27-11375 in the event diversions under the protected state created water rights exceed 45,000 acre-feet. This motion addresses the second purpose.
3. Since the negotiation of the Agreement predated the taking of SRBA claims to water rights in the Blackfoot River basin and the Department’s water right records were incomplete, it was necessary to estimate the extent of actual diversions by the protected water rights.
4. When the Court approved the Consent Decree, it anticipated, based on the plain language of Paragraph 27-11375x.d, there would be a need for future adjustments to this paragraph.² Thus, the Court retained jurisdiction over Paragraph 27-11375x.d.³
5. On October 29, 2010, the Tribes and United States filed a *Motion for Enforcement of the Fort Hall Consent Decree* (“Motion for Enforcement”), requesting that the Court enforce the Consent Decree and order the parties to negotiate an equitable adjustment under paragraph 27-11375x.d.
6. On November 10, 2010, this Court issued its *Initial Scheduling Order Setting Forth Procedures on State’s Motion for Accounting and United States’ and Tribes’ Joint Motion to Enforce Re: Fort Hall Indian Water Rights Consent Decree* (“Scheduling Order”).
7. The Scheduling Order required personal service of the Motion for Enforcement and the Scheduling Order to all surface water claimants in Basin 27. The Court also ordered that

² Reporter’s Transcript, Hearing on the Proposed Consent Decree on 1990 Fort Hall Indian Water Rights Settlement Agreement, pp. 143-149 (July 18, 1995).

³ *Id.* at pp. 143-144 ln. 22-2 (The Court stated: “[I]t seems to me that the parties do intend that this court essentially maintain continuing jurisdiction over those matter which in all likelihood will require some adjustment as noted in the proposed consent decree.”).

these documents appear on the docket sheet for November 2010 pursuant to the SRBA docket sheet procedures.

8. The Scheduling Order provided that all *Notices of Intent to Participate in the Motion for Enforcement* (“Notice of Intent to Participate”) be filed no later than January 2, 2011.
9. The Scheduling Order stated with regard to the Motion for Enforcement: **“Parties should take note that the outcome of these proceedings may affect their water right(s). Affected rights will be bound by the ultimate outcome of the proceedings, whatever that may be, whether or not a party participates in the Motion to Enforce.”** (Emphasis in Scheduling Order)
10. On November 22, 2010, certificates of service were filed with the Court demonstrating personal service of the Motion for Enforcement and Scheduling Order on all surface water claimants in Basin 27.
11. In response, nine Notices of Intent to Participate in the Motion for Enforcement were filed with the Court (“Participating Parties”).
12. On February 18, 2011 the Court entered a Scheduling Order bifurcating the Motion for Enforcement between legal issues pertaining to the Tribes’ “entitlement” under paragraph 27-11375x.d and those issues relating to the equitable adjustment remedy.
13. The parties identified the following entitlement issue: “Whether, under the facts set forth in the Motion for Enforcement of Fort Hall Indian Water Rights Consent Decree, and the Memorandum in Support and accompanying affidavits, the Shoshone-Bannock Tribes and the United States are entitled to an equitable adjustment as provided for in the decree of water right no. 27-11375.x.d?”
14. The Court issued its *Memorandum Decision and Order on Motions for Partial Summary Judgment and Instructions on Future Proceedings* (“Memorandum Decision on Enforcement”) on June 2, 2011. The Court held: 1) that the 45,000 AFY quantity was not intended as a cap or limit on the protection of protected water rights, 2) genuine issues of material fact exist regarding whether the estimated quantity had been exceeded, and 3) the equitable adjustment remedy was not intended to be limited in scope to water right 27-11375.
15. After issuance of the Memorandum Decision on Enforcement, the parties engaged in good faith negotiations to resolve the Motion for Enforcement.

