PARTIAL ASSIGNMENT OF RIGHTS AND OBLIGATIONS OF THE STATE OF COLORADO, ACTING BY AND THROUGH THE COLORADO WATER CONSERVATION BOARD TO THE LA PLATA ARCHULETA WATER DISTRICT

(2020 Installment Acquisition of State Depletion Allocation)

This Partial Assignment of Rights and Obligations of the State of Colorado, acting by and through the Colorado Water Conservation Board ("State") to the La Plata Archuleta Water District, a political subdivision and quasi municipal corporation of the State of Colorado established pursuant to section 32-1-101 et. seq., C.R.S. ("District") ("Assignment") is executed, delivered, and consummated by the State pursuant to the terms of the Agreement for Acquisition of Municipal and Industrial Water Supply from the State of Colorado Depletion Allocation in the Animas-La Plata Project, Colorado dated October 1, 2014 ("Purchase Agreement").

1. Recitals.

- 1.1 Pursuant to statutory enactments, including the Colorado River Storage Project Act of 1956, the Colorado River Basin Project Act of 1968, the Colorado Ute Indian Water Rights Settlement Act of 1988, the Colorado Ute Settlement Act Amendments of 2000, and the Consolidated Appropriations Act of 2005 (Dec. 8, 2004) ("P.L. 108-447"), the United States has investigated, planned, and completed construction of the Animas-La Plata Project ("Project") to provide a water supply for municipal and industrial uses. As constructed, the Project comprises a reservoir, pumping plant, inlet conduit, and other appurtenant facilities with sufficient capacity to divert and store water from the Animas River for an average annual depletion of 57,100 acre-feet of water to be used for municipal and industrial water supply.
- 1.2 The Colorado Ute Settlement Act Amendments of 2000 provided for an allocation to the State of a portion of the water made available as a result of the Project, such allocation being equal to 5,230 acre-feet of average annual municipal and industrial depletion (the "State Depletion Allocation"), conditioned upon payment of the non-tribal water capital obligation for the Project attributable to the State Depletion Allocation.
- 1.3 Pursuant to the Repayment Contract No. 12-WC-40-456, between the State of Colorado and the United States dated June 18, 2012 ("Funding Agreement"), the State has contracted to secure the State Depletion Allocation in consideration of payment of the non-tribal capital obligation attributable to such State Depletion Allocation.
- 1.4 The State Depletion Allocation of 5,230 acre-feet of average annual depletion corresponds to 10,440 acre-feet of storage in Ridges Basin Reservoir (now known as, and herein also referred to as "Lake Nighthorse") to supplement the amount of direct flow diversions as necessary to fulfill the State's Statutory Water Allocation ("State Supply Allocation") for municipal and industrial purposes available through direct diversion at the Durango Pumping Plant, releases of stored water from Lake Nighthorse, and direct pumping from Lake Nighthorse.
- 1.5 On March 4, 2009, the Southern Ute Indian Tribe, Ute Mountain Ute Tribe, Colorado Water Resources and Power Development Authority, San Juan Water Commission, La Plata Water Conservancy District, and the Navajo Nation entered into an intergovernmental

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agreement ("OM&R Agreement") establishing the Animas-La Plata Operation, Maintenance and Replacement Association ("OM&R Association") to which Project depletions have been allocated for future operation and maintenance of the Project, and to enter agreements with the United States for such operation and maintenance of the Project. The State was not a signatory to the OM&R Agreement since it had not executed a purchase agreement with the United States Bureau of Reclamation ("BOR") at that time. Subsequently, the State executed the Funding Agreement with BOR which, under paragraph 2.3.1 of the OM&R Agreement, makes the State a member of the OM&R Association and a party to the OM&R Agreement. The OM&R Agreement addresses membership in the OM&R Association and allocation of operation and maintenance costs of the Project. The OM&R Agreement contemplates that OM&R Association members may transfer interests in Project depletion allocations and sets forth terms and conditions for transfers of membership and voting rights in the OM&R Association in connection with transfers of Project depletion allocations. The OM&R Agreement also contemplates an allocation of operation, maintenance, and replacement costs among the OM&R Association members.

