

AGREEMENT AMONG
THE LINCOLN COUNTY WATER DISTRICT, VIDLER WATER COMPANY, AND
THE SOUTHERN NEVADA WATER AUTHORITY

This Agreement (“Agreement”) is made and entered into on this 17th day of March, 2011 (“Execution Date”), among the Lincoln County Water District (“LCWD”), a political subdivision of the State of Nevada; Vidler Water Company (“Vidler”); and the Southern Nevada Water Authority (“SNWA”), a political subdivision of the State of Nevada. For convenience, LCWD, Vidler, and SNWA are referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

- A. In October 1989, the Las Vegas Valley Water District (“LVVWD”) filed Application Numbers 53989 and 53990 with the Nevada State Engineer for the withdrawal of groundwater in Dry Lake Valley, and these applications were subsequently transferred to SNWA (the “SNWA Applications”). Lincoln County was an original protestant to the SNWA Applications.
- B. In December 1998, Lincoln County and Vidler filed Application Numbers 64668 and 64669 for the withdrawal of groundwater in Dry Lake Valley (the “Lincoln/Vidler Applications”). LVVWD was an original protestant to the Lincoln/Vidler Applications.
- C. On April 17, 2003, Lincoln County, SNWA and LVVWD entered into a Cooperative Agreement for the allocation and management of certain water rights applications held by the parties, including the SNWA and Lincoln/Vidler Applications. Pursuant to the 2003 Cooperative Agreement, Lincoln County withdrew its protests to the SNWA Applications and agreed that it would not take any action or support others in taking any

action to oppose SNWA's efforts to appropriate water pursuant to the SNWA Applications. Pursuant to the 2003 Cooperative Agreement, LVVWD and SNWA agreed that in the event the State Engineer determines that sufficient quantities of water exist in Dry Lake Valley so that appropriation of water under the junior Lincoln/Vidler Applications would not impact the SNWA Applications, LVVWD would withdraw its protests to the Lincoln/Vidler Applications.

- D. The 2003 Cooperative Agreement also requires SNWA to transfer to Lincoln County upon request, at least 3,000 acre-feet annually (afa) from any permits granted to SNWA pursuant to the SNWA Applications, and from SNWA's 1989 applications in Delamar Valley, Cave Valley and Spring Valley. This provision only applies to water rights granted with a point of diversion located within Lincoln County. SNWA may transfer additional water rights to Lincoln County pursuant to Section 1.8.2 of the 2003 Cooperative Agreement. In return, Lincoln County agreed to satisfy any NRS 533.370 Basin of Origin water requirements in Delamar Valley, Dry Lake Valley, and Cave Valley from the water rights transferred to Lincoln County by SNWA.
- E. On June 11, 2003, LCWD was established pursuant to the provisions of Chapter 474, Statutes of Nevada 2003, page 2985. The service area of LCWD includes all the real property within the boundaries of Lincoln County, Nevada. On October 20, 1999, Lincoln County and Vidler executed an agreement which established a cooperative relationship and allowed Lincoln County and Vidler to work together to develop water resources within Lincoln County.
- F. On August 4, 2003, Lincoln County adopted Resolution No. 2003-13 assigning the Lincoln County and Vidler agreements to LCWD, and further providing for Lincoln

County to convey certain applications, including the Lincoln/Vidler Applications, to LCWD.

- G. On August 5, 2003, LCWD adopted Resolution No 2003-02 in which LCWD assumed the Lincoln County and Vidler agreements, and in which LCWD resolved to accept and enter into an agreement to receive certain applications, including the Lincoln/Vidler Applications.
- H. On March 1, 2004, Lincoln County and LCWD entered into an Assignment and Assumption Agreement to transfer certain applications, including the Lincoln/Vidler Applications, to LCWD.
- I. In February 2008, the State Engineer held administrative hearings on the SNWA Applications and issued Ruling 5875, granting the SNWA Applications. In Ruling 5875, the State Engineer found that the perennial yield of Dry Lake Valley was 12,700 afa, and that after granting 11,584 afa pursuant to the SNWA Applications, 1,009 afa of water was available for appropriation by the next application in line.
- J. In December 2008, LCWD and Vidler filed change application numbers 77722 and 77723 to change the proposed point of diversion and place of use of one of the Lincoln/Vidler Applications (Application Number 64668).
- K. In June 2009, pursuant to Ruling 5993, the State Engineer relied on the findings in Ruling 5875 and granted LCWD and Vidler 1,009 afa in Dry Lake Valley under Application Number 64668 and denied Application Number 64669. Ruling 5993 also immediately granted change application numbers 77722 and 77723 (the "LCWD/Vidler Permits"). The LCWD/Vidler Permits were granted subject to the findings in Ruling 5875 and

subject to existing senior rights. LCWD and Vidler have installed and equipped a well and are currently putting water from the LCWD/Vidler Permits to beneficial use.