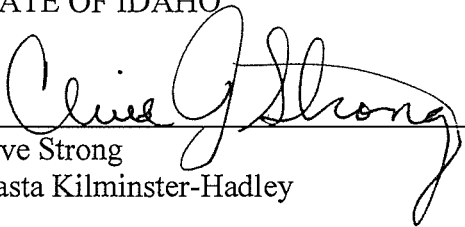
16. On January 31, 2013, the United States, Tribes, State of Idaho, and Committee of Nine of Water District 01 (“Signatory Parties”) filed a *Joint Motion for Approval of Fort Hall Equitable Adjustment Settlement Agreement* (“Signatory Party Joint Motion for Approval”). The Participating Parties objected to approval of the EA Agreement.
17. Oral argument was heard on the Signatory Parties’ Joint Motion for Approval on February 22, 2013. After oral argument, the Signatory Parties and the Participating Parties requested this Court provide them with a *Notice of Issuance of Order* as they were engaged in negotiations to resolve the Motion for Enforcement.
18. On March 26, 2013, this Court issued a *Notice of Issuance of Order*. In response, the State, the Committee of Nine and the Participating Parties filed a *Joint Motion to Withhold the Decision* on April 2, 2013, June 3, 2013, and June 14, 2013 to continue negotiations.
19. The Participating Parties and the Signatory Parties have negotiated a resolution of all issues related to the Tribes’ and United States’ “Motion for Enforcement,” which is embodied in the revised EA Agreement attached hereto as Exhibit A.
20. The revised EA Agreement contains one substantive change from the EA Agreement submitted to the Court on January 31, 2013. Paragraph 3 of the revised EA Agreement provides for 10,000 acre-feet of Supplemental Equitable Adjustment Water. “In the event that the Basin 27 Water Users’ Basin 27 Primary Volume diversions in any year exceed 45,000 acre-feet plus the amount of available credits . . . and Equitable Adjustment Water . . ., then the Basin 27 Water Users may divert up to an additional 10,000 acre-feet of Basin 27 Primary Volume provided such diversions are offset by the delivery of an equivalent amount of water to the Tribes.” EA Agreement at 6. Under the Supplement Equitable Adjustment Water provision, the State and the Committee of Nine have each agreed to provide an acre-foot of water for each acre-foot of Supplemental Equitable Adjustment Water provided by the Basin 27 Water Users up to a maximum of 3,333 1/3 acre-feet.
21. As shown above, notice was provided to all Basin 27 Water Users of the Tribes’ and United States’ Motion for Enforcement.

22. The revised EA Agreement and the proposed amendments to the Consent Decree set forth above implement Paragraph 27-11375x.d over which this Court retained continuing jurisdiction.
23. A consent decree is subject to Rule 60(b) the same as any other judgment or decree. *Rufo v. Inmates of Suffolk County Jail*, 502 U.S. 367, 378 (1992). .
24. The proposed amendments to the Consent Decree and the EA Agreement are a fair and equitable adjustment to the Consent Decree. The EA Agreement recognizes the right of a holder of a protected water right to continue to divert that amount of water he/she put to beneficial use under the elements of the water right as decreed in the SRBA consistent with state law, and provides for an equitable adjustment to water right 27-11375 in the event the Primary Volume diversions under all of the protected rights exceed 45,000 acre-feet.

THEREFORE, Movants respectfully request this Court grant the relief requested in this motion.

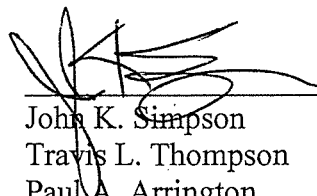
RESPECTFULLY SUBMITTED this 11th day of July, 2013.

STATE OF IDAHO



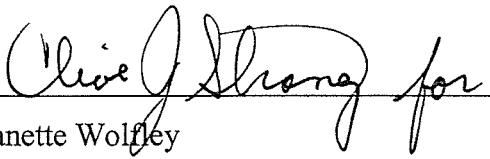
Clive Strong
Shasta Kilminster-Hadley

COMMITTEE OF NINE



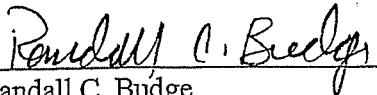
John K. Simpson
Travis L. Thompson
Paul A. Arrington
Sarah W. Higer

SHOSHONE-BANNOCK TRIBES



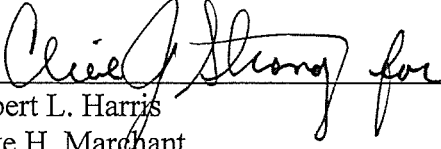
Jeanette Wolfley

RACINE OLSON NYE BUDGE &
BAILEY, CHARTERED



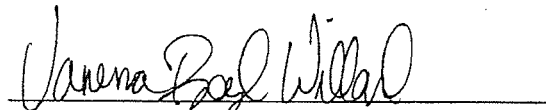
Randall C. Budge
Thomas J. Budge

HOLDEN KIDWELL HAHN &
CRAPO, p.l.l.c.



