

**PROPOSED
WATER RIGHTS COMPACT
ENTERED INTO BY
THE CONFEDERATED SALISH AND KOOTENAI TRIBES,
THE STATE OF MONTANA, AND
THE UNITED STATES OF AMERICA**

January 12, 2015

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**PROPOSED WATER RIGHTS COMPACT
ENTERED INTO BY
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THE STATE OF MONTANA, AND
THE UNITED STATES OF AMERICA**

This Compact is entered into by and among the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana, the State of Montana, and the United States of America to settle all existing claims to water of or on behalf of the Confederated Salish and Kootenai Tribes within the State of Montana.

ARTICLE I – RECITALS

WHEREAS, pursuant to the Hellgate Treaty of 1855, 12 Stat. 975, the Confederated Salish and Kootenai Tribes reserved the Flathead Indian Reservation; and

WHEREAS, the Confederated Salish and Kootenai Tribes claim aboriginal water rights and, pursuant to said Treaty, reserved water rights to fulfill the purposes of the Treaty and the Reservation; and

WHEREAS, in 1979, the United States, on its own behalf and on behalf of the Confederated Salish and Kootenai Tribes, their members and Allottees brought suit in the United States District Court for the District of Montana to obtain a final determination of the Tribes' water rights claims, see *United States v. Abell*, No. CIV-79-33-M (filed April 5, 1979); and

WHEREAS, as a result of Congressional action and subsequent judicial interpretation, state courts have been found to possess, under certain circumstances, adjudicatory jurisdiction over federal reserved water rights held in trust by the United States for the benefit of Indians; see, McCarran Amendment 43 U.S.C. 666; *Colorado River Conservation District v. United States*, 424 U.S. 800 (1976); *Arizona v. San Carlos Apache Tribe*, 463 U.S. 545 (1983); and

WHEREAS, the State of Montana initiated a general stream adjudication pursuant to the provisions of Chapter 697, Laws of Montana 1979, which includes claims regarding the Confederated Salish and Kootenai Tribes' water rights; and

WHEREAS, the Montana Reserved Water Rights Compact Commission, under 85-2-702(1), MCA, is authorized to negotiate settlement of water rights claims filed by Indian tribes or filed on their behalf by the United States claiming reserved waters within the State of Montana; and

WHEREAS, the Federal district court litigation was stayed in 1983 pending the outcome of Montana State court water adjudication proceedings, see *Northern Cheyenne v. Adsit*, 721

F.2d 1187 (9th Cir.1983); and

WHEREAS, the adjudication of Confederated Salish and Kootenai Tribes' water rights in the State court proceeding has been stayed while negotiations are proceeding to conclude a compact resolving all water rights claims of the Confederated Salish and Kootenai Tribes; and

WHEREAS, the Confederated Salish and Kootenai Tribes, or their duly designated representatives, have authority to negotiate the Compact and the Tribal Council has the authority to execute this Compact pursuant to Article 6, Section 1, subsections (a), (c), and (u) of the Constitution and Bylaws of the Confederated Salish and Kootenai Tribes said Constitution adopted and approved under Section 16 of the Act of June 18, 1934 (48 Stat. 984), as amended; and

WHEREAS, the United States Attorney General, or a duly designated official of the United States Department of Justice, has authority to execute this Compact on behalf of the United States pursuant to the authority to settle litigation contained in 28 U.S.C. 516-17 and the Federal legislation ratifying this Compact identified in Article VIII.B; and

WHEREAS, the Secretary of the Interior, or a duly designated official of the United States Department of the Interior, has authority to execute this Compact on behalf of the United States Department of the Interior pursuant to 43 U.S.C. 1457, inter alia, and appropriate Federal legislation ratifying this Compact as identified in Article VIII.B; and

WHEREAS, the Confederated Salish and Kootenai Tribes, the State of Montana, and the United States agree that the Tribal Water Right and other water rights described in this Compact, subject to the provisions of the Act of Congress identified in Article VIII.B, is in satisfaction of the water rights claims of the Tribes, their members and Allottees, and of the United States on behalf of the Tribes and their members and Allottees; and

WHEREAS, the Parties agree that it is in the best interest of all Parties that the water rights claims of the Confederated Salish and Kootenai Tribes be settled through agreement between and among the Tribes, the State of Montana, and the United States; and

WHEREAS, the Parties agree that there is a clear hydrological interrelationship between the surface water and Groundwater of the Reservation, and each use of water on the Reservation may affect water use by all water users on the Reservation; and

WHEREAS, the Parties agree that prudent and knowledgeable conservation, management, and protection of the water resources of the Reservation are essential to the health and welfare of all residents of the Reservation; and

WHEREAS, the Parties seek to secure to all residents of the Reservation the quiet enjoyment of the use of waters of the Reservation for beneficial uses; and

WHEREAS, the Parties agree to protect Tribal Instream Flows, Existing Uses, and Historic Farm Deliveries to Flathead Indian Irrigation Project irrigators; and

WHEREAS, the Parties desire to create a unitary administration system that would provide a single system for the appropriation and administration of the waters of the Reservation and for the establishment and maintenance of a single system of centralized records for all water uses of the Reservation regardless of whether the use is based on State or Federal law.

NOW THEREFORE, the Parties agree to enter into the Compact for the purpose of settling the water rights claims of the Confederated Salish and Kootenai Tribes, their members, and Allottees of the Flathead Indian Reservation, and of the United States on behalf of the Tribes, their members and Allottees, and to provide the necessary foundation for the establishment of a board composed of Tribal and State appointed representatives to provide for the unified administration of all water resources on the Reservation.

ARTICLE II - DEFINITIONS

The following definitions shall apply for purposes of the Compact:

1. “Acre-foot” or “Acre-feet” means the amount of water necessary to cover one acre to a depth of one foot and is equivalent to 43,560 cubic feet of water.
2. “Adaptive Management” means an ongoing process of decision-making, based on water measurement and accounting designed to continuously manage and improve the allocation of water between Instream Flows, Minimum Reservoir Pool Elevations, and FIIP Water Use Rights pursuant to the Adaptive Management Appendix 3.5.
3. “Allottee” or “Allottees” means an owner of an interest in a tract of land held in trust by the United States which was allotted pursuant to the Act of April 23, 1904, 33 Stat. 302, as amended, or the Act of February 25, 1920, 41 Stat. 452, as amended.
4. “Alternate Value” means, as applied to the consensual agreements provided for by Article III.G.3, the quantity of water allowed under a claim decreed by the Montana Water Court or water right granted by the DNRC.
5. “Appropriation Right” means a right to appropriate water issued by the Water Management Board pursuant to the terms of this Compact and the Law of Administration.
6. “Arising Under State Law” means, as applied to a water right, a water right created under Montana law or a water right held by a nonmember of the Tribes on land not held in trust

by the United States for the Tribes or a Tribal member and for which a claim was required to be filed in the Montana general stream adjudication.

7. “Basin 76D” means the hydrologic Basin 76D, including the Kootenai River and its tributaries, as shown in Appendix 1.
8. “Basin 76E” means the hydrologic Basin 76E, including Rock Creek and its tributaries, as shown in Appendix 1.
9. “Basin 76F” means the hydrologic Basin 76F, including the Blackfoot River and its tributaries, as shown in Appendix 1.
10. “Basin 76G” means the hydrologic Basin 76G, including the Clark Fork River above the Blackfoot River, and its tributaries, as shown in Appendix 1.
11. “Basin 76GJ” means the hydrologic Basin 76GJ, including Flint Creek and its tributaries, as shown in Appendix 1.
12. “Basin 76H” means the hydrologic Basin 76H, including the Bitterroot River and its tributaries, as shown in Appendix 1.
13. “Basin 76I” means the hydrologic Basin 76I, including the Middle Fork of the Flathead River and its tributaries, as shown in Appendix 1.
14. “Basin 76J” means the hydrologic Basin 76J, including the South Fork of the Flathead River and its tributaries, as shown in Appendix 1.
15. “Basin 76K” means the hydrologic Basin 76K, including the Swan River and its tributaries, as shown in Appendix 1.
16. “Basin 76L” means the hydrologic Basin 76L, including the Flathead River below Flathead Lake, and its tributaries, as shown in Appendix 1.
17. “Basin 76LJ” means the hydrologic Basin 76LJ, including the Flathead River to and including Flathead Lake, and its tributaries, as shown in Appendix 1.
18. “Basin 76M” means the hydrologic Basin 76M, including the Clark Fork River between the Blackfoot River and the Flathead River, and its tributaries, as shown in Appendix 1.
19. “Basin 76N” means the hydrologic Basin 76N, including the Clark Fork River below the Flathead River, and its tributaries, as shown in Appendix 1.
20. “Call” means the right of the holder of a water right with a senior priority date and an immediate need for a use of water to require a holder of a water right with a junior

priority date to refrain from appropriating water otherwise physically available until the senior water right is satisfied.

21. “cfs” means cubic feet per second.
22. “Change in Use” means an authorized change in the point of diversion, the place of use, the period of use, the purpose of use, or the place of storage of an Appropriation Right issued by the Water Management Board under this Compact and the Law of Administration, or of an Existing Use. A changed water right retains the original priority date of that right.
23. “Compact” means this water rights settlement entered into by the Confederated Salish and Kootenai Tribes, the State and the United States.
24. “Compact Implementation Technical Team” or “CITT” means the entity established by this Compact to plan and advise the Project Operator on the implementation of FIIP Operational Improvements, Rehabilitation and Betterment, and Adaptive Management. The CITT duties and responsibilities are defined in more detail in Appendix 3.5.
25. “Compact Management Committee” or “CMC” means the entity described in Article IV.G.5 formed to provide policy and administrative oversight of the CITT.
26. “Court of Competent Jurisdiction” means a State or Tribal court that otherwise has jurisdiction over the matter so long as the parties to the dispute to be submitted to that court consent to its exercise of jurisdiction, but if no such court exists, a Federal court.
27. “DNRC” means the Montana Department of Natural Resources and Conservation, or any successor agency.
28. “Effective Date” means the date on which the Compact is finally approved by the Tribes, by the State, and by the United States, and on which the Law of Administration has been enacted and taken effect as the law of the State and the Tribes, whichever date is latest.
29. “Existing Use” means a use of water under color of Tribal, State or Federal law in existence as of the Effective Date, including uses in existence on that date that are eligible for either of the registration processes set forth in the Law of Administration; provided that any portion of a Water Right Arising Under State Law within the Reservation that is, at any point after the date the ratification of the Compact by the Montana Legislature takes effect under State law, voluntarily relinquished or is legally determined to be abandoned, relinquished, or have otherwise ceased to exist, shall be stricken from the relevant basin decree as a Water Right Arising Under State Law and be entitled to no further protection as such a right or as an Existing Use.

30. “Flathead Indian Irrigation Project” or “FIIP” means the irrigation project developed by the United States to irrigate lands within the Reservation pursuant to the Act of April 23, 1904, Public Law 58-159, 33 Stat. 302 (1904), and the Act of May 29, 1908, Public Law 60-156, 35 Stat. 441 (1908), and includes, but is not limited to, all lands, reservoirs, easements, rights-of-way, canals, ditches, laterals, or any other FIIP facilities (whether situated on or off the Reservation), headgates, pipelines, pumps, buildings, heavy equipment, vehicles, supplies, records or copies of records and all other physical, tangible objects, whether of real or personal property, used in the management and operation of the FIIP.
31. “FIIP Influence Area” means the lands influenced by the operations of the FIIP as identified on the map attached hereto as Appendix 2.
32. “FIIP Water Use Right” means the water right set forth in Article III.C.1.a that is dedicated to use by the FIIP and FIIP irrigators and includes uses of water for irrigation and Incidental Purposes allowed by the FIIP through water service contracts. This water right is the source for the entitlement to delivery of available irrigation water for assessed parcels as provided by Article IV.D.2.
33. “Flathead Indian Reservation” or “Reservation” means all land within the exterior boundaries of the Indian Reservation established under the July 16, 1855 Treaty of Hellgate (12 Stat. 975), notwithstanding the issuance of any patent, and including rights-of-way running through the Reservation.
34. “Flathead Reservation Water Management Board,” “Water Management Board,” or “Board” means the entity established by this Compact and the Law of Administration to administer the use of all water rights on the Reservation upon the Effective Date.
35. “Flathead System Compact Water” means that portion of the Tribal Water Right consisting of 229,383 Acre-feet per year that the Tribes may withdraw from the Flathead River or Flathead Lake, which includes up to 90,000 Acre-feet per year stored in Hungry Horse Reservoir, with a maximum total volume consumed of 128,158 Acre-feet per year.
36. “Historic Farm Deliveries” means the aggregate annual volume of water for irrigation and Incidental Purposes on the FIIP that was delivered to all farm turnouts within an individual River Diversion Allowance Area prior to the date the ratification of the Compact by the Montana Legislature takes effect under State law. Historic Farm Deliveries include historic crop consumption and estimated standard rates of on-farm conveyance and irrigation application inefficiencies and are used to evaluate RDA values pursuant to Article IV.D.1.e. Historic Farm Delivery volumes are specified in Appendix 3.3.
37. “Groundwater” means any water that is beneath the surface of the earth.

