ST. GEORGE WATER REUSE PROJECT AGREEMENT

This Agreement is made and entered into on _____, 2001, by and among the City of St. George, Utah; the Shivwits Band of the Paiute Indian Tribe of Utah; the State of Utah; and the United States of America.

1.0 RECITALS.

1.1 On July 21, 1980, the State of Utah, pursuant to Title 73, Chapter 4, Utah Code Ann. as amended, initiated a statutory adjudication of water rights in the Fifth Judicial District Court of the State of Utah in and for Washington County, Civil No. 800507596, which encompasses all of the rights to the use of water, both surface and underground, within the drainage area of the Virgin River and its tributaries in Utah ("Virgin River Adjudication"), including the Santa Clara Drainage ("Santa Clara System").

1.2 The United States was joined as a party in the Virgin River Adjudication pursuant to 43 U.S.C. § 666. On February 17, 1987, the United States filed a Statement of Water Users Claim asserting a water right based on state law and a federal reserved water right claim for the benefit of the Shivwits Band of the Paiute Indian Tribe of Utah.

1.3 The Santa Clara System is subject to erratic flows and in most years does not supply sufficient water to satisfy all existing water rights, and the annual flow of the Santa Clara System is characterized by either low flows or extremely high flows with very few average water years.

1.4 To remove causes of present and future controversy over the waters of the Santa Clara System without further litigation, the Parties hereto have conducted extensive negotiations regarding the settlement of the water right claims of the Shivwits Band of the Paiute Indian Tribe of Utah, and the United States acting for the benefit of the Shivwits Band of the Paiute Indian Tribe of Utah.