Robert L. Harris
Luke H. Marchant

UNITED STATES

A handwritten signature in cursive script, reading "Vanessa Boyd Willard", written over a horizontal line.

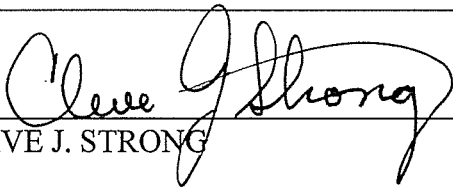
Vanessa Boyd Willard
Indian Resources Section
Environment and Natural Resources Division
United States Department of Justice

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 11th day of July, 2013, the above STIPULATION AND JOINT MOTION TO APPROVE BLACKFOOT EQUITABLE ADJUSTMENT AGREEMENT was served on the persons below in the manner indicated:

Clerk of the Court SRBA P.O. Box 2707 Twins Falls, ID 83307	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery
Jeanette Wolfley Special Counsel 706 Paseo Sandia Bernalillo, N.M. 87004	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☒ E-Mail: wolfleyje@gmail.com
John K. Simpson 1010 W. Jefferson, Ste 102 Boise, ID 83701	☐ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☒ E-Mail: jks@idahowaters.com
Robert L. Harris Luke H. Marchant Holden Kidwell Hahn & Crapo 1000 Riverwalk Dr Ste 200 PO Box 50130 Idaho Falls, ID 50130	☐ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☒ E-Mail: lmarchant@holdenlegal.com ☒ E-Mail: rharris@holdenlegal.com
State of Idaho PO Box 44449 Boise, ID 83711-4449	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery
United States Dept of Justice Environment & Natural Resource 550 West Fort Street, MSC 033 Boise, ID 83701-2527	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery
William G Myers III 101 S. Capital Blvd, Ste 033 Boise, Id 83701-2527	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☒ E-mail: wmyers@hollandhart.com

U.S. Department of Justice Attn: Vanessa Boyd Willard 999 18 th St Denver, Co 80202	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☐ E-mail
Director of IDWR P.O. Box 83720 Boise, ID 83720-0098	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery
Thomas J. Budge Randall C. Budge 201 E. Center Street P.O. Box 1391 Pocatello, ID 83204-1391	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☐ E-mail
Jerry Rigby Rigby Andrus & Rigby P.O. Box 250 Rexburg, ID 83440-0250	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☐ E-mail
Trisha Arave 590 N 150 E Blackfoot, ID 83221	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☐ E-mail
Robert E. Reid 911 Reid Rd. Firth, ID 83236	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☐ E-mail
Lake Family Ranches, Inc. C/O Dennis M. Lake 830 Taber Rd. Blackfoot, ID 83221	☒ U.S. Mail/Postage Prepaid ☐ Facsimile ☐ Overnight Mail ☐ Hand Delivery ☐ E-mail


 CLIVE J. STRONG

ATTACHMENT F

BLACKFOOT RIVER EQUITABLE
ADJUSTMENT SETTLEMENT AGREEMENT
PURSUANT TO THE 1990 FORT HALL INDIAN
WATER RIGHTS SETTLEMENT AGREEMENT
CONFIDENTIAL AND SUBJECT TO IRE 408

Blackfoot River Equitable Adjustment Settlement Agreement
Pursuant to the 1990 Fort Hall Indian Water Rights Settlement Agreement
Confidential and Subject to IRE 408

Introduction

This Settlement Agreement (“Agreement”) by and between the Shoshone Bannock Tribes (“Tribes”), the United States, the State of Idaho (“State”), the Basin 27 Water Users, and the Committee of Nine, hereinafter referred to as the “Parties” sets forth the terms and conditions of the Equitable Adjustment provided for in paragraph x.d of water right No. 27-11375. This Agreement is an addendum to the Partial Final Consent Decree Determining The Rights of the Shoshone-Bannock Tribes to the Use of Water in the Upper Snake River Basin, dated August 2, 1995 (“Consent Decree”).