38. “High Mountain Lakes” means those lakes shown in Appendix 17.
39. “Hungry Horse Dam” means the dam that is a part of the Hungry Horse Project.
40. “Hungry Horse Project” means that project authorized by the Act of June 5, 1944 (58 Stat. 270, Public Law 78-329) to be constructed and operated by the US Bureau of Reclamation. The Act of May 29, 1958 (Public Law 85-428) amended the authorizing act to make Hungry Horse a Reclamation project subject to Reclamation laws.
41. “Hungry Horse Reservoir” means the reservoir that is a part of the Hungry Horse Project.
42. “Incidental Purpose(s)” means water delivered through or diverted from FIIP facilities for purposes incidental to irrigation, including but not limited to Rehabilitation and Betterment, and lawn and garden purposes allowed by the FIIP through water service contracts.
43. “Individual Indian Owner” means a Tribal member and his or her heirs or an Allottee and his or her heirs who is an owner of an interest in trust or restricted lands and who has a documented use of the Tribal Water Right registered pursuant to the terms of this Compact and the Law of Administration.
44. “Instream Flow” means a stream flow retained in a watercourse to benefit the aquatic environment. Instream Flow may include Natural Flow or streamflow affected by regulation, diversion, or other modification. A water right for Instream Flow purposes is quantified for a stream reach and measured for enforcement purposes at a specified point.
45. “Law of Administration” or “Unitary Administration and Management Ordinance” means the body of laws enacted by both the State and the Tribes to provide for the administration of surface water and Groundwater within the Reservation, that are both materially consistent with the substantive provisions of Appendix 4.
46. “Lease” means, as applied to the Tribal Water Right, an authorization for a Person or Persons to use any part of the Tribal Water Right through a service contract, temporary assignment, or other similar agreement of limited duration.
47. “MFWP” means the Montana Department of Fish, Wildlife, and Parks, or any successor agency.
48. “Minimum Enforceable Instream Flows” or “MEFs” means the schedule of monthly minimum enforceable streamflow levels that are set forth in Appendix 3.1.

- 49.** “Minimum Reservoir Pool Elevations” means the minimum pool water elevations for FIIP reservoirs specified in the table attached hereto as Appendix 3.1 and abstracts of water right attached hereto as Appendix 15.
- 50.** “Natural Flow” means the rate and volume of water movement past a specified point on a natural stream, produced from a drainage area for which there have been no effects caused by diversion, storage, import, export, return flow, or changes in consumptive use.
- 51.** “New Development” means the development of a use of the Tribal Water Right set forth in the Compact, from any source, commencing after the Effective Date, and encompasses all uses of the Tribal Water Right not included within the definition of Existing Use.
- 52.** “Operational Improvements” means practices that improve the ability of the Project Operator to plan for and manage water storage and allocation between Instream Flows and FIIP Water Use Rights. Operational Improvements address water supply planning, reservoir management, Instream Flow management, water accounting and reporting, Stock Water delivery, irrigation wastewater, measurement at diversion works, water measurement at farm delivery locations, and water measurement at irrigation wasteways. Operational Improvements are set forth in the schedule attached hereto as Appendix 3.4.
- 53.** “Parties” means the Tribes, the State, and the United States.
- 54.** “Person” means an individual or any other entity, public or private, including the Tribes, the State, and the United States, and all officers, agents and departments of each sovereign.
- 55.** “Project Operator” means the entity with the legal authority and responsibility to operate the Flathead Indian Irrigation Project.
- 56.** “Reallocated Water” means the water from that portion of any given FIIP diversion or RDA that is made available through increased efficiency resulting from Rehabilitation and Betterment projects.
- 57.** “Rehabilitation and Betterment” means both irrigation facility upgrades that improve water management and operational control at irrigation diversion works, and irrigation facility upgrades to reduce losses in conveyance of water from irrigation sources of supply to irrigation points of use. Rehabilitation and Betterment actions include, but are not limited to, reconstruction, replacement, and automation at irrigation diversion works; lining of open canals; and placement of open canals in pipe.
- 58.** “River Diversion Allowance” or “RDA” means initially the volume of water identified in Appendix 3.2 and defined for wet, normal and dry Natural Flow years that is necessary to be diverted or pumped to supply the FIIP Water Use Right. As Reallocated Water is made available through Rehabilitation and Betterment, the RDA is the amount defined in

Appendix 3.2, reduced by the volume of Reallocated Water made available by a particular Rehabilitation and Betterment project.

59. “River Diversion Allowance Area” or “RDA Area” means geographic divisions of the FIIP to which water is diverted. RDA Areas are depicted in Appendix 3.2.
60. “Secretary” means the Secretary of the United States Department of the Interior, or the Secretary’s duly authorized representative.
61. “Shared Shortages” means a water management procedure to be applied when water supply is insufficient to satisfy both MEFs and RDAs simultaneously.
62. “State” means the State of Montana and all officers, agencies, departments and political subdivisions thereof.
63. “Stock Water” means water used for livestock.
64. “Target Instream Flows” or “TIFs” means the schedule of monthly Instream Flow levels, defined for normal and wet Natural Flow years that are identified in Appendix 3.1.
65. “Tribal Council” means the duly elected governing body of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana.
66. “Tribal Natural Resources Department” means the governmental subdivision of the Tribes authorized by Tribal Ordinance No. 78-B, as amended, or any successor agency.
67. “Tribal Water Right” means the water rights of the Confederated Salish and Kootenai Tribes, including any Tribal member or Allottee, the basis of which are federal law, as set forth in Article III.A, Article III.C.1.a through j, Article III.C.1.k.i, Article III.C.1.l.i, Article III.D.1 through 3 and Article III.D.7 and 8. The term “Tribal Water Right” also includes those rights identified in Article III.H that are appurtenant to lands taken into trust by the United States on behalf of the Tribes.
68. “Tribes” means the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana, and all officers, agencies, and departments thereof.
69. “United States” means the Federal government and all officers, agencies and departments thereof.
70. “Water Rights Arising Under State Law” means those valid water rights Arising Under State Law existing as of the Effective Date and not subsequently relinquished or abandoned, as those rights are: decreed or to be decreed by the Montana Water Court pursuant to 85-2-234, MCA; permitted by the DNRC; exempted from filing in the

Montana general stream adjudication pursuant to 85-2-222, MCA; or excepted from the permitting process pursuant to 85-2-306, MCA.

71. “Wetland” means an area that is inundated or saturated by surface water or Groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands generally include swamps, marshes, bogs and similar areas.

ARTICLE III –WATER RIGHTS OF THE TRIBES

The water rights of the Tribes quantified in Article III are composed of two parts: water rights whose basis is Federal law that are defined and referred to as the Tribal Water Right and those Water Rights Arising Under State Law identified in Article III.C.1.k.ii, III.C.1.l.ii, III.D.4 and 5, and III.H.

- A. Religious or Cultural Uses.** The Tribal Water Right described in this Article III includes all traditional, religious, or cultural uses of water by members of the Confederated Salish and Kootenai Tribes within Montana. Individual exercises of traditional, religious, or cultural uses are exempt from the Registration process contained in the Law of Administration.
- B. Abstracts of Water Right.** Abstracts of water right appended to this Compact are a substantive element of this Compact. The language of the abstracts, including all informational remarks, shall control in the event of any inconsistency between the Compact and the abstracts of water right; provided however, that the Parties upon written mutual agreement may make technical corrections to the abstracts prior to the Parties submission to the Montana Water Court of the motion for entry of the Proposed Decree identified in Article VII.B. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.
- C. Basins 76L and 76 LJ and Flathead Indian Irrigation Project Irrigation Water Diversions from Basins 76F and 76N.**

1. Quantification.

- a. Flathead Indian Irrigation Project.** The Tribes have the right to water that is supplied to the Flathead Indian Irrigation Project to be used for such purposes in such volumes and flow rates and from such sources of supply as identified in the abstracts of water right attached hereto as Appendix 5. The FIIP will serve up to, but not more than 135,000 acres. The exercise of this portion of the Tribal Water Right shall be satisfied by meeting the RDA values for each RDA Area described in Appendix 3.2 as evaluated pursuant to Article IV.D.1.e, and is subject to Article IV.D through F.

The priority date for the portion of the Tribal Water Right used by the FIIP is July 16, 1855.

b. Existing Uses by the Tribes, their Members and Allottees.

- i.** The Tribal Water Right includes all Existing Uses by the Tribes, their members and Allottees that are not Water Rights Arising Under State Law and are not otherwise specifically quantified in other sections of this Article III.
- ii.** Water Rights Arising Under State Law held by the Tribes, their members and Allottees will be satisfied pursuant to their own terms as finally decreed by the Montana Water Court or permitted by the DNRC.
- iii.** For each Existing Use identified in Article III.C.1.b.i to be valid and enforceable, the Tribes, or each Tribal member or Allottee claiming such an Existing Use, shall complete the process for the registration of uses of the Tribal Water Right set forth in the Law of Administration. Such uses include but are not limited to irrigation, Stock Water, domestic, commercial, municipal and industrial purposes, as well as those historically irrigated allotments that are held for individuals in trust by the United States that are not served by the FIIP and that are identified on the map and table attached hereto as Appendix 6.
- iv.** Uses of the Tribal Water Right for which abstracts are appended to this Compact, including uses on the FIIP, are exempt from the registration requirement set forth in Article III.C.1.b.iii.
- v.** The priority date for water uses registered pursuant to Article III.C.1.b.iii and the Law of Administration is July 16, 1855.

c. Flathead System Compact Water. The Tribes have a direct flow water right from the Flathead River with the following elements:

Source of Water: Flathead River, Flathead Lake, and the South Fork of the Flathead River up to Hungry Horse Reservoir

Point of Diversion: From Flathead Lake or the Flathead River, either on or off of the Reservation

Purpose: Any beneficial use

Diversion Volume: 229,383 Acre-feet per year

Depletion Volume: 128,158 Acre-feet per year

Period of Diversion and Depletion: January 1 through December 31

- i. As part of the Tribal Water Right quantified in this Article III.C.1.c, the Tribes shall be entitled to an allocation of 90,000 Acre-feet per year, as measured at the Hungry Horse Dam, of storage water in Hungry Horse Reservoir.
- ii. This water right shall be used in a manner that ensures impacts associated with the exercise of this water right are no greater than those identified in model run: Natural Q + 90K of the United States Bureau of Reclamation's Final Flathead Basin Depletions Study (USBR, October 2012), attached hereto as Appendix 7. In the event that the impacts exceed those identified in model run: Natural Q + 90K of the United States Bureau of Reclamation's Final Flathead Basin Depletions Study, the use of the water right set forth in this Article III.C.1.c shall be reduced in such amounts as are necessary to immediately achieve impacts that are no greater than those identified in model run: Natural Q + 90K of the United States Bureau of Reclamation's Final Flathead Basin Depletions Study.
- iii. The releases of the stored water identified in Article III.C.1.c.i shall be limited in accordance with the "Biological Impact Evaluation and Operational Constraints for a proposed 90,000 Acre-foot withdrawal" (State of Montana, September 14, 2011) attached hereto as Appendix 8. The Parties upon mutual written agreement, and in conformance with other applicable provisions of law including but not limited to the Endangered Species Act of 1973, 16 U.S.C. 1531, *et seq.* (ESA), may amend the Biological Impact Evaluation Constraints identified in the September 14, 2011 report. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.
- iv. The exercise of this water right shall conform with the minimum instream flow schedules, as measured at the USGS gaging station on the Flathead River at Columbia Falls (12363000) and the USGS gaging station on the Flathead River at Polson (12372000) as identified in Tables 3 through 6 of Appendix 7, as well as the minimum flow requirements set forth in Table 5 that must also be met downstream at the USGS gaging station on the Flathead River at Perma (123887000). The exercise of this water right shall also conform to the ramping rates, as measured below Kerr and Hungry Horse Dams, and identified in Tables 3 through 6 of Appendix 7. In the event that the minimum instream flow schedules or ramping rates are not met, the use of the water right set forth in this Article III.C.1.c shall be suspended until such time as those minimum instream flow schedules and ramping rates are achieved. The Parties upon mutual written agreement, and in conformance with applicable ESA and Federal Energy Regulatory Commission licensing requirements for the three previously identified sites, may amend the limitations for releases from

Hungry Horse Reservoir that are required to conform with minimum instream flow and ramping rate schedules at these sites. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.

- v. The exercise of this water right shall also conform with the Flathead Lake filling criteria identified on page 12 of Appendix 7.
- vi. The Tribes may use any amount of the stored water identified in Article III.C.1.c.i that is not necessary to be released each year pursuant to the provisions of Article III.C.1.c.ii through v, for any beneficial purpose, subject to the terms and conditions of this Compact.
- vii. Use of the 90,000 Acre-feet of water from Hungry Horse Reservoir is subject to the approval of, and any terms and conditions specified by, Congress.
- viii. The priority date for Flathead System Compact Water is July 16, 1855.
- ix. Any development by the Tribes of this Flathead System Compact Water Right outside the boundaries of the Reservation shall be pursuant to Article IV.B.5.c.
- x. The Parties agree that nothing in this Compact precludes the Tribes from leasing Flathead System Compact Water to FIIP irrigators.
- xi. The abstract of water right for this Flathead System Compact Water Right is attached hereto as Appendix 9.

d. Instream Flow Rights on Reservation.

- i. **Natural Instream Flows.** The Tribes have Instream Flow rights in the quantities and locations identified in the abstracts of water right attached hereto as Appendix 10.
- ii. **FIIP Instream Flows.** The Tribes have Instream Flow rights in the quantities and locations identified in the abstracts of water right attached hereto as Appendix 11. The exercise of this portion of the Tribal Water Right is subject to Article IV.C through F.
- iii. **Other Instream Flows.** The Tribes have Instream Flow rights in the quantities and locations identified in the abstracts of water right attached hereto as Appendix 12. The Parties agree that a right identified in Appendix 12 shall only become enforceable on the date that an

enforceable flow schedule for that right has been established pursuant to the process set forth in the Law of Administration, Section 2-1-115, for the development of such enforceable schedules.

- iv. **Interim Instream Flows.** Until such time as the Instream Flow water rights set forth in Article III.C.1.d.ii become enforceable pursuant to Article IV.C, the Tribes shall be entitled to enforce the interim Instream Flows contained in Appendix 13 consistent with the provisions in Article IV.C and IV.E. The Tribes and the United States shall enforce these interim Instream Flows pursuant to Appendix 13 or existing practice as of December 31, 2014, and as described in the protocols in Appendix 14.
- v. The priority date for the Instream Flow water rights set forth in this Article III.C.1.d is time immemorial.

e. Minimum Reservoir Pool Elevations in Flathead Indian Irrigation Project Reservoirs.

