

1 Arrangements have been made with producers from the pressure
2 zone to increase their extractions, and with the Orange County
3 Water District to put the water to beneficial use.

4 **A G R E E M E N T**

5 NOW, THEREFORE, IT IS AGREED by and between the parties
6 hereto as follows:

7 1. Other Amendments Unaffected.

8 This Sixteenth Amendment is in addition to any other
9 amendments to the 1981 Agreement, including any subsequent
10 amendments, and shall have no effect upon the rights and
11 obligations provided in any such amendments.

12 2. Definition of Additional Extractions.

13 As used herein, the term "additional extractions" means any
14 extraction of the natural groundwater supply by the plaintiffs in
15 the action described in Paragraph 2, on page 1 of the December 22,
16 1981 Agreement in excess of the amounts permitted by the Judgment
17 in such action, or by any amendments to such Agreement; and with
18 respect to entities other than the plaintiffs in such action, the
19 term means any extractions of natural groundwater in excess of the
20 total amount of water that can be produced without any
21 replenishment obligation, or produced pursuant to any such
22 amendments to the 1981 Agreement. No replenishment obligations
23 shall be incurred on account of any additional extractions made
24 pursuant to this Amendment.

25 3. Total Additional Extractions for the Period Ending
26 December 31, 2001.

27 It is agreed that there is an existing temporary surplus of
28 natural groundwater supply in the artesian zone of the

1 San Bernardino Basin Area, in addition to the needs of the
2 producers therefrom, and that it is in the public interest and in
3 the interest of sound groundwater resources management that the
4 production of water therefrom be increased for the period from the
5 effective date of this Amendment until December 31, 2001 by up to
6 10,000 acre-feet of additional extractions. The water pumped and
7 delivered hereunder is part of the natural water supply to the
8 San Bernardino Basin Area, and shall be so accounted for by the
9 Watermaster under the Western Judgment. It is not water from the
10 State Water Project.

11 4. Authorized Producers.

12 The Valley District shall designate the entities authorized
13 to make additional extractions under this Amendment, and shall
14 determine from time to time the amounts which any such entity may
15 be allowed or required to pump. The terms and conditions of such
16 additional extractions shall be in accord with this Sixteenth
17 Amendment, and shall be memorialized by written agreement among
18 the Valley District, Western and each participating pumper.

19 5. Beneficial Use of Additional Extractions.

20 The groundwater pumped pursuant to this Amendment shall be
21 discharged into the Santa Ana River or its tributaries for use
22 within the Orange County Water District (hereinafter called
23 "Orange County"). Responsibility for any construction or capital
24 expenditures necessary to deliver the water to the River or its
25 tributaries shall be included in the agreement with the pumping
26 entity. Such agreement shall also provide for the measurement of
27 both the quantity and quality of such deliveries. To the extent
28 feasible, the blended quality thereof shall be controlled so as to

1 meet the Objectives of the Regional Water Quality Control Plan.
2 Orange County shall pay to Valley District the sum of \$150.00 per
3 acre-foot of water delivered to the Santa Ana River or its
4 tributaries. A separate agreement, including such terms and
5 conditions as may be necessary, shall be executed by Orange
6 County, Valley District and Western prior to making any such
7 deliveries.

8 6. Application of Proceeds from Orange County.

9 Payments received by the Valley District from Orange County
10 for such deliveries of water shall be separately accounted for.
11 Each pumping entity shall be reimbursed for the actual energy
12 costs which it incurs in pumping the additional extractions
13 allowed under this Amendment, together with a uniform sum of
14 \$10.00 per acre foot for the use of capital facilities and other
15 costs. The difference between the amounts received from Orange
16 County and the amounts paid to participating pumpers shall be used
17 for water quality protection and improvements in the Upper Basin,
18 for conservation, or for other water management programs including
19 the implementation of this Amendment, all as agreed upon by Valley
20 District and Western. The collection, payment and expenditure of
21 all such funds shall be administered by the Valley District.

22 7. Regulatory Requirements.

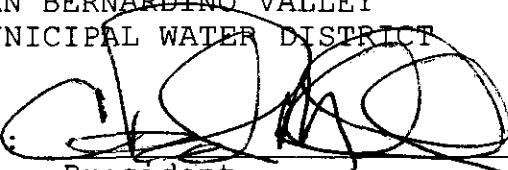
23 Compliance with the California Environmental Quality Act, and
24 any permits required by the Santa Ana Regional Water Quality
25 Control Board or other regulatory agency, shall be the joint
26 responsibility of the Valley District and Western.

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DATED: February 7 , 2001.

SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT

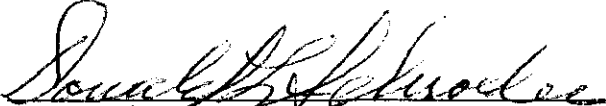
By: 

President

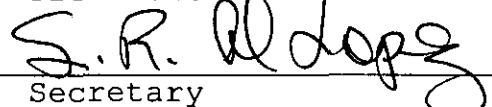
By: 

Secretary

WESTERN MUNICIPAL WATER DISTRICT
OF RIVERSIDE COUNTY

By: 

President

By: 

Secretary