Objective

This Agreement implements Article 7 of the 1990 Fort Hall Indian Water Rights Agreement (“Fort Hall Agreement”), and Section II of the Consent Decree pertaining to the diversion of Natural Flows from the Blackfoot River pursuant to paragraph x.d of water right No. 27-11375, recognizing the variability of water supplies available on a year-to-year basis. The Parties have developed and agreed to the Blackfoot River Water Management Plan that tracks the use and quantifies all Blackfoot River Basin Natural Flow diversions occurring as a direct result and benefit of paragraph x.d of water right No. 27-11375.

Paragraph x.d. of water right No. 27-11375 “ensures persons diverting natural flow from the Blackfoot River prior to January 1, 1990, whose rights are decreed in the SRBA, will continue to receive that full legal entitlement under state law.” The Fort Hall Agreement allows the Basin 27 Water Users to continue to divert that amount of water put to beneficial use under state created water rights prior to January 1, 1990. The credit and water accounting system described below, provides Equitable Adjustment Water to the Tribes to offset Basin 27 water diversions protected by paragraph x.d. of water right No. 27-11375 that are in excess of the 45,000 AFY of water from the Blackfoot River. All water right holders in Basin 27, including tribal and non-tribal diverters, are responsible for diverting or calling for only the amount of water needed for authorized beneficial uses. This Agreement, together with the Blackfoot River Water Management Plan approved by the Parties, form the basis for the equitable management of the Blackfoot River drainage and for the equitable adjustment of water right No. 27-11375.

Definitions

The following definitions apply for purposes of this Agreement:

- a) “Basin 27 Water Users” mean persons diverting Natural Flow from the Blackfoot River Basin under water rights listed on Attachment E to the Consent Decree and under *de minimis* domestic and stock water rights with a priority date earlier than January 1, 1990. “Basin 27 Water Users” includes the Miners Ditch water

bypassed as mitigation for water right no. 27-7577 in the name of the City of Blackfoot.¹

- b) "Basin 27 Primary Volume" is the cumulative annual volume of Blackfoot River Basin Natural Flows diverted by the Basin 27 Water Users during the irrigation season as a direct result of being allowed to divert Blackfoot River Basin Natural Flows ahead of the Tribes as provided by the Fort Hall Agreement and described in water right 27-11375.² The calculation of the Basin 27 Primary Volume is described in Section 4.i) of the Plan.
- c) "Committee of Nine" means the advisory committee of Water District 01 and any successor thereto.
- d) "*De minimis* domestic water right" for purposes of this Agreement means (a) the use of water for homes, organization camps, public campgrounds, livestock and for any purpose in connection therewith, including irrigation of up to one-half (1/2) acre of land, if the total use is not in excess of thirteen (13,000) gallons per day, or 14.5 acre-feet per year or less for storage, or (b) any other uses, if the total use does not exceed a diversion rate of four one-hundreds (0.04) cubic feet per second and a diversion volume of twenty-five hundred (2,500) gallons per day. Domestic rights shall not include water for multiple ownership subdivisions, mobile home parks, or commercial or business establishments, unless the use meets the diversion rate and volume limitation set forth in (b) above.
- e) "*De minimis* stock water right" for purposes of this Agreement means the use of water solely for livestock or wildlife where the total diversion is not in excess of thirteen thousand (13,000) gallons per day or 14.5 acre-feet per year or less for storage.
- f) "Equitable Adjustment Water" is a supplemental water supply provided to the Tribes for the purpose of protecting water right no. 27-11375 if the Basin 27 Primary Volume exceeds 45,000 acre-feet per year and all available credits, consistent with the terms of this Agreement.
- g) "Fort Hall Agreement" means the 1990 Fort Hall Indian Water Rights Agreement executed by the Shoshone-Bannock Tribes of the Fort Hall Reservation, the State, the United States, and the Committee of Nine.