- i. The Tribes have the right to water necessary to maintain Minimum Reservoir Pool Elevations for FIIP reservoirs in the quantities and locations set forth in the table and abstracts of water right attached hereto as Appendix 15. The exercise of this portion of the Tribal Water Right is subject to Article IV.C and E and superseding Federal law allowing for regulation of reservoir elevations.
- ii. The Minimum Reservoir Pool Elevations will become enforceable according to the schedule attached hereto as Appendix 3.4.
- iii. The priority date for the water rights set forth in this Article III.C.1.e is July 16, 1855.
- iv. Until such time as the Minimum Reservoir Pool Elevations set forth in Article III.C.1.e become enforceable pursuant to Article IV.C, the Tribes shall be entitled to enforce those interim reservoir pool elevations identified in Appendix 13. The Tribes and the United States shall enforce these interim reservoir pool elevations only pursuant to Appendix 13 or existing practice as of December 31, 2014, and subject to superseding Federal law allowing for regulation of reservoir elevations.
- f. **Wetland Water Right.** The Tribes have the right to all naturally occurring water necessary to maintain the Wetlands identified in the abstracts of water right attached hereto as Appendix 16.

The priority date for the Wetland water rights set forth in this Article III.C.1.f is time immemorial.

- g. High Mountain Lakes Water Right.** The Tribes have the right to all naturally occurring water necessary to maintain the High Mountain Lakes identified in the abstracts of water right attached hereto as Appendix 17.

The priority date for the High Mountain Lakes water rights set forth in this Article III.C.1.g is time immemorial.

- h. Flathead Lake.** The Tribes have the right to all naturally occurring water necessary to maintain the level of the entirety of Flathead Lake at an elevation of 2,883 feet as described in the abstract of water right attached hereto as Appendix 18.

The priority date for the Flathead Lake water right set forth in this Article III.C.1.h is time immemorial.

- i. Boulder Creek Hydroelectric Project.** The Tribes have the right to water necessary to operate the Boulder Creek Hydroelectric Project as identified in the abstracts of water right attached hereto as Appendix 19.

The priority date for the Boulder Creek Hydroelectric Project water right set forth in this Article III.C.1.i is July 16, 1855.

- j. Hellroaring Hydroelectric Project.** The Tribes have the right to water necessary to operate the Hellroaring Hydroelectric Project as identified in the abstracts of water right attached hereto as Appendix 20.

The priority date for the Hellroaring Hydroelectric Project water right set forth in this Article III.C.1.j is July 16, 1855.

- k. Wetlands Appurtenant to Lands Owned by Montana Fish Wildlife and Parks.**

- i.** The Tribes and Montana Fish Wildlife and Parks (MFWP) have the right to all naturally occurring water necessary to maintain the Wetlands identified in the abstracts of water right attached hereto as Appendix 21.

The priority date for Wetland water rights appurtenant to lands owned by MFWP is time immemorial.

- ii.** Upon the Effective Date, the Tribes shall be added as a co-owner with MFWP of water right number 76L 153988-00, the abstract of which is

attached hereto as Appendix 22. MFWP shall make reasonable efforts to defend this right in the Montana general stream adjudication. The Tribes have the right but not the duty to participate in the defense of this right in the Montana general stream adjudication.

- iii. The Tribes shall be added in an expeditious manner as a co-owner to any water right with a fish or fish and wildlife purpose that is appurtenant to land acquired by MFWP on the Reservation after the Effective Date.
- iv. The Tribes shall be added in an expeditious manner as a co-owner to any Wetlands water right acquired by MFWP pursuant to the Law of Administration after the Effective Date.
- v. MFWP shall be the sole entity entitled to manage the water rights identified in Article III.C.1.k. The recognition of these co-owned water rights does not confer on the Tribes any authority over the management of the MFWP-owned lands to which these water rights are appurtenant.
- vi. MFWP shall meet and confer with the Tribes on a biennial basis, or on such other timeframe as the Tribes and MFWP may mutually agree, to discuss the exercise of these water rights. Such modifications to the meeting schedule are pursuant to, and shall not be deemed an amendment of, this Compact.

l. Wetlands Appurtenant to Lands Owned by Department of Interior Fish and Wildlife Service.

- i. The Tribes and the Department of the Interior's Fish and Wildlife Service (FWS) have the right to all naturally occurring water necessary to maintain the Wetlands identified in the abstracts of water right attached hereto as Appendix 23.

The priority date for Wetland water rights appurtenant to lands owned by FWS is time immemorial.

- ii. Upon the Effective Date, the Tribes shall be added as a co-owner with FWS of water right numbers 76L 99338 00, 76L 99339 00, and 76L 99340 00, the abstracts of which are attached hereto as Appendix 24. FWS shall make reasonable efforts to defend these rights in the Montana general stream adjudication. The Tribes have the right but not the duty to participate in the defense of these rights in the Montana general stream adjudication.

- iii. The Tribes shall be added in an expeditious manner as a co-owner to any water right with a fish or fish and wildlife purpose that is appurtenant to land acquired by FWS on the Reservation after the Effective Date.
- iv. The Tribes shall be added in an expeditious manner as a co-owner to any Wetlands water right acquired by FWS pursuant to the Law of Administration, after the Effective Date.
- v. FWS shall be the sole entity entitled to manage the water rights identified in this Article III.C.1.1. The recognition of these co-owned water rights does not confer on the Tribes any authority over the management of the FWS-owned lands to which these water rights are appurtenant.
- vi. FWS shall meet and confer with the Tribes on a biennial basis, or on such other timeframe as the Tribes and FWS may mutually agree, to discuss the exercise of these water rights. Such modifications to the meeting schedule are pursuant to, and shall not be deemed an amendment of, this Compact.

D. Instream Flow Water Rights Off of the Reservation.

1. **Mainstem Instream Flow Right in the Kootenai River (Basin 76D).** The Tribes have an Instream Flow water right for the mainstem of the Kootenai River for the reach and with the associated flow rates set forth in the abstract of water right attached hereto as Appendix 25. The measurement point for this water right is USGS streamflow gage #12305000 located at Leonia, Idaho.
 - a. The priority date for this water right is time immemorial.
 - b. The period of use of this water right is January 1 to December 31 of each year.
 - c. The purpose of this water right is for the maintenance and enhancement of fish habitat to benefit the instream fishery. This right shall not be changed to any other or additional purpose, changed to consumptive use, or transferred to different ownership.
 - d. The point of diversion and place of use for this water right is instream. This water right shall not be exercised in conjunction with any artificial diversion.
 - e. The ability to enforce this right shall be suspended so long as Libby Dam remains in existence and the Army Corps of Engineers' operations of that dam are conducted consistently with the 2008 Federal Columbia River Power System Biological Opinion, the 2010 updated Biological Opinion, and the 2014 Supplemental Federal Columbia River Power System Biological Opinion, specifically as described in Reasonable and Prudent Alternative

Action (RPA) No. 4 (Storage Project Operations), Table No. 1 (Libby Dam), including the Northwest Power and Conservation Council's 2003 mainstem amendments to the Columbia River Basin Fish and Wildlife Program, or any subsequent Biological Opinion(s) governing the same RPAs and Operations.

- f. In the event of changes to the U.S. Army Corps of Engineers' (Corps) responsibilities under the ESA, such as the delisting of resident and anadromous fish species, that no longer require the Corps to operate Libby Dam pursuant to ESA section 7 biological opinions or other substantive ESA requirements, the United States, acting through the Corps, the Tribes, and the State shall establish written protocols and understandings on meeting and enforcing the Tribes' mainstem Instream Flow right in the Kootenai River while also ensuring that the Corps' operations of Libby Dam meet all Federal statutory and regulatory requirements and obligations. Provided however, that any such enforcement protocol shall not alter the limitations on Call set forth in Article III.D.1.g. The establishment of such protocols and understandings are pursuant to, and shall not be deemed an amendment of, this Compact.
- g. Should the suspension on enforcement set forth in Article III.D.1.e be lifted due to the removal of Libby Dam, this water right may be exercised to make a Call only against junior users whose point of diversion is from the mainstem of the Kootenai River and not its tributaries, the purpose of whose rights is irrigation and whose source of supply is surface water, or against junior users the purpose of whose rights is irrigation, whose source of supply is Groundwater that is connected to the mainstem of the Kootenai River, and whose flow rate is greater than 100 gallons per minute.
- h. Call may be made only when the average daily flow drops below the enforceable level for the previous 24-hour period.

2. Mainstem Instream Flow Right in the Swan River (Basin 76K). The Tribes have an Instream Flow water right for the reach of the mainstem of the Swan River with the associated flow rates set forth in the abstract of water right attached hereto as Appendix 26. The measurement point for this water right is USGS streamflow gage #12370000 located immediately below Swan Lake near Big Fork, Montana.

- a. The priority date for this water right is time immemorial.
- b. The period of use of this water right is January 1 to December 31 of each year.
- c. The purpose of this water right is for the maintenance and enhancement of fish habitat to benefit the instream fishery. This right shall not be changed to any other or additional purpose, changed to consumptive use, or transferred to different ownership.

- d. The point of diversion and place of use for this water right is instream. This water right shall not be exercised in conjunction with any artificial diversion.
- e. The Tribes, and/or the United States on behalf of the Tribes, shall be entitled to make a Call to enforce this water right only against junior users the purpose of whose rights is irrigation and whose source of supply is surface water, or against junior users the purpose of whose rights is irrigation, whose source of supply is Groundwater connected to surface sources in Basin 76K and whose flow rate is greater than 100 gallons per minute.
- f. Call may be made only when the average daily flow drops below the enforceable level for the previous 24-hour period.

3. Mainstem Instream Flow Right in the Lower Clark Fork River (Basins 76M and 76N). The Tribes have a 5000 cfs Instream Flow water right for the reach of the mainstem of the Clark Fork River as set forth in the abstract of water right attached hereto as Appendix 27. The measurement point for this water right is USGS streamflow gage #12391950 located immediately below Cabinet Gorge Dam in Idaho.

- a. The priority date for this water right is time immemorial.
- b. The period of use of this water right is January 1 to December 31 of each year.
- c. The purpose of this water right is for the maintenance and enhancement of fish habitat to benefit the instream fishery. This right shall not be changed to any other or additional purpose, changed to consumptive use, or transferred to different ownership.
- d. The point of diversion and place of use for this water right is instream. This water right shall not be exercised in conjunction with any artificial diversion.
- e. The Tribes, and/or the United States on behalf of the Tribes, shall be entitled to make a Call to enforce this water right only against junior users whose point of diversion is from the mainstem of the Clark Fork River and not its tributaries, the purpose of whose rights is irrigation and whose source of supply is surface water, or against junior users the purpose of whose rights is irrigation, whose source of supply is Groundwater connected to the mainstem of the Clark Fork River and whose flow rate is greater than 100 gallons per minute.
- f. Call may be made only when the average daily flow drops below the enforceable level for the previous 24-hour period.

- g. For so long as the Cabinet Gorge and Noxon Dams remain in existence, the enforceable level of this right is a flow rate equal to the lesser of 5000 cfs or the minimum flow level established by the FERC as a condition on the license for the Cabinet Gorge and Noxon Dams as that license condition may be modified over time.

4. Co-ownership of Instream and Public Recreation Water Rights Held by MFWP.

- a. Upon the Effective Date, the Tribes shall be added as a co-owner with MFWP of the Water Rights Arising Under State Law held by MFWP for Instream Flow and recreation purposes that are identified on the tables attached hereto as Appendix 28 and Appendix 29. Nothing in this co-ownership changes any of the other elements of these Water Rights Arising Under State Law, including their priority dates or flow rates.
 - i. The Water Rights Arising Under State Law identified in Appendix 28 shall be included as part of the proposed decree to be filed with the Montana Water Court pursuant to Article VII.B.1.
 - ii. The Water Rights Arising Under State Law identified in Appendix 29 shall proceed through the Montana general stream adjudication as though they were not included in this Compact. MFWP shall make reasonable efforts to defend each of these rights identified in Appendix 29 in the Montana general stream adjudication. The Tribes have the right but not the duty to participate in the defense of these rights in the Montana general stream adjudication.
- b. As co-owners, the Tribes and MFWP shall meet and confer on a biennial basis, or on such other timeframe as the Tribes and MFWP may mutually agree, to discuss the exercise of the rights identified in Article III.D.4.a, with a goal of establishing a joint plan for the exercise of these rights. Notwithstanding this planning process, the Tribes and MFWP each retain(s) the unilateral right to exercise each water right identified in Article III.D.4.a as each deem(s) appropriate, but neither the Tribes nor MFWP has any affirmative duty to take any particular action in regard to the exercise of any of these rights.

5. Co-ownership of Water Right Number 76M 94404-00 (Milltown Dam) in Basin 76G (Upper Clark Fork).

- a. Upon the date the ratification of this Compact by the Montana Legislature becomes effective under State law, Water Right Arising Under State Law

number 76M 94404-00 is changed as follows: the right is split into two separate active and enforceable Water Rights Arising Under State Law, 76M 94404-01 and 76M 94404-02, and the original water right elements are changed to support the maintenance and enhancement of fish habitat and take the form of two enforceable hydrographs. The elements of the changed and split water right are set forth in the two water rights abstracts attached hereto as Appendix 30. The measurement point for 76M 94404-01 is the USGS gage #12334550 at Turah, Montana, and the measurement point for 76M 94404-02 is the USGS gage #1234000 at Bonner, Montana.