1.6 The Purchase Agreement sets forth the agreement between the State and the District that the District has the option to acquire 1,250 acre-feet of State Depletion Allocation, which corresponds to 2,495 acre-feet of State Supply Allocation ("Optioned Allocation"). The District may acquire the Optioned Allocation by an Initial Acquisition and subsequent Installment Acquisitions as described in the Purchase Agreement. The acquisitions to date and their subsequent State Depletion and State Supply Allocations in Lake Nighthorse are detailed in the table below:

Acquisition	Anniversary	Date	Depletion	Allocation	Purchase
Type			Amount	in Lake	Price
			(Acre-ft)	Nighthorse	
				(Acre-ft)	
Initial	0	October 2, 2014	50	99.8	\$346,219.00
Installment	1	September 3, 2015	30	59.9	\$207,731.40
Installment	2	October 3, 2016	30	59.9	\$207,731.40
Installment	3	August 15, 2017	30	59.9	\$207,731.40
Installment	4	August 16, 2018	30	59.9	\$207,731.40
No exercise	5	June 25, 2019	0	0	na
		Total to Date	170	339.4	\$1,177,144.60

- 1.7 The United States Bureau of Reclamation approved the Purchase Agreement, the Initial Acquisition, and all subsequent acquisitions of portions of the Optioned Allocation that are consummated in accordance with the terms of the Purchase Agreement.
- 1.8 By this Assignment, the State transfers to the District all of its rights, and delegates to the District all of its corresponding obligations, under the Funding Agreement with respect to that portion of the State Depletion Allocation assigned herein.
- 2. Partial Assignment of Rights and Obligations of the State.

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- 2.1 This Assignment shall satisfy the State's obligation in paragraph 2.2.2.2.2 of the Purchase Agreement to provide a duly executed partial assignment of the State's rights and obligations pursuant to the Funding Agreement at the Installation Acquisition Closing.
- 2.2 For good and valuable consideration, including payment of the appropriate Installation Acquisition Payment Amount in the amount of \$207,731.40 as defined in the Purchase Agreement, and the mutual promises and undertakings in the Purchase Agreement, the State hereby assigns to the District all its rights and obligations under the Funding Agreement relating to, and comprising, the right to use, 30 acre-feet of State Depletion Allocation, which corresponds to 59.9 acre-feet of State Supply Allocation in Lake Nighthorse out of the State Allocation.
- 3. Written Acknowledgement and Undertaking of the State.
- 3.1 This Assignment shall satisfy the State's obligation in paragraph 2.2.2.2.2 of the Purchase Agreement to provide a written acknowledgement and undertaking to comply with the provisions of paragraph 2.7 of the Purchase Agreement at the Installation Acquisition Closing.
- 3.2 Pursuant to paragraph 2.7 of the Purchase Agreement, the State shall transmit notice to the OM&R Association of the Installation Acquisition consummated at the Installation Acquisition Closing within thirty (30) days of the Installation Acquisition Closing.
- 3.3 The State acknowledges and undertakes to comply with all of the requirements of paragraph 2.7 of the Purchase Agreement in good faith.
- 4. Other.
- 4.1 Terms defined in the Purchase Agreement shall have the meanings assigned therein.
- 4.2 The Purchase Agreement shall survive the execution, delivery, and consummation of this Assignment.
 - 4.3 Parties' Addresses:

La Plata Archuleta Water District P.O. Box 1377 255 Ute Street Ignacio, Colorado 81137

Colorado Water Conservation Board Attention: Director 1313 Sherman Street Denver, Colorado 80203 Partial Assignment by State of Colorado to La Plata Archuleta Water District 2020 Installment Acquisition

4.4 Copies of this Assignment shall be delivered to the United States Bureau of Reclamation and the OM&R Association, and recorded in the records of La Plata County, Colorado.
Executed this day of
By: Rebecca Mitchell Rebecca Mitchell, Director
STATE OF COLORADO) ss. COUNTY OF Dender The foregoing instrument was acknowledged before me this day of July
2020, by Rebecca Mitchell, Director of the Colorado Water Conservation Board. Witness my hand and official seal: Notary Public, State of Colorado
My commission expires: $\frac{q}{17/2022}$