¹ All or part of 16 water rights may be diverted into the Miners Ditch, none of which are in the name of Miners Ditch nor do they include any designation they are to be bypassed for mitigation purposes. Those 16 water rights are: 27-3G, 27-17, 27-20A, 27-20B, 27-22A, 27-23E, 27-35A, 27-10296, 27-10341, 27-10344, 27-10505, 27-10756, 27-10790, 27-10999, 27-11117, 27-11940.

² *De minimis* domestic or stock water rights diverting Blackfoot River Natural Flow with a priority date earlier than January 1, 1990 do not count toward Basin 27 Primary Volume. *Order on January 31, 2012 Joint Status Report Re: Motion for Accounting* ("[D]e minimis domestic and stock use rights will not be counted toward the 45,000 acre-feet per year estimate from the Blackfoot River contained in Paragraph 27-11375x.d of the *Fort Hall Consent Decree*.")

- h) "IDWR" or the "Idaho Department of Water Resources" means the executive agency of the State of Idaho created by Idaho Code § 42-1701, or any successor agency.
- i) "Natural Flow" means the natural flow of the Blackfoot River Basin that is available for diversion, as referred to in section x.d of water right 27-11375 and as specifically defined and calculated in the Plan. When the term "natural flow" is used in this Agreement rather than "Natural Flow" the classic meaning of natural flow is intended as illustrated in Section 4.k) of the Plan.
- j) "Parties" means the Tribes, the United States, the State, the Basin 27 Water Users, and the Committee of Nine.
- k) "Plan" means the Blackfoot River Water Management Plan.
- l) "SRBA District Court" means the District Court of the Fifth Judicial District, State of Idaho, in and for the County of Twin Falls that is assigned Civil Case No. 39576.
- m) "State" means the State of Idaho, admitted to the Union on July 3, 1890.
- n) "Supplemental Equitable Adjustment Water" is an additional supplemental water supply provided to the Tribes for the purpose of protecting and satisfying water right No. 27-11375 if the Basin 27 Primary Volume exceeds 45,000 acre-feet per year, all available credits provided for under paragraph 1 of this Agreement and all Equitable Adjustment Water provided for under paragraph 2 of this Agreement.
- o) "Tribes" or "Tribal" means the Shoshone-Bannock Tribes of the Fort Hall Reservation in Idaho as the collective successors-in-interest of Indian signatories to the Second Treaty of Fort Bridger of July 3, 1868, 15 Stat. 673, and subsequent Tribal/federal agreements.
- p) "United States" means the United States of America acting through the United States Department of the Interior, Bureau of Indian Affairs.
- q) "Water District 01" means the instrumentality created by the Director of the IDWR pursuant to Idaho Code § 42-604 (1992) and any successor thereto.
- r) "Water District 27" means the water district designated by the Director of IDWR pursuant to Idaho Code § 42-604 (1992) for the distribution of water in the Blackfoot River Basin and any successor thereto.
- s) "Watermaster" means the person elected by Water District 27 and appointed by the Director of IDWR to distribute water within Water District 27.

Terms and Conditions

1. Basin 27 Credit Account

The Parties agree to establish and utilize a credit account based on the diversions of Natural Flows of the Blackfoot River Basin by the Basin 27 Water Users as contemplated by provision x.d of water right 27-11375, and permitting the Basin 27 Water Users beneficial use of their water rights. The credit account shall be administered as follows:

- a) Credits are accrued when the total annual Basin 27 Primary Volume diversions are less than 45,000 acre-feet per year (afy). Credit accrual is limited by the natural flow supply of the Blackfoot River basin when the supply is less than 45,000 afy. Credit accrual is calculated as follows:
Credit Accrual = (Lesser of 45,000 afy or available natural flow supply) – Basin 27 Primary Volume Diversions

The total available natural flow supply is described in Section 4.k) of the Plan.