- i.** The period of use of these water rights is January 1 to December 31 of each year.
 - ii.** The point of diversion and place of use for these water rights is instream.
 - iii.** These water rights shall not be exercised in conjunction with any artificial diversion.
 - iv.** MFWP, and the Tribes after they become co-owners, and subject to the limitation on enforcement set forth in Article III.D.5.c, shall be entitled to make a Call to enforce these water rights only against junior users the purpose of whose rights is irrigation and whose source of supply is surface water, or against junior users the purpose of whose rights is irrigation, whose source of supply is Groundwater and whose flow rate is greater than 100 gallons per minute.
 - v.** The enforceable levels of these water rights are identified in the table attached hereto as Appendix 31. The minimum enforceable level of this right is 700 cfs at the location of USGS gage #1234000 at Bonner, and 500 cfs at the location of USGS gage #12334550 at Turah.
 - vi.** Call may be initiated on the day following a five-consecutive-day-period in which four out of five average daily river flows fall below their respective daily enforceable hydrograph values. Call may persist until such time as two average daily flows of the previous five-consecutive-day-period are in excess of their respective enforceable hydrograph values.
- b.** Upon the Effective Date, the Tribes shall be a co-owner with MFWP of these water rights. As co-owners, the Tribes and MFWP shall meet and confer on a biennial basis, or on such other timeframe as the Tribes and MFWP may mutually agree to, regarding the exercise of these rights, with a goal of establishing a joint plan for the exercise of these rights. The establishment of such a plan is pursuant to, and shall not be deemed an amendment of, this

Compact. Notwithstanding this planning process, the Tribes and MFWP each retains the unilateral right to exercise these water rights as each deems appropriate, but neither the Tribes nor MFWP has any affirmative duty to take any particular action in regard to the exercise of these rights.

- c. The ability to enforce these rights shall be suspended for a period of 10 years from the date the ratification of this Compact by the Montana Legislature becomes effective under State law. During and after this period, the Tribes and MFWP shall engage with other stakeholders in the Upper Clark Fork Basin on water management subjects including, but not limited to, drought planning and the exercise of these water rights in conjunction with the other water rights in the Upper Clark Fork Basin.
- d. For any analysis of the legal availability of water in the Upper Clark Fork Basin, these rights shall be considered to have a combined year-round flow rate of 2,000 cfs as measured at the location of USGS gauge #12340500 below the confluence of the Blackfoot and Clark Fork Rivers.
- e. No owner of these water rights, acting independently or jointly, shall be entitled to lease, sell or change the purpose of these water rights.
- f. The Water Rights Arising Under State Law identified in this Article III.D.5 shall be finally decreed as part of the decree of this Compact that will be proposed to the Montana Water Court pursuant to Article VII.B.1.

6. Contract Rights to Stored Water Held by MFWP in Basin 76H (Bitterroot).

- a. MFWP is a party to two contracts for the delivery of stored water from Painted Rocks Reservoir: MFWP Water Purchase Contract Painted Rocks, between MFWP and DNRC, July 12, 2004 (attached hereto as Appendix 32); and Water Purchase Contract, March 5, 1958, as amended on March 5, 1958 (attached hereto as Appendix 33). In the event that MFWP obtains an ownership interest in any water rights pursuant to these contracts or obtains an ownership interest in any water rights pursuant to any future contract for the delivery of water from Painted Rocks Reservoir, MFWP shall expeditiously take all steps necessary to add the Tribes as a co-owner of said water rights.
- b. MFWP is a party to a contract for the delivery of stored water from Lake Como: Agreement Between the Bitterroot Irrigation District and the United States Department of the Interior, Bureau of Reclamation for the Operation of the Enlarged Storage Pool at Lake Como, July, 1994 (attached hereto as Appendix 34). In the event that MFWP obtains an ownership interest in any water rights pursuant to this contract, or obtains an ownership interest in any water rights pursuant to any future contract for delivery of water from Lake

Como, MFWP shall expeditiously take all steps necessary to add the Tribes as a co-owner of said water rights.

- c. MFWP shall manage the Painted Rocks and Como contract rights, in a prudent, biologically based and environmentally sound manner, and within the terms and conditions of these contracts. MFWP will manage in the same manner any future contracts for the delivery of water from Painted Rocks or Lake Como to which MFWP becomes a party. The Tribes are an intended beneficiary of MFWP's management of these contracts, and have the right to challenge MFWP's management decisions in a Court of Competent Jurisdiction.
- d. MFWP shall meet and confer with the Tribes on a biennial basis, or on such other timeframe as the Tribes and MFWP may mutually agree to, regarding the management of these contract rights. Such modifications to the meeting schedule are pursuant to, and shall not be deemed an amendment of, this Compact. If the Tribes become co-owners of any water right pursuant to this Article III.D.6 of the Compact, the Tribes and MFWP shall each retain the independent right to exercise each water right as each deems appropriate. Neither the Tribes nor MFWP has any affirmative duty to take any particular action in regard to the exercise of any of such rights. The Tribes do not assume any liability arising out of or resulting from any of the contracts identified in this Article III.D.6 pertaining to co-ownership of rights to stored water in Basin 76H.

7. Instream Flow Right on the North Fork of Placid Creek (Basin 76F). The Tribes have an Instream Flow water right for the upper reach of the North Fork of Placid Creek with the associated flow rates set forth in the abstract of water right attached hereto as Appendix 35. The measurement point for this water right shall be within the main channel of the North Fork of Placid Creek, below the North Fork Placid Creek FIIP Diversion located within the SE ¼ of the NW ¼ of the SE ¼ of Section 29 in Township 17 North Range 16 West.

- a. The priority date for this water right is time immemorial.
- b. The period of use of this water right is January 1 to December 31 of each year.
- c. The purpose of this water right is for the maintenance and enhancement of fish habitat to benefit the instream fishery. This right shall not be changed to any other or additional purpose, changed to consumptive use, or transferred to different ownership.
- d. The point of diversion and place of use for this water right is instream. This water right shall not be exercised in conjunction with any artificial diversion.

- e. The Tribes, and/or the United States on behalf of the Tribes, shall be entitled to make a Call to enforce this water right only against junior users the purpose of whose rights is irrigation and whose source of supply is surface water of Placid Creek, or against junior users the purpose of whose rights is irrigation, whose source of supply is Groundwater connected to Placid Creek and whose flow rate is greater than 100 gallons per minute.
- f. Call may be made only when the average daily flow drops below the enforceable level for the previous 24-hour period.

8. Instream Flow Rights on Kootenai River Tributaries (Basin 76D). The Tribes have Instream Flow water rights for the reaches of the Kootenai River tributaries Big Creek, Boulder Creek, Steep Creek and Sutton Creek, with the associated flow rates set forth in the abstracts of water right attached hereto as Appendix 36.

- a. The priority date for this water right is time immemorial.
- b. The period of use of this water right is January 1 to December 31 of each year.
- c. The purpose of this water right is for the maintenance and enhancement of fish habitat to benefit the instream fishery. This right shall not be changed to any other or additional purpose, changed to consumptive use, or transferred to different ownership.
- d. The point of diversion and place of use for this water right is instream. This water right shall not be exercised in conjunction with any artificial diversion.
- e. Water rights held by the United States Forest Service pursuant to the United States Forest Service-Montana Water Rights Compact, 85-20-1401, MCA, shall not be subject to Call by the Tribes and/or the United States on behalf of the Tribes.
- f. The recognition of the Instream Flow water rights in this Article III.D.8 does not confer on the Tribes any authority over the management of National Forest System lands within Basin 76D, or any claim to ownership or other rights in that land. With the exception of future diversionary uses by the United States on National Forest System lands in excess of the Forest Service's reserved rights identified in Article III.D.8.e, the Tribes hold the United States harmless for delivery of water or maintenance of flows to meet this Instream Flow water right in Basin 76D.

E. Period of Use. The period of use of the Tribal Water Right set forth in this Article III shall be January 1 to December 31 of each year, provided however, that any portion of

that water right that is dedicated to seasonal use, including irrigation use, shall have a period of use as set forth in the abstracts attached hereto as Appendix 5 or as set forth in the registration of such right pursuant to the Law of Administration, as applicable.

F. Points and Means of Diversion. The points and means of diversion for use of the Tribal Water Right set forth in this Article III are as set forth in the abstracts of water rights attached to this Compact or as may be provided for under the Law of Administration.

G. Call Protection.

1. Non-Irrigators. The Tribes, on behalf of themselves and the users of any portion of the Tribal Water Right set forth in this Compact, and the United States agree to relinquish their right to exercise the Tribal Water Right to make a Call against any Water Right Arising Under State Law whose purpose(s) do(es) not include irrigation.

2. Groundwater Irrigators with Flow Rates Less Than or Equal to 100 Gallons Per Minute. The Tribes, on behalf of themselves and the users of any portion of the Tribal Water Right set forth in this Compact and the United States agree to relinquish their right to exercise the Tribal Water Right to make a Call against any Water Right Arising Under State Law whose purpose is irrigation and whose source of supply is Groundwater and whose flow rate is less than or equal to 100 gallons per minute.

3. Irrigators Within the FIIP Influence Area.

- a. The Tribes, the United States, and the Project Operator, agree to relinquish their right to exercise the Tribal Water Right to make a Call against that portion of any Water Right Arising Under State Law identified in Article III.G.3.b that is equal to the quantity of water established as the annual FIIP quota for the current irrigation season, or an equivalent farm delivery amount within the FIIP as implemented by the Project Operator within the applicable RDA Area, or the quantity allowed under a claim decreed by the Montana Water Court or water right granted by the DNRC (an Alternate Value), whichever is less, whose owner enters into a consensual agreement as described in this Article III.G.3.
- b. Water Rights Arising Under State Law whose owners are eligible to enter into consensual agreements as described in this Article III.G.3 are those rights:
 - i. whose purpose is irrigation;
 - ii. whose point(s) of diversion or place(s) of use are within the FIIP Influence Area; and

- iii. whose source of supply is surface water; or
 - iv. whose source of supply is Groundwater and whose flow rate is greater than 100 gallons per minute.
- c. The Tribes, the United States, and the Project Operator, agree to enter into the consensual agreement described in this Article III.G.3 with every owner of a Water Right Arising Under State Law described in Article III.G.3.b who wishes to enter into such an agreement. The following conditions shall apply to any such consensual agreement:
- i. the owner of a Water Right Arising Under State Law that meets the criteria described in Article III.G.3.b shall measure all diversions, report the measured amount of those diversions to the Project Operator, agree to divert no more water each year than the lesser of the quantity established as the annual FIIP quota or an Alternate Value, and shall not expand water use beyond the terms of the agreement;
 - ii. the owner of a Water Right Arising Under State Law does not acquire any entitlement to any delivery or diversion of water from the FIIP, whether the water is stored or run of the river, by entering into a consensual agreement as described in this Article III.G.3;
 - iii. irrigation use pursuant to any Water Right Arising Under State Law whose owner enters into a consensual agreement as set forth in this Article III.G.3 shall be limited to the irrigation season identified annually by the FIIP and to such period of use limitation as may apply to FIIP irrigators;
 - iv. the method and frequency of measurement of the diversion must be described and occur at a reasonable level of accuracy and frequency to demonstrate that the diversion does not exceed the lesser of the annual FIIP quota for a given irrigation season or an Alternate Value, and;
 - v. the agreement is permanent and is binding on the heirs and assigns of the owner of each Water Right Arising Under State Law who enters into such agreement.
- d. The entering into a consensual agreement as set forth in this subsection (3) does not relieve the owner of any claim to a Water Right Arising Under State Law that is at issue in the Montana general stream adjudication from the obligation of prosecuting that water right claim through the Montana general stream adjudication.
- e. If a consensual agreement is entered into among the Tribes, United States, the

Project Operator and the owner of a Water Right Arising Under State Law described in Article III.G.3.b prior to the issuance of the final decree for Montana Water Court Basin 76L and 76 LJ, as applicable, that agreement shall terminate as a matter of law if the claimed Water Right is terminated as a result of proceedings conducted in the Montana general stream adjudication.

- f. If a consensual agreement is entered into among the Tribes, the United States, the Project Operator, and the owner of a Water Right Arising Under State Law described in Article III.G.3.b prior to the issuance of the final decree for Montana Water Court Basin 76L and 76 LJ, as applicable, and such owner has a claim in the Montana general stream adjudication that is ultimately decreed a quantity of water for that claim less than the quantity established in the agreement, the consensual agreement shall protect only the lesser amount of water.
- g. If the owner of a Water Right Arising Under State Law described in Article III.G.3.b ceases to use that portion of that water right in excess of the lesser of the annual FIIP quota for a given irrigation season, or an Alternate Value, pursuant to a consensual agreement as set forth in Article III.G.3:
 - i. that nonuse does not represent an intent by the owner of that water right to wholly or partially abandon that water right or to not comply with the terms and conditions of that right; and
 - ii. the period of nonuse may not create or may not be added to any previous period of nonuse to create a presumption of abandonment.
- h. Any use of a Water Right Arising Under State Law subject to a consensual agreement described in this Article III.G.3 exceeding the volume of water specified in the consensual agreement shall be subject to Call by the Tribes, the United States, or the Project Operator for that amount of water in excess of the terms of the consensual agreement.
- i. A Person who has both an entitlement to the delivery of water from the FIIP and a Water Right Arising Under State Law to serve the same acreage may only protect from Call, by entering into a consensual agreement pursuant to this Article III.G.3, a total quantity of water equal to the lesser of the annual FIIP quota for a given irrigation season, or an Alternate Value, for each acre served, irrespective of whether the water applied to each acre is pursuant to that Person's FIIP delivery right or that Person's Water Right Arising Under State Law.

4. Water Rights Upstream of the Reservation (Basins 76I, 76J, and 76LJ). The Tribes, on behalf of themselves and the users of any portion of the Tribal Water Right

set forth in this Compact, and the United States agree to relinquish their right to exercise the Tribal Water Right to make a Call against any water right located upstream of the Flathead Reservation in Basins 76I, 76J, and 76LJ, except for those Water Rights Arising Under State Law:

- a. Whose purpose is irrigation and whose source of supply is surface water, and whose point of diversion is:
 - i. the mainstem of the Flathead River, including Flathead Lake;
 - ii. the North Fork of the Flathead River;
 - iii. the Middle Fork of the Flathead River; or
 - iv. the South Fork of the Flathead River.
- b. Whose purpose is irrigation, whose source of supply is Groundwater connected to one of the sources identified in Article III.G.4.a, and whose flow rate is greater than 100 gallons per minute.
- c. The Tribes and the United States agree that the Tribal Water Right recognized in the Compact may not be exercised to make Call against any Water Right Arising Under State Law upstream of the Flathead Reservation and located on a tributary to the Flathead River not identified in Article III.G.4.a.

