

1                                   **SIXTEENTH AMENDMENT TO AGREEMENT REGARDING**  
2                                   **ADDITIONAL EXTRACTIONS FROM THE SAN BERNARDINO BASIN AREA**

3           This Sixteenth Amendment to Agreement Regarding Additional  
4 Extractions from The San Bernardino Basin Area is entered into  
5 between the San Bernardino Valley Municipal Water District,  
6 hereinafter called "Valley District," and the Western Municipal  
7 Water District of Riverside County, hereinafter called "Western."

8   **R E C I T A L S**

9           On December 22, 1981, the parties hereto entered into an  
10 Agreement providing for additional extractions from the  
11 San Bernardino Basin Area by or on behalf of the City of  
12 Riverside, and pursuant to later amendments by other producers,  
13 upon the terms and conditions specified therein. Paragraph 8 of  
14 the Agreement provides that it may be amended with mutual consent  
15 of the parties in writing, and the parties desire now to amend the  
16 Agreement further in order to provide for increased extractions  
17 from the effective date hereof, through December 31, 2001, and for  
18 the export of such water for use in Orange County.

19           Efforts have been made under the Fifteenth Amendment and  
20 prior amendments to the 1981 Agreement to lower groundwater levels  
21 in the pressure zone of the San Bernardino Basin Area. Despite  
22 such additional extractions, groundwater levels in the area have  
23 not been lowered to a desirable level. Damage to property and  
24 injury to persons are threatened. It is in the public interest,  
25 and in the interest of sound water resources management, that  
26 additional extractions be sanctioned in order to lower such  
27 groundwater levels, and that the water produced be put to  
28 beneficial use.

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.

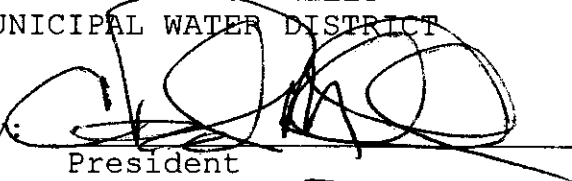
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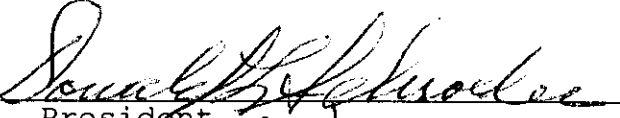
DATED: February 7, 2001.

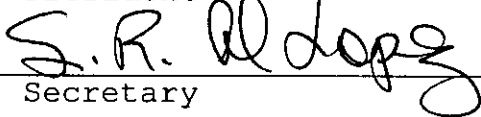
SAN BERNARDINO VALLEY  
MUNICIPAL WATER DISTRICT

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

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

WESTERN MUNICIPAL WATER DISTRICT  
OF RIVERSIDE COUNTY

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

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