- b) Credits are used if Basin 27 Primary Volume diversions exceed 45,000 acre-feet per year, on an acre-foot for acre-foot basis.
- c) The credit account shall have the following conditions and limitations:
 - 1. Maximum Credit Balance: 40,000 acre-feet
 - 2. Annual Maximum Credit Accrual: 20,000 acre-feet per year
 - 3. Annual Maximum Credit Use: 12,000 acre-feet per year

These conditions are put in place to protect the Tribes' ability to utilize natural flows of the Blackfoot River while enabling the Basin 27 Water Users to continue annually to divert, to the extent of beneficial use, that volume of water as provided for in the Fort Hall Agreement.

- d) The Plan includes an annual accounting of the credit balance, credit accrual, and/or credit use each year, and the Watermaster shall provide the Tribes, Basin 27 Water Users, the Bureau of Indian Affairs, and Committee of Nine with this information prior to January 5th of each year. The credit balance at the start of the irrigation season is the available credit for use in that year.
- e) The irrigation season of the calendar year in which this Agreement is adopted by the SRBA District Court shall begin with a credit balance of 20,000 acre-feet.

2. Equitable Adjustment Water

A separate Equitable Adjustment Water account will be maintained for the Tribes' diversions under water right no. 27-11375 if the Basin 27 Primary Volume is greater than 45,000 acre-feet per year plus all available credits in any year. The Equitable Adjustment Water is not intended to be utilized on a regular basis, and represents a supplemental water supply for the protection of

water right no. 27-11375, consistent with the terms of this Agreement. The Equitable Adjustment Water account shall be administered as follows:

- a) Equitable Adjustment Water is only available for use if the maximum available credits have been used for the current year.
- b) The Equitable Adjustment Water account shall be replenished at a fixed rate of 1,000 acre-feet per year. The account will be replenished prior to the beginning of the irrigation season.
- c) The Equitable Adjustment Water account shall have a maximum balance of 10,000 acre-feet. The account balance at the start of the irrigation season is the available Equitable Adjustment Water for that irrigation season.
- d) Equitable Adjustment Water will be available to the Tribes on an acre-foot for acre-foot basis in a quantity equal to Basin 27 Primary Volume in excess of a combined 45,000 acre-feet per year plus the maximum available credits that can be used in the current year.
- e) Any Basin 27 Primary Volume diversions in excess of 45,000 acre-feet per year plus available credit for the current year shall not exceed the amount of Equitable Adjustment Water and Supplemental Equitable Adjustment Water available to the Tribes.
- f) The Tribes shall inform the Basin 27 Watermaster if delivery of Equitable Adjustment Water is desired and the points of diversion for receipt of the water.
- g) The Equitable Adjustment Water to be provided to the Tribes shall be supplied by the Committee of Nine from a source and in a manner that allows the Tribes to utilize the water source in a manner consistent with water right no. 27-11375, without the need to construct additional conveyance or diversion works.
- h) Nothing herein precludes the Committee of Nine from implementing actions to increase the supply of Blackfoot River natural flow available to the Tribes. Subject to the mutual consent of the parties to this Agreement, the Parties agree that the obligation of Committee of Nine to provide Equitable Adjustment Water will be reduced to the extent of any increase of the Blackfoot River natural flow available to the Tribes resulting from such actions.
- i) The Plan includes an annual accounting of the Equitable Adjustment Water account balance, Equitable Adjustment Water accrual, and/or Equitable Adjustment Water use each year, and the Watermaster shall provide the Tribes, Basin 27 Water Users, the Bureau of Indian Affairs, and Committee of Nine with this information prior to January 5th of each year. The Equitable Adjustment Water account balance at the start of the irrigation season is the amount of Equitable Adjustment Water available for use that same year.

- j) The irrigation season of the calendar year in which this Agreement is approved by the SRBA District Court shall begin with an Equitable Adjustment Water account balance of 5,000 acre-feet.