5. Water Rights on the Little Bitterroot River Outside the Reservation (Basin 76L). The Tribes, on behalf of themselves and the users of any portion of the Tribal Water Right set forth in this Compact, and the United States agree to relinquish their right to exercise the Tribal Water Right to make a Call against any Water Right Arising Under State Law whose point of diversion is outside the Flathead Reservation and whose source of supply is the Little Bitterroot River or its tributaries.

6. Any Water Right Arising Under State Law the purpose of which is irrigation and that is susceptible to Call by the Tribes pursuant to Article III.D.1.g, III.D.2.e, III.D.3.e, III.D.5.a.iv, III.D.7.e, III.G.4.a, or III.G.4.b whose purpose is changed after the Effective Date to something other than irrigation shall remain susceptible to Call pursuant to the terms and conditions of this Compact as though the purpose of the Water Right Arising Under State Law was still irrigation.

H. Water Rights Arising Under State Law Appurtenant to Lands Acquired by the Tribes. For lands acquired by the Tribes within the Reservation, the Tribes have the right to any Water Right Arising Under State Law acquired as an appurtenance to the land. Starting upon the Effective Date of the Compact, the Tribes may file a Trust

Transfer form with the Board for any lands acquired by the Tribes with appurtenant Water Rights Arising Under State Law that have been taken into trust by the United States on behalf of the Tribes, as provided in the Law of Administration and the water right appurtenant to the land shall be transferred to the Tribal Water Right quantified in this Compact with a priority date of July 16, 1855, provided that the Tribes shall continue to use the acquired water right as it was historically used or may change the use of the acquired water right pursuant to the provisions for change of use set forth in Article IV.B.4 and the Law of Administration. Such transfer does not shield the underlying right from abandonment based on acts or omissions of the holder of that water right prior to its acquisition by the Tribes.

ARTICLE IV – IMPLEMENTATION OF COMPACT

A. Trust Status of Tribal Water Right. The Tribal Water Right shall be held in trust by the United States for the benefit of the Tribes, their members and Allottees.

B. Use of Tribal Water Right.

- 1. Persons Entitled to Use the Tribal Water Right.** The Tribal Water Right may be used by the Tribes, their members, Allottees, or their lessees or assigns. FIIP customers who have assessed land within the FIIP who are in compliance with the applicable BIA rules and guidelines are entitled to have delivered an equitable share of the FIIP Water Use Right as provided by Article IV.D.2.
- 2. Effect of Non-Use of the Tribal Water Right.** Non-use of all or any portion of the Tribal Water Right described in Article III shall not constitute a relinquishment, forfeiture, or abandonment of such right.
- 3. Review of Registration of Existing Uses of the Tribal Water Right.**
 - a.** Within five (5) years after the Effective Date, the Board shall provide the DNRC with a report, in a form materially consistent with that of abstracts of water rights decreed by the Montana Water Court, of the Tribal Water Right registered pursuant to the Law of Administration as being in existence as of the Effective Date.
 - b.** Within six (6) months after receipt of the report, the DNRC must agree, agree in part, or disagree with the report. If the DNRC takes no action by the end of the six-month period after the report is received, the report shall be deemed accepted. If the DNRC agrees in part or disagrees with the report, the State, the Tribes, and the United States shall meet within ninety (90) days of issuance of the DNRC's notice of disagreement in an effort to resolve the issue(s) giving rise to the disagreement. If, after meeting and conferring, the

State, the Tribes, and the United States are still unable to come to agreement on the list of Existing Uses, all disagreements over the contents of the list must be brought to the Water Management Board for resolution of the dispute under Article IV.I.4.c within 180 days of the issuance of the DNRC's notice of disagreement.

4. Changes in Use of the Tribal Water Right.

Any user of a portion of the Tribal Water Right who proposes a change of such use must seek authorization to change the use of that portion of the right. Such applications for authorization to change a use shall be heard and decided by the Board pursuant to Article IV.I.4.b of the Compact and the Law of Administration, provided that the Board may not consider any change application of Flathead System Compact Water unless the applicant has secured the written consent of the Tribal Council to apply for a Change in Use authorization.

5. New Development of the Tribal Water Right.

- a. The Tribes, or any Person with authorization from the Tribes, may develop a new use of the Tribal Water Right on the Reservation after the Effective Date. Such development may only proceed upon the issuance of an Appropriation Right for the New Development by the Board pursuant to Article IV.I.4.a and the Law of Administration.
- b. The Tribes, or any Person with authorization from the Tribes, may develop a new use of the Flathead System Compact Water Right set forth in Article III.C.1.c off the Reservation after the Effective Date, but only after complying with the provisions of Article IV.B.5.c.
- c. Any New Development by the Tribes of a portion of the Tribes' Flathead System Compact Water Right off the Reservation shall be treated as a change in use. The DNRC shall process each change application pursuant to the provisions of 85-2-302, 307-310 and 314, MCA. Prior to developing Flathead System Compact Water for beneficial use off the Reservation, the Tribes must comply with the provisions of subsections (1) through (3) and (8) through (17) of 85-2-402, MCA, as those provisions read on December 31, 2014.
- d. In the event that, after the date the ratification of the Compact by the Montana Legislature takes effect under State law, the Montana Legislature substantively amends or repeals any of the sections identified in Article IV.B.5.c, the Tribes and the DNRC shall meet no later than 60 days after the effective date of the State legislative action amending or repealing to determine if they can agree whether the provisions of State law set forth in Article IV.B.5.c or the new provisions of State law shall govern the process

for off-Reservation development of new uses of the Flathead System Compact Water Right set forth in Article III.C.1.c. In the event that the Tribes and the DNRC are unable to agree, the provisions of State law identified in Article IV.B.5.c shall remain in effect. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact

- e. If the Tribes' use of Flathead System Compact Water off the Reservation involves diversion works or facilities for the transport of water located off the Reservation, the Tribes shall apply for and obtain all permits, certificates, variances and other authorizations required by State laws regulating, conditioning or permitting the siting, construction, operation, alteration or use of any equipment, device, facility or associated facility proposed to use or transport water, prior to exercising a use of the Flathead System Compact Water Right off the Reservation.

6. Lease of the Tribal Water Right.

a. Lease of the Tribal Water Right generally.

- i. Pursuant to the terms and conditions of this Compact, the Tribes may Lease, for use on or off the Reservation, any portion of the Tribal Water Right set forth in Article III.C.1.a, b, i, and j; provided, that either the Tribes or its assignee, on behalf of the Tribes, first comply with the procedures for changing the use of water rights set forth in subsections iii and iv of this Article IV.B.6.a, as applicable.
- ii. The Tribes may make or authorize a Lease of the Tribal Water Right for use within or outside the Reservation; provided that, any Lease shall be for a term not to exceed 99 years, and may include provisions authorizing renewal for an additional term not to exceed 99 years. The off-Reservation use of any portion of the Tribal Water Right is limited to a place of use within the Flathead or Clark Fork River Basins in Montana.
- iii. A Lease of the Tribal Water Right shall not adversely affect a Water Right Arising Under State Law with a priority date before the date of the Lease or an Appropriation Right issued pursuant to this Compact with a priority date before the date of the Lease. Uses of the Tribal Water Right being exercised prior to the date of the Lease shall not be adversely affected by a Lease of the Tribal Water Right, except that the Tribes may allow uses of the Tribal Water Right on Tribally owned land to be adversely affected by declining to object to the Change in Use application associated with the Lease.

1. If the Lease is for use on the Reservation, the determination of adverse effect shall be made by the Water Management Board pursuant to the process set forth regarding applications for Change in Use authorizations under the Law of Administration.
2. If the Lease is for use off the Reservation, the Lease shall be treated as a change in use. The DNRC shall process each change application pursuant to the provisions of 85-2-302, 307 through 310, and 314, MCA. Prior to the lessee putting leased water to beneficial use, the Tribes or their assignee, on behalf of the Tribes, must comply with the following provisions of State law as those provisions read on December 31, 2014:
 - a. Subsections (1) through (3) and (8) through (17) of 85-2-402, MCA;
 - b. Subsections (1) through (8) of 85-2-407, MCA, provided, that the term of any such Lease may be for up to 99 years, and the DNRC may approve the renewal of such a Lease for a period of up to 99 years; and
 - c. 85-2-408, MCA, as limited by the provisions of Article IV.B.6.a.iii.2.a.
- iv. In the event that, after the date the ratification of the Compact by the Montana Legislature takes effect under State law, the Montana Legislature substantively amends or repeals any of the sections identified in Article IV.B.6.a.iii.2, the Tribes and the DNRC shall meet, no later than 60 days after the effective date of the State legislative action amending or repealing, to determine if they can agree whether the provisions set forth in Article IV.B.6.a.iii.2 or the new provisions of State law shall govern the process for off-Reservation Leases under this Compact. In the event that the Tribes and the DNRC are unable to agree, the provisions of Article IV.B.6.a.iii.2 shall remain in effect. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.
- v. The Tribes or any Person using diversion works or facilities for the transportation of water located off the Reservation in connection with a use of the Tribal Water Right shall apply for and obtain all permits, certificates, variances and other authorizations required by State laws regulating, conditioning or permitting the siting, construction, operation, alteration or use of any equipment, device, or facility proposed to use or transport water, prior to exercising a use of the Tribal Water Right off the Reservation.

b. Lease of the Tribal Water Right by an Individual Indian Owner.

- i.** An Individual Indian Owner may enter into a Lease to authorize a Person or Persons to use the Individual Indian Owner's allocated portion of the Tribal Water Right on the Reservation.
- ii.** If the lessee intends to put the water to beneficial use in a manner different than how the Individual Indian Owner had been using the water prior to the date of the Lease, the Individual Indian Owner or the lessee must comply with the provisions of the Law of Administration pertaining to securing Change in Use authorizations from the Water Management Board before the use of water may be changed.
- iii.** Any Lease entered into pursuant to subsection b of this section may be for a term not to exceed 25 years, and may include provisions authorizing renewal for an additional term not to exceed 25 years.
- iv.** A Lease of the Tribal Water Right by an Individual Indian Owner shall not adversely affect a Water Right Arising Under State Law with a priority date before the date of the Lease or an Appropriation Right issued pursuant to this Compact with a priority date before the date of the Lease. Uses of the Tribal Water Right being exercised prior to the date of the Lease shall not be adversely affected by a Lease of the Tribal Water Right by an Individual Indian Owner, except that the Tribes may allow uses of the Tribal Water Right on Tribally owned land to be adversely affected by declining to object to the Change in Use application associated with the Lease.

c. Lease of the Flathead System Compact Water Right.

- i.** Pursuant to the terms and conditions of this Compact, the Tribes may Lease Flathead System Compact Water for use on or off the Reservation, provided that either the Tribes or their lessee comply with the Law of Administration and the relevant provisions of this section, as applicable.
- ii.** The Tribes shall make available Flathead System Compact Water for short-term Lease within the FIIP or the FIIP Influence Area pursuant to the Shared Shortages provisions set forth at Article IV.E. The Lease term may not exceed the period during which Shared Shortage provisions are in effect. The baseline annual price for this water shall be \$8 per Acre-foot plus a \$25 administrative fee per Lease as of July 1, 2015. From that date, the baseline annual price and the administrative fee shall be indexed for inflation and consequently adjusted annually on July 1st of each successive

year thereafter (the Adjustment Date) by the percentage change over the previous twelve months in the most recent monthly Consumer Price Index for All Urban Consumers (CPI-U) published by the United States Department of Labor, Bureau of Labor Statistics, or such other index as the Parties may agree to use. The initial price for each Lease of any portion of the Flathead System Compact Water entered into during that year pursuant to the Shared Shortage provisions contained in Article IV.E shall be the adjusted baseline price. During the term of any given Lease, the price per Acre-foot shall continue to adjust annually on the Adjustment Date by the percentage change in the CPI-U, or such other index as the Parties may agree to use, of the previous twelve-month period. The foregoing provisions regarding the adjusted baseline price and per-Lease administrative fee shall constitute the sole and exclusive price terms of each Lease entered under this Article IV.B.6.c.ii. Any modifications of the index are pursuant to, and shall not be deemed an amendment of, this Compact.

- iii. The Tribes may make or authorize a Lease of the Tribal Water Right for use within or outside the Reservation; provided that, any Lease shall be for a term not to exceed 99 years, and may include provisions authorizing renewal for an additional term not to exceed 99 years. The off-Reservation use of any portion of the Tribal Water Right is limited to a place of use within the Flathead or Clark Fork River Basins in Montana.
- iv. If the Lease is for a portion of the Tribes' Flathead System Compact Water right to be delivered wholly from water stored in Hungry Horse Reservoir, the Tribes shall provide notice to the DNRC and the Water Management Board, in advance of the effective date of the Lease, of the terms of the Lease and any modifications thereto or termination thereof. For Leases lasting one irrigation season or less, notice to the DNRC and the Water Management Board shall be provided as far in advance as practicable. For Leases lasting longer than one year, notice shall be provided to the DNRC and the Water Management Board by the later of 120 days prior to the date on which the Lease is to take effect or March 31 of the year in which the Lease is to take effect. The point of delivery for a Lease shall be the outlet works at the Hungry Horse Dam. If disputes arise between or among holders of Water Rights Arising Under State Law as to the reasonable transmission and carriage losses from the point of delivery to the place of use of the Lease, the district court pursuant to its powers and duties under Title 85, Chapter 5, MCA, shall calculate such losses.