- L. In June 2010, the Nevada Supreme Court issued an opinion in *Great Basin Water Network v. State Engineer* which required the SNWA Applications to revert back to application status so that they can be re-noticed and re-published. Currently, the State Engineer anticipates holding new hearings on the SNWA Applications in Fall 2011 (the “Re-hearings”).
- M. The Parties disagree whether the LCWD/Vidler Permits should be treated as existing senior water rights during the Re-hearings on the SNWA Applications, but acknowledge that if the State Engineer finds that the perennial yield of Dry Lake Valley is sufficient, the Parties will not have to resolve this issue. Therefore, the Parties desire to cooperate regarding data and evidence for the Re-hearings on the SNWA Applications so that such data and evidence can be presented in a mutually beneficial manner.

NOW, THEREFORE, in recognition of the aforementioned Recitals and in consideration of the mutual promises and covenants contained herein, the Parties do agree as follows:

AGREEMENT

- 1. To the extent this information has not already been provided to SNWA, LCWD and Vidler agree to provide SNWA with data associated with construction, development and testing of the irrigation well(s) associated with the LCWD/Vidler Permits. This information includes aquifer testing and water chemistry, lithologic logs, and geophysical testing data. LCWD and Vidler also agree to provide SNWA with water levels and

continuing operational data including pumping rates, water levels, and well efficiency data on a quarterly basis.

2. Upon request by SNWA, LCWD and Vidler agree to allow SNWA or its contractors access to the irrigation well(s) associated with the LCWD/Vidler Permits to perform additional pump testing and/or data gathering. SNWA shall provide LCWD/Vidler with at least one week's notice of SNWA's need for access and will coordinate with LCWD/Vidler to access the well(s) at a time that is convenient to LCWD/Vidler.
3. LCWD and Vidler agree not to protest the SNWA Applications.
4. Upon request by SNWA, Vidler agrees to provide a knowledgeable witness who is qualified and capable of testifying at the Re-hearings regarding Vidler's current operation and future plans for the real property that Vidler owns in Dry Lake Valley. If requested by SNWA, testimony may include whether Vidler plans to sell or lease its land for solar power development or for any other type of future growth or development. Testimony may also include whether LCWD and Vidler plans to sell or lease their water rights for solar photovoltaic or solar thermal power development. Vidler agrees that to the extent Vidler's private land in Dry Lake Valley is used for solar power development in the future, LCWD and Vidler have sufficient water rights available for all such development.
5. Upon request by SNWA, LCWD agrees to provide a knowledgeable witness who is qualified and capable of testifying at the Re-hearings regarding LCWD's plans for supplying water in Delamar, Dry Lake, and Cave Valleys. If requested by SNWA, testimony may include whether LCWD has any knowledge of planned future growth and development in these areas, as well as infrastructure and other costs that would be required to provide water service to these basins.

6. In expert reports prepared for the Re-hearings, SNWA agrees to describe the LCWD/Vidler Permits as water rights with an original application date junior in time to SNWA's Applications in Dry Lake Valley, and therefore will not subtract them from the perennial yield or undertake an analysis of whether pumping under the SNWA Applications may affect the LCWD/Vidler Permits.
7. SNWA agrees to use its best efforts to present credible data and evidence at the Re-hearings to support a perennial yield of at least 12,700 afa in Dry Lake Valley. However, the Parties agree and acknowledge that only the State Engineer may determine the perennial yield of Dry Lake Valley and nothing in this Agreement is intended to nor shall be construed as attempting to abrogate the authority of the State Engineer in any manner.
8. LCWD and Vidler agree not to request, or support others in requesting, the State Engineer to reserve water for basin of origin uses in Dry Lake Valley. The Parties agree not to protest, attack, challenge, seek to diminish the quantity of water permitted under, or seek to undermine the validity or priority of the SNWA Applications or the LCWD/Vidler Permits during the Re-hearings on the SNWA Applications. However, nothing in this Agreement shall be construed as waiving or prejudicing any Party's ability to challenge in any way the SNWA Applications or the LCWD/Vidler Permits in any judicial proceedings subsequent to the Re-hearings. No Party may assist others in doing any act prohibited under this Paragraph.
9. Any and all notices, demands or requests required or appropriate under this Agreement shall be given in writing either by personal delivery, via facsimile or by registered or certified U.S. mail, return receipt requested, prepaid and addressed to the following address:

If to Lincoln County Water District:

Wade Poulsen, General Manager
Lincoln County Water District
P.O. Box 307
Pioche, NV 89043

Copy: Dylan V. Frehner, Attorney at Law
P.O. Box 517
Pioche, NV 89043

If to Vidler Water Company:

Vidler Water Company
3480 GS Richards Blvd., Suite 101
Carson City, NV 89703

If to SNWA:

General Manager
Southern Nevada Water Authority
1001 S. Valley View Blvd.
Las Vegas, NV 89153

Copy: Dana Walsh, Deputy Counsel
Southern Nevada Water Authority
1001 S. Valley View Blvd. MS 485
Las Vegas, NV 89153

When notice is given by U.S. mail, it shall be deemed served upon receipt or three (3) business days following deposit in the U.S. mail, whichever is earlier. If such notice is given by facsimile transmission, as provided herein, it shall be deemed served immediately upon transmission if transmitted during normal business hours or, if not transmitted during normal business hours, on the next business day following facsimile transmission to the following numbers:

To LCWD: (775) 962-5877

To Vidler: (775) 885-5005

To SNWA: (702) 862-7444

10. Miscellaneous:

10.1 Applicable Law. The laws of the State of Nevada, without reference to its choice of law provisions, shall govern the validity, construction, performance and effect of this Agreement.

10.2 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

10.3 No Waiver of Rights. The failure to enforce or delay in enforcement of any provision of this Agreement by a Party hereto or the failure of any Party to exercise any right hereunder shall in no way be construed to be a waiver of such provision or right (or of any provision or right of a similar or dissimilar nature) unless such Party expressly waives such provision or right in writing.

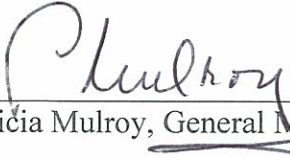
10.4 Integration and Amendment. The Parties hereto agree that this Agreement represents the final and complete understanding and Agreement of the Parties with respect to the subject matter hereof. Moreover, this final, written Agreement supersedes all previous conversations, negotiations and representations of the Parties with respect to the subject matter hereof, and in no event shall any claim be brought by any Party other than in accordance with this written Agreement. No amendment or modification of this Agreement shall be binding unless executed in writing by the Parties hereto.

- 10.5 Counterparts as Originals. This Agreement may be executed in any number of counterparts, but all such counterparts shall constitute one and the same Agreement. Each counterpart shall be deemed an original as against any Party who has signed it.
- 10.6 No Third Party Beneficiaries. No third party not a signatory to this Agreement shall be a beneficiary to its provisions or otherwise be entitled to a cause of action or to enforce any provision contained herein.
- 10.7 Appeal of State Engineer Ruling. It is expressly acknowledged and understood that any Party may appeal the State Engineer's ruling on the Re-hearings whether or not any other Party elects to appeal. The Parties agree not to challenge the standing or eligibility of any Party to appeal the State Engineer's ruling on the Re-hearings, but the Parties reserve their rights to challenge or otherwise oppose, without limitation, any argument or factual statement made by any other Party on appeal.
- 10.8 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable. The remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement, unless the illegal, invalid or unenforceable provision vitiates the overall purpose or intent of any Party or a material part of the consideration bargained for by any Party.
- 10.9 Limited Remedies. In the event that any Party is in default under this Agreement, then any other Party may, at that Party's option and as their exclusive remedy,

waive such default or seek specific performance of the defaulting Party pursuant to this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

SOUTHERN NEVADA WATER AUTHORITY

By: 
Patricia Mulroy, General Manager

Approved as to Form:


Dana R. Walsh, Deputy Counsel

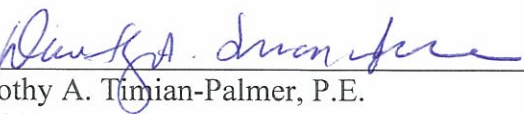
LINCOLN COUNTY WATER DISTRICT

By:  
Paul Mathews, Board Chairman Vice Chairman

Attest:


Wade Poulsen, General Manager

VIDLER WATER COMPANY

By: 
Dorothy A. Timian-Palmer, P.E.
President