3. Supplemental Equitable Adjustment Water

In the event that the Basin 27 Water Users' Basin 27 Primary Volume diversions in any year exceed 45,000 acre-feet plus the amount of available credits under paragraph 1 and the Equitable Adjustment Water available under paragraph 2 above, then the Basin 27 Water Users may divert up to an additional 10,000 acre-feet of Basin 27 Primary Volume provided such diversions are offset by the delivery of an equivalent amount of water to the Tribes. The Supplemental Equitable Adjustment Water shall be administered as follows:

- a) The Basin 27 Water Users, the State and the Committee of Nine will each provide or pay for one-third of the 10,000 acre-feet of Supplemental Equitable Adjustment Water. If requested, the Committee of Nine agrees to rent to the Basin 27 Water Users and/or the State their proportionate share of the Supplemental Equitable Adjustment Water at the then prevailing rental pool rate.
- b) The Supplemental Equitable Adjustment Water to be provided to the Tribes shall be supplied from a source and in a manner that allows the Tribes to utilize the water source in a manner consistent with water right No. 27-11375, without the need to construct additional conveyance or diversion works.
- c) The Basin 27 Water Users shall be responsible for notifying the State and the Committee of Nine of the need for delivery of the Supplemental Equitable Adjustment Water and for coordinating delivery of the water to the Tribes.
- d) Nothing herein precludes the State, the Basin 27 Water Users or the Committee of Nine from implementing actions to increase the supply of Blackfoot River natural flow available to the Tribes. Subject to the mutual consent of the parties to this Agreement, the obligation of the Committee of Nine, the State and/or the Basin 27 Water Users to provide Supplemental Equitable Adjustment Water under this paragraph will be reduced to the extent of any increase of the Blackfoot River natural flow available to the Tribes resulting from the actions of a party.

4. Exercise of Water Right No. 27-11375

Water right no. 27-11375 shall be exercised pursuant to paragraph x.d, as provided for in the Fort Hall Agreement, to the extent that Basin 27 Primary Volume diversions are less than or equal to the following quantity:

45,000 afy + annual credit used + Equitable Adjustment Water used + Supplemental Equitable Adjustment Water used

At any point during the irrigation season when the Basin 27 Primary Volume exceeds the above quantity, provisions of paragraph x.d of water right no. 27-11375 shall be deemed satisfied and all water rights shall be administered in priority.

5. Blackfoot River Diversions and Measurements

The Plan shall govern the diversion, use, and measurement of water. The Parties in conjunction with the Basin 27 Watermaster shall develop a diversion and accounting protocol pursuant to the Plan, which shall track the credit account and provision of Equitable Adjustment Water and Supplemental Equitable Adjustment Water deliveries to the Tribes as follows:

- a) On a weekly basis, the Basin 27 Watermaster will calculate and publish the Basin 27 Primary Volume. When the Primary Volume is within 5,000 acre-feet of 45,000 acre-feet per year plus the available credit for use in the current year, then the Watermaster will notify the Tribes, Basin 27 Water Users, and the Committee of Nine that an Equitable Adjustment Water condition is approaching and take further steps as outlined below.
- b) The Basin 27 Watermaster will make a projection of the following quantities for the coming week: total annual Basin 27 diversions, the cumulative Basin 27 Primary Volume, the use of credits, and any Equitable Adjustment Water or Supplemental Equitable Adjustment Water supply due to the Tribes. These projections shall be based on the pattern of diversions in prior years and the magnitude of diversions occurring the previous week, estimated available natural flow water supplies, and changes in requested Basin 27 diversion demands as per the Plan. The projections shall be provided to the Parties for review.
- c) When, based upon the accounting in subparagraph b) above, a delivery of Equitable Adjustment Water or Supplemental Equitable Adjustment Water is owed to the Tribes in the upcoming week, then that quantity of water shall be provided to the Tribes as governed by paragraphs 6 or 8 below.
- d) This process is repeated until the Tribes have ceased diversions for the year, no further Equitable Adjustment Water and no further Supplemental Equitable Adjustment Water is available, or the Tribes' water right no. 27-11375 is filled.

6. Equitable Adjustment Water Delivery to Tribes

When, based upon the accounting protocol developed and the application of the credit system described above, an Equitable Adjustment Water delivery is owed to the Tribes, then the Tribes and Committee of Nine shall be notified by the Basin 27 Watermaster. The Tribes shall inform the Basin 27 and Water District 01 Watermasters when delivery of the Equitable Adjustment

Water is desired and the points of diversion for receipt of that water. The Committee of Nine shall be obligated to deliver Equitable Adjustment Water at the rates specified by the Tribes over the week, at the identified diversion points consistent with water right no. 27-11375.