- v. Any Lease or portion of a Lease to be delivered from water stored in Hungry Horse Reservoir is subject to reduction due to conditions defined in Appendix 8 on a pro rata basis as set forth in Article III.C.1.c.iii.
- vi. If the Lease is for the off-Reservation use of a portion of the Tribes' Flathead System Compact Water right to be delivered from a combination of stored water and direct flow water from the Flathead River, or exclusively from direct flow water from the Flathead River, the Lease shall be treated as a change in use as it pertains to the use of the direct flow water. The DNRC shall process each change application pursuant to the provisions of 85-2-302, 307-310 and 314, MCA. Prior to the lessee putting leased water to beneficial use, the Tribes or the lessee must comply with the following provisions of State law as those provisions read on December 31, 2014:
 - 1. Subsections (1) through (3) and (8) through (17) of 85-2-402, MCA;
 - 2. Subsections (1) through (8) of 85-2-407, MCA, provided, however, that the term of any such Lease may be for up to 99 years, and the DNRC may approve the renewal of such a Lease for a period of up to 99 years; and
 - 3. 85-2-408, MCA, as limited by the provisions of Article IV.B.6.c.vi.1.
- vii. In the event that, after the date the ratification of the Compact by the Montana Legislature takes effect under State law, the Montana Legislature substantively amends or repeals any of the sections identified in Article IV.B.6.c.vi.1 through 3, the Tribes and the DNRC shall meet no later than 60 days after the effective date of the State legislative action amending or repealing to determine if they can agree whether the provisions set forth in Article IV.B.6.c.vi.1 through 3 or the new provisions of State law shall govern the process for off-Reservation Leases under this Compact. In the event that the Tribes and the DNRC are unable to agree, the provisions of Article IV.B.6.c.vi.1 through 3 shall remain in effect. Any agreed upon modifications are pursuant to, and shall not be deemed an amendment of, this Compact.
- viii. The Tribes or any Person using diversion works or facilities for the transportation of water located off the Reservation in connection with a use of the Flathead System Compact Water Right shall apply for and obtain all permits, certificates, variances and other authorizations required by State laws regulating, conditioning or permitting the siting, construction, operation, alteration or use of any equipment, device, or

facility proposed to use or transport water, prior to exercising a use of the Flathead System Compact Water Right off the Reservation.

7. Lease of 11,000 Acre-Feet per Year of Water From Hungry Horse Reservoir for Off-Reservation Mitigation.

- a. The Tribes shall make available for Lease off the Reservation 11,000 Acre-feet of the water identified in Article III.C.1.c.i stored in Hungry Horse Reservoir pursuant to the process, and subject to the terms and conditions, set forth in this Article IV.B.7.
- b. The water identified in Article IV.B.7.a shall be available for the mitigation of net depletions arising from new or existing domestic, commercial, municipal and/or industrial uses of water at any point in the Flathead or Clark Fork Basins in Montana for which the 11,000 Acre-feet per year of water is capable of providing mitigation.
- c. The DNRC, under Title 85, MCA, shall retain the responsibility for determining if, when, where, and how much mitigation water is needed for any proposed new development and if the water identified in Article IV.B.7.a meets the appropriate mitigation criteria for any proposed mitigation plan.
- d. The water identified in Article IV.B.7.a is subject to reduction due to conditions defined in Appendix 8 on a pro rata basis as set forth in Article III.C.1.c.iii.
- e. The mechanism for entering into a Lease for any portion of the water set forth in this Article IV.B.7.a shall be as follows:
 - i. Any interested Person may approach the Tribes, through the Tribal Lands Department or successor Tribal department, to negotiate a Lease of a portion of this water;
 - ii. The baseline annual per Acre-foot price for this water shall be set at \$40 as of July 1, 2015. From that date, the baseline price shall be indexed for inflation and consequently adjusted annually on July 1st of each year thereafter (the Adjustment Date) by the percentage change over the previous year in the most recent monthly Consumer Price Index for All Urban Consumers (CPI-U) published by the United States Department of Labor, Bureau of Labor Statistics, or such other index as the Parties may agree. The initial price for each Lease of any portion of the 11,000 Acre-feet identified in this Article IV.B.7 entered into during that year shall be the adjusted baseline price. During the term of any given Lease, the price per Acre-foot shall continue to adjust annually on the Adjustment Date by

the percentage change in the CPI-U, or such other index as the Parties may agree to use, of the previous twelve-month period. The foregoing provisions regarding the adjusted baseline price shall constitute the sole and exclusive price term of each Lease;

- iii. Each Lease between the Tribes and a lessee shall be for a term of 99 years, with the lessee holding an option to renew for an additional 99 years, unless the Tribes and the lessee affirmatively agree on an alternate duration not to exceed 99 years. Any Lease including a term of alternate duration may also include an option to renew for a term not to exceed 99 years; and
 - iv. The Tribes and each prospective lessee shall negotiate any and all other non-price terms of the Lease arrangement.
- f. In the event of an impasse between the Tribes and a prospective lessee over any non-price term, the prospective lessee may file a notice of impasse with the Water Management Board, invoking the Board's authority to resolve any such impasse pursuant to the process set forth in Article IV.B.7.g.
- g. Process for resolving disputes over Lease terms.**
- i. Upon receipt of a notice of impasse, the Board shall date stamp it. Within three days of the filing of a notice of impasse, the Board shall provide notice of the filing to the Tribes, with a copy to the prospective lessee, identifying a date certain between 30 and 60 days from the date of receipt of the notice for the Tribes and the prospective lessee each to submit a last, best offer concerning all of the non-price terms.
 - ii. No later than the date set by the Board, the Tribes and the prospective lessee shall file a last, best offer with the Board in the form of a proposed Lease agreement and shall serve the same on each other. To be filed, the offer must be placed in the custody of the Board within the time fixed for filing. Filing may be accomplished by mail addressed to the Board, but filing shall not be timely unless the papers are actually received within the time fixed for filing. Immediately upon receipt by the Board, the offers shall be date stamped. If the Tribes fail to timely file an offer, the offer filed by the prospective lessee shall become the terms of the Lease. If the prospective lessee fails to timely file an offer, no Lease shall be concluded.
 - iii. The Board shall issue a decision selecting one side's offer or the other's between 15 and 45 days after the filing of the offer. At any time prior to the Board's decision, the prospective lessee may choose to withdraw the

prospective lessee's offer and decline to enter into the Lease.

- iv. The Board shall provide notice of its decision to both the Tribes and the prospective lessee. The Lease shall be concluded on the terms selected by the Board, but must include the price term identified in Article IV.B.7.e.ii of this Compact. The effective date of the Lease shall be ten days after the Board's issuance of its decision.
- v. The Tribes or a prospective lessee dissatisfied with a decision of the Board made pursuant to this Article IV.B.7.g may appeal that decision by filing a petition for judicial review with a Court of Competent Jurisdiction within 30 days of the issuance of the Board's decision. The court shall review the Board's decision for abuse of discretion.

C. Exercise of Certain Portions of the Tribal Water Right Related to the FIIP.

1. Priority for the Exercise of the FIIP Instream Flow and FIIP Water Use Rights.

Once the water rights described in Article III.C become enforceable, the following relative priorities among those rights shall apply:

- a. Minimum Enforceable Instream Flows.
 - b. Minimum Reservoir Pool Elevations.
 - c. River Diversion Allowances.
 - d. Target Instream Flows.
2. Reallocated Water in excess of Target Instream Flows will be split as equally as hydrologically practicable between the Instream Flow water rights set forth in Article III.C.1.d.ii and the FIIP Water Use Right set forth in Article III.C.1.a.
3. **MEF and TIF implementation and schedule.** Exercise of FIIP Instream Flow Rights set forth in Article III.C.1.d.ii shall be accomplished through the implementation and enforcement of MEFs and TIFs and is subject to the Shared Shortage and Adaptive Management provisions set forth in Article IV.E and F and Appendix 3.5.
- a. MEFs and TIFs shall be enforceable at the values set forth in Appendix 3.1.
 - b. Implementation and enforceability of MEFs and TIFs.
 - i. Incremental implementation of Operational Improvements will result in additional FIIP Instream Flow.

- ii. MEFs and TIFs shall be enforceable following the completion of Operational Improvements according to the schedule attached hereto as Appendix 3.4.
 - iii. Reallocated Water from Rehabilitation and Betterment Projects shall be used to incrementally achieve FIIP Instream Flows set forth in Article III.C.1.d.ii.
 - iv. If the schedule attached hereto as Appendix 3.4 cannot be met due to lack of available funding or other circumstances outside of the control of the Parties or Project Operator, the Parties may agree to adjust the schedule as necessary to allow for timely implementation of MEFs and TIFs. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.
 - v. If the Project Operator fails to implement the schedule attached hereto as Appendix 3.4 due to acts, errors, or omissions of the Project Operator, MEFs and TIFs will be enforceable as though the schedule had been implemented.
- c. Until an MEF has become enforceable, the interim Instream Flow, where applicable, for that location shall be the enforceable Instream Flow. Where the Instream Flow has been incrementally increased above the interim Instream Flow level as a result of the partial completion of actions listed in the Implementation Schedule attached hereto as Appendix 3.4, the incrementally achieved level may be maintained until the MEF is achieved.
 - d. Until a Minimum Reservoir Pool Elevation has become enforceable, the interim reservoir pool elevation, where applicable, for that location shall be enforced.
 - e. TIFs shall be determined seasonally according to Appendix 3.5, and will vary between the wet and normal year levels attached hereto as Appendix 3.1.
- 4. Minimum Reservoir Pool Elevations.** Minimum Reservoir Pool Elevations attached hereto as Appendix 3.1 shall be enforceable according to the schedule specified in Appendix 3.4. Enforceability of Minimum Reservoir Pool Elevations is subject to Article IV.E, Appendix 3.5, and superseding Federal law allowing for regulation of reservoir elevations.

D. Exercise of the FIIP Water Use Right.

1. FIIP Water Use Right.

- a. The FIIP Water Use Right shall be satisfied by meeting the RDA values for each RDA Area attached hereto as Appendix 3.2 and as evaluated pursuant to Article IV.D.1.e.
- b. RDAs shall be enforceable according to the schedule attached hereto as Appendix 3.4, subject to evaluation pursuant to Article IV.D.1.e.
- c. Headworks diversion amounts shall be progressively adjusted to achieve the RDAs as Operational Improvements are completed pursuant to Appendix 3.4.
- d. Once RDAs are achieved through completion of Operational Improvements, headworks diversion amounts shall be progressively adjusted as Rehabilitation and Betterment is completed pursuant to Appendix 3.6. The enforceable RDA for the location in which a particular Rehabilitation and Betterment project has been completed is the amount defined in Appendix 3.2, reduced by the volume of Reallocated Water made available by that Rehabilitation and Betterment project. The amount actually diverted may be adjusted pursuant to the evaluation process described in Article IV.D.1.e.
- e. RDA values shall be evaluated to ensure their adequacy to meet Historic Farm Deliveries. Initial evaluation of RDAs shall occur once the Parties and Project Operator have completed all Operational Improvements in a given RDA Area according to the schedule attached hereto as Appendix 3.4. Evaluation of RDAs will continue as part of the responsibilities of the CITT described in Appendix 3.5 as follows:
 - i. The Project Operator must measure and record farm turnout deliveries within a given RDA Area.
 - ii. If the aggregate measured deliveries to farm turnouts do not meet Historic Farm Deliveries for a given RDA Area, actual diversions shall be adjusted to assure that Historic Farm Deliveries are met for wet, normal and dry water years. If water in excess of the RDA is needed to meet Historic Farm Deliveries, it will be provided through an increase of the Flathead River pumping plant diversion allowed by the Flathead Pumping Station RDA attached hereto as Appendix 3.2. If the aggregate measured deliveries to farm turnouts exceed Historic Farm Deliveries within an RDA Area, the actual diversions shall be reduced accordingly.
 - iii. Any adjustment of actual diversions pursuant to this section shall not result in decrease of the MEFs, TIFs, or Minimum Reservoir Pool Elevations.

- f. RDAs are quantified for wet, normal, and dry Natural Flow years, attached hereto as Appendix 3.2, and shall be set each year according to the process specified in Appendix 3.5.

2. FIIP Delivery Entitlement Statement. Assessed land within the FIIP is entitled to have water delivered by the Project Operator if the FIIP customer is in compliance with the applicable BIA rules and guidelines for FIIP. Beginning on the Effective Date, an owner of assessed land within the FIIP may request of the Project Operator a delivery entitlement statement, which must be tendered within 90 days of the request or denied for cause. Beginning on the date one year after the Effective Date, the delivery entitlement statement must be tendered or denied within 30 days. The delivery entitlement runs with the land and is valid so long as the land remains assessed and the FIIP customer is in compliance with the applicable BIA rules and guidelines for FIIP.

E. Shared Shortages Provision.

1. In the event that water supplies are inadequate to simultaneously satisfy an enforceable Instream Flow water right and a corresponding RDA, the provisions of Article IV.E govern the exercise of the water rights set forth in Articles III.C.1.a and III.C.1.d.ii and iv at that location. The CITT shall determine when Shared Shortages conditions begin and end as specified in Appendix 3.5.
2. For purposes of Article IV.E, once MEFs and RDAs have become enforceable, they shall be maintained at the levels set forth in Appendices 3.1 and 3.2, as adjusted pursuant to Article IV.D.1.e. Prior to enforceability of the MEF and RDA levels attached hereto as Appendices 3.1 and 3.2, Instream Flows will be maintained as provided by Article IV.C.3.c and RDAs will be maintained as provided by Article IV.D.1.b and c.
3. Subject to the priority system set forth in Article IV.C.1, RDAs shall be maintained by implementing the following measures in the order of priority set forth below:
 - a. Available Natural Flow or regulated streamflow shall be diverted by the Project Operator to satisfy RDAs.
 - b. If the application of Article IV.E.3.a does not satisfy RDAs, Flathead River pumping plant diversions shall be increased as allowed by the Flathead Pumping Station RDA attached hereto as Appendix 3.2.
 - c. If the application of Article IV.E.3.a and b does not satisfy RDAs, FIIP reservoirs may be reduced below the Minimum Reservoir Pool Elevations specified in Appendix 3.1 to supply RDAs, subject to Article IV.E.5.