7. Equitable Adjustment Water Supply to Tribes

The Committee of Nine shall take the necessary steps to ensure that a firm supply of water is available to the Tribes on a yearly basis to fulfill any Equitable Adjustment Water obligation. On an annual basis the Committee of Nine will confirm water is available and the source(s) of said supply with the Parties.

8. Supplemental Equitable Adjustment Water Delivery

- a) Arrangements for the rental and delivery of Supplemental Adjustment Water shall be secured when the Watermaster projects that water supply conditions will likely necessitate the delivery of Equitable Adjustment Water.
- b) When, based upon the accounting protocol described above, the Watermaster projects that water supply conditions will likely necessitate the delivery of Supplemental Equitable Adjustment Water to the Tribes, the Basin 27 Watermaster shall notify the Basin 27 Water Users. The Basin 27 Water Users shall consult with the Tribes to determine when delivery of the Supplemental Equitable Adjustment Water is desired and the points of diversion for receipt of that water consistent with water right No. 27-11375. The Basin 27 Water Users shall notify the State and the Committee of Nine of the need for Supplemental Equitable Adjustment Water. Each party shall then be responsible for providing its proportionate share of the equitable adjustment

9. Savings Clause

Nothing herein alters or amends the Sand Creek exchange or the mitigation obligations of Mitigation Inc. Mitigation Inc. is the contracting entity that holds the storage contract rights for storage space made available pursuant to Section 5 of the Fort Hall Indian Water Rights Act of 1990, Pub. L. 101-602, 104 Stat. 3059 (November 16, 1990).

10. Binding Effect.

This Agreement shall bind and inure to the benefit of the respective successors of the Parties.

11. Entire Agreement

This Agreement sets forth all understandings between the Parties with respect to the equitable adjustment provided for water right no. 27-11375. There are no other understandings, covenants, promises, agreements, conditions, either oral or written between the Parties other than those contained herein.

12. Effect of Headings

Headings appearing in this Agreement are inserted for convenience and reference and shall not be construed as interpretations of the text.

13. Multiple Originals

This Agreement is executed in sextuplicate. Each of the six (6) Agreements with an original signature of each Party shall be an original.

14. Effective Date

This Agreement shall be effective upon approval by the Fifth Judicial District of the State of Idaho in and for the County of Twin Falls, case no. 39576.

The Parties have executed this Blackfoot River Equitable Adjustment Settlement Agreement on the date next to their respective signatures.

UNITED STATES



STANLEY SPEAKS
Regional Director
Pacific Northwest Region
Bureau of Indian Affairs
U.S. Department of Interior

Dated: 7/01/2013

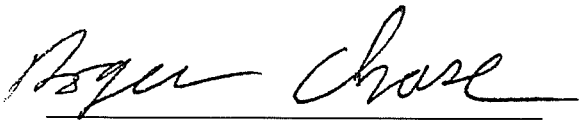
SHOSHONE-BANNOCK TRIBES



NATHAN SMALL
Chairman Shoshone-Bannock Tribes

Dated: 7/5/13

STATE OF IDAHO

A handwritten signature in cursive script, reading "Roger Chase", written over a horizontal line.

ROGER CHASE

Chairman, Idaho Water Resource Board

Dated: 7-2-2013

COMMITTEE OF NINE OF WATER DISTRICT 01

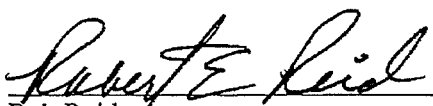
A handwritten signature in black ink, appearing to read "Dan Shewmaker", is written over a horizontal line.

DAN SHEWMAKER

Chairman, Committee of Nine

Dated: 07-02-2013

BASIN 27 ADVISORY BOARD
OF WATER DISTRICT 27



Bob Reid
Chairman, Basin 27 Advisory Board

Dated: 7-10-13