- d. If the application of Article IV.E.3.a through c does not satisfy RDAs, the Tribes shall make available for short-term lease Flathead System Compact Water for use within the FIIP as provided by Article IV.B.6.c.ii.
4. Within the Basin 76LJ portion of the Little Bitterroot Valley, RDAs shall be maintained by sequentially applying the procedures in Article IV.E.3.a through c, where applicable.
5. As set forth in Article IV.E.3.c, FIIP reservoirs may be reduced below the Minimum Reservoir Pool Elevations set forth in Article III.C.1.e to support RDAs as follows:
 - a. FIIP reservoirs may be reduced pursuant to this section for no more than four consecutive years.
 - b. Article IV.E.3.c does not apply to Mission Reservoir.
 - c. FIIP reservoirs may not be reduced below the interim reservoir pool elevations set forth in Article III.C.1.e.iv and attached hereto as Appendix 13.
 - d. RDAs may be met from carryover reservoir storage, at the discretion of the Project Operator.

F. Requirement to Implement Adaptive Management and Water Measurement.

1. The Parties agree that Adaptive Management and a comprehensive water measurement program, as described in Appendix 3.5, are essential to the successful implementation of this Compact.
2. The Parties, upon mutual written agreement, and in conformance with the Compact and other applicable provisions of law, may amend Appendix 3.5. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.

G. Compact Implementation Technical Team.

Within six months of the date the ratification of the Compact by the Montana Legislature takes effect under State law, the Parties shall establish a Compact Implementation Technical Team (CITT) to allow planning for and implementation of Operational Improvements, Rehabilitation and Betterment, and Adaptive Management prior to and following the Effective Date.

1. The CITT membership shall be as provided for in Appendix 3.5.
2. The CITT shall carry out the duties specified by Appendix 3.5.

3. The CITT shall develop criteria for prioritizing and selecting projects.
4. Public Meetings and Records:
 - a. All regularly scheduled meetings of the CITT shall be open to the observation of the general public pursuant to State and Tribal open meeting laws. Where there is a conflict of laws, the law that provides for greater openness to the public applies.
 - b. CITT records are public records and shall be made available to the public for inspection under such reasonable terms and conditions as the CITT shall establish.
5. Disputes Related to the Compact Implementation Technical Team. The Parties agree to perform each obligation set forth in this Compact in good faith and with diligence and loyalty to this agreement. The Parties shall form a Compact Management Committee (CMC) comprised of the Director of the Montana Department of Natural Resources, the Chairman of the CSKT Tribal Council, and the Regional Director of the Northwest Region of the Bureau of Indian Affairs or their designees. The CMC will provide policy and administrative oversight of the CITT.
 - a. The CITT shall attempt to reach consensus on all of its actions.
 - b. Where consensus is not achieved, the CITT will resolve disputed issues by majority vote.
 - c. If the CITT vote results in a tie, or is appealed, the disputed issue will be referred to the CMC. The CMC will review and attempt to reach consensus on the disputed issue and if consensus is not possible, will resolve the issue by majority vote.
 - d. A majority vote of the CMC may be appealed using the following procedures:
 - i. Disputes arising out of any act, failure to act, error or omission of the BIA or Project Operator involving Operational Improvements or Rehabilitation and Betterment or otherwise affecting real property owned by the United States may be appealed under Title 25, Part 2, Code of Federal Regulations.
 - ii. For disputes raising questions of Compact interpretation, the CMC shall immediately seek a determination of those questions from the Water Management Board, which determination will be provided in writing within 30 days.

- iii. All other disputes may be appealed to a Court of Competent Jurisdiction. In considering a petition for relief, a Court of Competent Jurisdiction will review the CMC's legal conclusions for correctness and its factual findings for abuse of discretion.

H. Power Provisions

1. Low-Cost Block of Power

The Parties recognize that Article 40 of the Kerr Project License, as amended, jointly issued to the Montana Power Company and the Tribes for the Kerr Project, Project No. 5, requires Montana Power Company, through its successor-in-interest, NorthWestern Energy, to make available the capacity and energy up to 3.734 megawatts at up to 100 percent load factor during the months of April through October to the United States, for and on behalf of the FIIP, at the rates set forth in and adjusted in accordance with such Article.

The Parties agree that the Kerr Project License Article 40 Low Cost Block of Power is equivalent to the delivery of 19,178,000 kilowatt hours of electricity per year, and generally supplies electricity necessary to pump approximately 46,000 Acre-feet of water per year to the FIIP. If the operation and maintenance, and all other rights and responsibilities for the Kerr Project are assumed by the Tribes or their wholly-owned corporation, the Tribes agree, to the extent permitted under applicable license(s) and Federal law, to make the Low Cost Block of Power available in the same manner and at the same rates, as adjusted, as NorthWestern Energy. If the Tribes seek a new license for the Kerr Project, the Tribes or their wholly-owned corporation, agree that their license application will request authority from FERC to make the Low Cost Block of Power available in the same manner and at the same rates, as adjusted, as NorthWestern Energy.

2. Net Power in Excess of Low Cost Block

For purposes of Article IV.E, power required to run the Flathead Pumping Station in excess of the Low Cost Block of Power identified in Article IV.H.1 shall be purchased at the price at which Mission Valley Power sells power for irrigation purposes.

3. Net Power Revenues

The State and Tribes agree to seek provisions in the Federal legislation ratifying this Compact for Mission Valley Power to budget annually for an anticipated amount of \$200,000 of Net Power Revenues to be made available in the subsequent year to meet the needs of both the power system and the FIIP with an initial allocation of the Net Power Revenue that provides fifty percent to the Project Operator and fifty percent to the Tribes. These funds shall only be used for work on the FIIP that has significant

fisheries, water conservation, or water management benefits. If on an annual basis such work by the Project Operator or the Tribes does not require the full amount of such net revenues the remainder shall be set aside and accumulated for future expenditure for these purposes. This initial allocation may be changed by mutual agreement of the Parties within nine (9) years of the Effective Date, with any subsequent agreement to become effective on the tenth (10th) anniversary of the Effective Date. Any such modification is pursuant to, and shall not be deemed an amendment of, this Compact.

I. Administration: Establishment of Flathead Reservation Water Management Board.

1. Establishment of Board. There is hereby established the Flathead Reservation Water Management Board. Upon the Effective Date, the Board shall be the exclusive regulatory body on the Reservation for the issuance of Appropriation Rights and authorizations for Changes in Use of Appropriation Rights and Existing Uses, and for the administration and enforcement of all Appropriation Rights and Existing Uses. The Board shall also have exclusive jurisdiction to resolve any controversy over the meaning and interpretation of the Compact on the Reservation, and any controversy over the right to the use of water as between the Parties or between or among holders of Appropriation Rights and Existing Uses on the Reservation except as explicitly provided otherwise in Article IV.G.5. The jurisdiction of this Board does not extend to any water rights whose place of use is located outside the exterior boundaries of the Reservation.

2. Membership.

a. Voting Members. The Board shall consist of five voting members: two members selected by the Governor of the State pursuant to Article IV.I.2.b, after consultation with holders of Water Rights Arising Under State Law located on the Reservation; two members appointed by the Tribal Council; and one member selected by the other four members. All members shall be appointed within six months of the Effective Date.

b. Appointment by Governor. Within 90 days of the Effective Date, or 15 days of any vacancy in one or more of the Board positions selected by the Governor, the commissioners of each county whose boundaries include any portion of the Reservation shall nominate individuals for the Governor's consideration for appointment to the Board as follows:

- i.** The Commissioners of Lake County shall choose five (5) nominees;
- ii.** The Commissioners of Sanders County shall choose three (3) nominees;

- iii. The Commissioners of Missoula County shall choose two (2) nominees;
- iv. The Commissioners of Flathead County shall choose one (1) nominee;
and
- v. Each nominee must meet the eligibility requirements of Article IV.I.2.f.

The Governor shall choose two Board members from the group of nominees. If the county commissioners fail to nominate a minimum of seven (7) individuals for selection by the Governor within the time set forth in Article IV.I.2.b, the Governor may select any two individual(s) who meet the eligibility requirements set forth in Article IV.I.2.f after consultation with Holders of Water Rights Arising Under State Law located on the Reservation.

- c. Should the four appointed members fail to agree on the selection of a fifth voting member within sixty days of the date of appointment of the fourth member, or within thirty days after any vacancy in that fifth position occurs, the following procedure shall be utilized:
 - i. Within five days thereafter the two members appointed by the Tribal Council shall nominate three individuals to serve as a member of the Board and the two members appointed by the Governor shall nominate three individuals to serve as a member of the Board;
 - ii. Within fifteen days thereafter the two members appointed by the Tribal Council shall reject two of the individuals nominated by the two members appointed by the Governor, and the two members appointed by the Governor shall reject two of the individuals nominated by the two members appointed by the Tribal Council; and
 - iii. Within five days thereafter, the remaining two nominees shall be submitted to the Chief Judge of the United States District Court for the District of Montana for selection of the fifth member of the Board.
- d. **Ex Officio Member.** The Board shall also have a sixth, non-voting member appointed by the Secretary.
- e. **Term.** Initially, three voting members of the Board shall serve for four years, and two shall serve for two years. One member appointed by the Governor, one member appointed by the Tribal Council and the fifth voting member shall serve for four years. One member appointed by the Governor and one member appointed by the Tribal Council shall serve for two years. The member appointed by the Secretary shall be appointed for four years. At the

expiration of the initial two-year appointments, all subsequently appointed Board members shall serve four year terms.

- f. Eligibility.** To be eligible to serve on the Board, an individual must be over 18 years of age and be a Reservation resident. For the purposes of filling a position on the Water Management Board, a Reservation resident is an individual who:
- i.** does business within Flathead Indian Reservation boundaries;
 - ii.** is domiciled within Flathead Indian Reservation boundaries; or
 - iii.** owns and maintains a seasonal residence within Flathead Indian Reservation boundaries.

An eligible individual must also have education and experience in one or more of the following fields: natural resources management, public administration, agriculture, engineering, commerce or finance, hydrology, biological sciences, water law or water policy.

No elected official of the State of Montana, or any political subdivision thereof, or of the United States, or of the Tribes is eligible for nomination to the Board while holding such elective office. However, a nominee for Board membership shall not be disqualified by reason of the fact that he or she is an employee or contractor of the State of Montana or any political subdivision thereof, or of the Tribes, or of the United States.

No Board member may vote on any application or appeal that the member participated in personally and substantially in any non-Board capacity.

- g. Vacancies.** Subject to the provisions of Article IV.I.2.a and c regarding the filling of a vacancy of the fifth member of the Board, upon the occurrence of any other vacancy in a Board position, the Tribal Council, if the vacancy is in a position appointed by the Tribal Council, or the Governor, if the vacancy is in a position appointed by the Governor, shall name a new Board member within 30 days of the occurrence of the vacancy. Should Board action be required during the period of any such vacancy, the Department Head of the Tribal Natural Resources Department, if the vacancy is in a position appointed by the Tribal Council, or the Director of the DNRC, if the vacancy is in a position appointed by the Governor, shall fill the vacant position on an acting basis until a new appointment is made.
- h. Compensation and Expenses of the Board.** Each Board member shall receive such compensation for services and reimbursement for expenses for

attendance at Board meetings as shall be fixed by the State and the Tribal Council for the Board members appointed by the same. The compensation for the fifth Board member shall be set jointly by the State and the Tribal Council. The expenses of the Federal *ex officio* member shall be covered by the United States.

3. Quorum and Vote Required. Four Board members appointed pursuant to Article IV.I.2.a shall constitute a quorum. No Board action may be voted upon in the absence of a quorum. All Board decisions shall be by affirmative vote of a majority of the Board, except as set forth in Article IV.I.5.d for the appointment of water commissioners. If a proposal put to a vote of a quorum of Board members ends in a tie vote, the proposal is deemed disapproved or denied.

4. Jurisdiction of the Board.

a. Issuance of Appropriation Rights. Upon the Effective Date, the Board shall have exclusive jurisdiction over the issuance of all new Appropriation Rights on the Reservation. The process for the consideration, issuance or denial of all Appropriation Rights is set forth in the Law of Administration.

b. Authorizations for Changes in Use. Upon the Effective Date, the Board shall have exclusive jurisdiction over the issuance of authorizations for Changes in Use of all water rights on the Reservation. The process for the consideration, issuance or denial of such Change in Use authorizations is set forth in the Law of Administration.

c. Enforcement. Upon the Effective Date, the Board shall have the jurisdiction to enforce the terms of this Compact as provided by Article IV.I.1. All controversies cognizable under this subsection shall be heard and resolved pursuant to the Compact and the Law of Administration.

d. Water Right Ownership Updates. The Board shall not have jurisdiction over water right ownership updates on water rights appurtenant to fee lands, which shall remain with the DNRC as set forth in 85-2-421 through -424, 85-2-426, and 85-2-431, MCA.

5. Powers and Duties.

a. In General. The Board shall have the power to promulgate procedures, prescribe forms, develop additional materials and implement amendments thereto as may be necessary and proper to exercise its jurisdiction and carry out its assigned functions under this Compact and the Law of Administration. A set of forms for initial use by the Board in the implementation of the Law of Administration is attached hereto as Appendix 37. The Board may amend

these forms at its discretion. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.

- b. Hearings.** Pursuant to the procedures set forth in the Law of Administration, the Board shall hold hearings upon notice in proceedings before it and shall have the power to administer oaths, take evidence and issue subpoenas to compel attendance of witnesses or production of documents or other evidence, and to appoint technical experts. The Tribes and the State shall enforce the Board's subpoenas in the same manner as prescribed by the laws of the Tribes and the State for enforcing a subpoena issued by the courts of each respective sovereign in a civil action. The Persons involved in the controversy may present evidence and cross-examine any witnesses. The Board shall cause all hearings to be recorded, and shall determine the controversy and grant any declaratory or injunctive relief allowed by the Law of Administration, including a temporary order. The Board shall not have power to award money damages, attorneys' fees or costs; however it shall have the power to impose fines pursuant to the terms of the Law of Administration and award any kind of equitable relief. All decisions of the Board shall be in writing, and, together with a written justification for the decision and any dissenting opinions, shall be served personally or by certified mail on all Persons involved in the proceeding before the Board. All records of the Board shall be open to public inspection.
- c. Employment of Water Engineer.** The Board shall have the authority to employ a Water Engineer to carry out such functions as assigned by the Board pursuant to the Law of Administration, including the supervision of any water commissioners appointed by the Board. As set forth in the Law of Administration, the Engineer shall hold hearings upon notice in proceedings before the Engineer and shall have the power to administer oaths, take evidence and issue subpoenas to compel attendance of witnesses or production of documents or other evidence, and to appoint technical experts. The Tribes and the State shall enforce the Engineer's subpoenas in the same manner as prescribed by the laws of the Tribes and the State for enforcing a subpoena issued by the courts of each respective sovereign in a civil action. The Persons involved in the controversy may present evidence and cross examine any witnesses. The Engineer shall cause all hearings to be recorded, and shall determine the controversy and grant any relief allowed by the Law of Administration, including a temporary order. All decisions of the Engineer shall be in writing, and, together with a written justification for the decision, shall be served personally or by certified mail on all Persons involved in the proceeding before the Engineer. All records of the Engineer shall be open to public inspection.
- d. Appointment of Water Commissioner(s)**

- i. The Board shall have the authority, upon a unanimous vote of all five members of the Board, to appoint one or more commissioners to provide day-to-day administration of water on the Reservation. The compensation for any such commissioner and the identification of the Person(s) responsible for paying costs associated with the appointment of any such commissioner must also be established by a unanimous vote of all five members of the Board as part of the Board action appointing any such commissioner. Any commissioner appointed shall act under the supervision of the Water Engineer.
- ii. Under the jurisdiction of the Board, and as set forth in the Law of Administration, the commissioner(s) shall have the authority to administer and distribute water only on the Reservation. The authority of any commissioner(s) appointed pursuant to this subsection, as it pertains to portions of the Tribal Water Right used within the FIIP, extends only to the delivery of water to FIIP diversion facilities and shall not extend to the administration of that water in FIIP facilities or on lands served by the FIIP, which shall remain subject to the authority of the Project Operator.

6. Review and Enforcement of Board Decisions.

- a. Decisions by the Board shall be effective immediately, unless stayed by the Board. Persons involved in the proceedings before the Board may appeal any final decision by the Board to a Court of Competent Jurisdiction within thirty days of such decision. An appeal of a final decision of the Board shall be styled as a petition for judicial review of an agency decision pursuant to the rules of procedure of the court from which review is sought. The petition for judicial review shall be filed with the Board and the court and served upon all Persons involved in the proceeding before the Board, as well as the Tribes, the State and the United States. Service shall be accomplished according to the requirements of the court's rules of procedure.
- b. Unless a petition is filed within thirty days of a final decision of the Board, as provided in Article IV.I.6.a, any decision of the Board shall be recognized and enforced by any court with personal and subject matter jurisdiction over the matter on petition by any Person, or a successor in interest, before the Board in the proceeding in which the decision was made.
- c. A Court of Competent Jurisdiction in which a timely petition is filed pursuant to Article IV.I.6.a, or any court with personal and subject matter jurisdiction over the matter in which a petition to confirm or enforce is filed pursuant to Article IV.I.6.b, may order such temporary or permanent relief as it considers

just and proper subject to the limited waivers of immunity set forth in Article IV.I.8.

- d. An appeal may be taken from any decision of the court in which a timely appeal is filed pursuant to Article IV.I.6.a, or in which a petition to confirm or enforce is filed pursuant to Article IV.I.6.b, in the manner and to the same extent as from orders or judgments of the court in a civil action.
- e. In any petition to confirm or enforce the Board's decision, the Board shall file with the court to which appeal is taken the record of the proceedings before the Board within the time and in the manner provided by the court's rules of procedure.
- f. The appellate court shall conduct the review on the record made before the Board. In considering the petition, the Board's legal conclusions shall be reviewed for correctness and its factual findings for abuse of discretion.
- g. In the event that a court determines that it lacks subject matter or personal jurisdiction to rule on a petition for judicial review of a Board decision, the party filing the petition shall be entitled to petition for judicial review from any other Court of Competent Jurisdiction within thirty days from the date of a final court order finding a lack of jurisdiction.

7. Public Meetings and Records

- a. Notwithstanding any other provisions of law, the Board is a public agency for purposes of the applicability of State and Tribal right to know laws.
- b. All regular and special meetings of the Board, including all hearings conducted by the Office of the Engineer or the Board, shall be open to the observation of the general public pursuant to State and Tribal open meeting laws. Where there is a conflict of laws, the law that provides for greater openness to the public applies.
- c. Where no more specific notice provisions are set forth in the Law of Administration, notice of any meeting, including an agenda, shall be provided to the public in a manner and timeframe consistent with the criteria set forth in State and Tribal law. Where there is a conflict of laws, the law that provides for earlier notice shall apply.
- d. The Board shall keep the following records:
 - i. minutes of all meetings;

- ii. recordings of all hearings conducted by the Board or the Office of the Engineer;
 - iii. all documents filed with or generated by the Board or the Office of the Engineer;
 - iv. any other records required by applicable provisions of Federal, State or Tribal law, provided that if there is a conflict of laws, the law that provides for more expansive record retention shall apply.
- e. All Board records are public records and shall be made available to the public for inspection under such reasonable terms and conditions as the Board shall establish.

8. Waiver of Immunity. The Tribes and the State hereby waive their respective immunities from suit, including any defense the State shall have under the Eleventh Amendment of the Constitution of the United States, in order to permit the resolution of disputes under the Compact by the Board, and the appeal or judicial enforcement of Board decisions as provided herein, except that such waivers of sovereign immunity by the Tribes or the State shall not extend to any action for money damages, costs, or attorneys' fees. The Parties recognize that only Congress can waive the immunity of the United States and that the participation of the United States in the proceedings of the Board shall be governed by Federal law, including 43 U.S.C. § 666.

J. Amendments to the Law of Administration. The Board may not amend the Law of Administration. No amendment by the Tribes or the State of the Law of Administration shall be effective unless and until the other makes an analogous amendment. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.

K. Water Rights Database. The Board shall cause all Appropriation Rights and Changes in Use authorized by the Board and all uses of water registered pursuant to the Law of Administration to be entered into the DNRC water rights database in a format agreed to by the Board and the DNRC.

ARTICLE V – DISCLAIMERS AND RESERVATION OF RIGHTS

A. No Effect on Water Rights of Other Tribes or on other Federal Reserved Water Rights.

- 1. Except as otherwise provided herein, the relationship between the Tribal Water Right described herein and any water rights of any other Indian tribe or its members, or of any federally-derived water right of an individual outside the boundaries of the

Flathead Indian Reservation, or of the United States in its own right or on behalf of such other tribes or individuals, shall be determined by the rule of priority.

2. Nothing in this Compact shall be construed or interpreted as a precedent to establish the nature, extent, or manner of administration of the rights to water of any other Indian tribe, its members or Indian owners of trust land outside of the Flathead Indian Reservation.
3. Nothing in this Compact is intended, nor shall it be used, to affect or abrogate a right or claim of an Indian tribe other than the Confederated Salish and Kootenai Tribes.
4. Except as provided herein and authorized by Congress, nothing in this Compact shall be construed or interpreted to establish the nature, extent, or manner of administration of rights to water of the United States on Federal lands outside of the Flathead Indian Reservation.

B. General Disclaimers.

Nothing in this Compact shall be construed or interpreted:

1. To preclude the Tribes, Tribal members, and Allottees, or the United States, from applying to the Water Management Board for an Appropriation Right under the Law of Administration on the same basis as any other Person;
2. As a precedent for litigation of aboriginal or reserved water rights;
3. As precedent for interpretation or administration of future compacts between the United States and the State, or between the United States and any other state, or between the State and any other state;
4. As precedent for negotiation, interpretation or administration of any existing or future Compact, negotiated settlement, judicial settlement or other form of accommodation of water rights involving Indian tribes or individual Indians;
5. To preclude the possession, acquisition or exercise of Water Rights Arising Under State Law by the Tribes or Allottees or members of the Tribes;
6. To limit in any way the right of the Parties or any other Person to litigate any issue or question not resolved by this Compact;
7. To authorize the taking of any water right that is vested under State, Tribal or Federal law;

8. To affect the ability of tribes or qualified individuals under Title 25, Sections 151.4 and 151.8, Code of Federal Regulations, to purchase land from willing sellers or the Secretary's ability to convert fee land to trust land status;
9. To create or deny substantive rights through headings or captions used in this Compact;
10. To address or prejudge how the Tribal Water Right may be treated or interpreted in any interstate or international water apportionment proceeding;
11. To constitute a waiver of sovereign immunity by the Tribes or the State except as expressly set forth in this Compact;
12. To constitute a waiver of sovereign immunity by the United States except as expressly set forth in 43 U.S.C. 666 or as otherwise provided by Congress;
13. Except as expressly provided herein and as may be required by Congress, to modify the obligations of any agency of the United States;
14. To limit or prohibit the Tribes, their members or Allottees, or to limit the United States in any capacity, from objecting in any general stream adjudication in the Montana Water Court to any claims to water rights on or off the Flathead Indian Reservation;
15. To prevent the Montana Water Court from adjudicating any properly filed claims or objections to the use of water within the Flathead Indian Reservation;
16. To limit or prohibit the Tribes, their members or Allottees, or the United States in any capacity, from filing any necessary action to prevent any Person or Party from interfering with the Tribal Water Right;
17. To affect or determine the applicability of any State, Tribal or Federal law not subject to this Compact, including, but not limited to environmental and public safety laws, on activities of the Tribes, their members or Allottees or the United States;
18. To prejudice or predetermine any right that Tribal members or Allottees have to obtain the use of a portion of the Tribal Water Right under the provisions of this Compact and the Law of Administration;
19. To affect the capacity of any Tribal member or Allottee to lease his or her land;
20. To empower the Water Management Board to assess a fee for the use of water;

21. To confer any jurisdiction on the Water Management Board over any water right whose place of use is located outside the exterior boundaries of the Reservation;
22. To limit, diminish, modify, or enlarge any Party's adjudicatory or legislative jurisdiction except as expressly provided herein;
23. To constitute a waiver of an individual's right to object to the Compact during the Water Court decree process; or
24. To transfer, convert, or otherwise change the ownership or trust/fee status of land on the Reservation. Specifically, nothing in this Compact changes fee owned land to trust land or trust land to fee land, or in any way alters the ownership status of land within the exterior boundaries of the Flathead Indian Reservation.

C. Other Rights Reserved.

1. Nothing in this Compact is intended, nor shall be interpreted or applied, in any manner to alter, limit, or diminish the right of the Tribes to take all steps they deem necessary or prudent before any court or adjudicative forum, any legislature or legislative entity, or any State or Federal administrative agency, including but not limited to the Federal Energy Regulatory Commission, to protect any interests in Water Rights Arising Under State Law that the Tribes may acquire or seek to acquire and which are associated with the Federal Energy Regulatory Commission license for the Kerr Hydroelectric Project, FERC Project No. 5 (32 FERC # 61,070, July 17, 1985, as amended) or any other hydroelectric facility located on the Reservation subject to FERC jurisdiction.
2. The Parties expressly reserve all rights not granted, recognized or relinquished in this Compact, including but not limited to the right to the continued exercise by members of the Tribes of Tribal off-Reservation rights to hunt, fish, trap and gather food and other materials, as reserved in Article III of the Hellgate Treaty of July 16, 1855 (12 Stat. 975).

D. Obligations of the United States Contingent.

1. Notwithstanding any language contained herein and except as authorized under Federal law, the obligations of the United States under this Compact shall be contingent upon ratification and necessary authorization by Congress.
2. The expenditure or advance of any money or the performance of any work by the United States or the Tribes pursuant to this Compact which requires appropriation of money by Congress or by the Tribes is contingent on such appropriation being timely made.

3. The Tribes and the State recognize that this Compact has not been finally approved by the United States as of the date of execution by the Tribes or the State, and that ratification by the Tribes or by the State in no manner limits or restricts the discretion of the United States in the negotiation of all matters related to this Compact.

E. Obligations of the State Contingent. The expenditure or advance of any money or the performance of any work by the State pursuant to this Compact that requires appropriation of money by the Montana Legislature or allotment of funds shall be contingent upon such appropriation or allotment.

ARTICLE VI - CONTRIBUTIONS TO SETTLEMENT

A. State Contribution to Settlement. The Parties agree that the State contribution to settlement shall be \$55 million. The agreement to, expenditure, or advance of any State contribution which may require authorization and appropriation of money by the Montana Legislature or allotment of funds is contingent on such appropriation or allotment being made pursuant to Article V, Section 11(4) of the Montana Constitution. The Parties recognize that the amount and structure of the State funding is contingent on action of the Montana Legislature. If the Legislature appropriates funds in a manner inconsistent with the structure contemplated by the Parties in this section, the Parties agree to meet and confer to consider adjustments to the funding structure and priorities described in Articles IV.H.1.a and b above. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.

B. Federal Contribution to Settlement. The Parties agree that the Federal contribution to settlement shall be negotiated by the Tribes, the State, and the United States as part of the negotiations on the Federal legislation to ratify and effectuate the Compact.

ARTICLE VII – FINALITY

A. Ratification and Effectiveness of Compact.

1. The terms of the Compact may not be amended without the consent of all the Parties following the first ratification by any Party. After the Effective Date, no provision of the Compact shall be modified except as expressly provided in the Compact. Any amendment that is not expressly provided for in the Compact must be ratified in the same manner as the Compact; however, if the proposed amendment concerns non-monetary matters and does not affect the water rights of the Tribes determined in this Compact or other property held in trust by the United States on behalf of the Tribes or Indians, the Secretary may ratify such amendment on behalf of the United States, as determined by Congress. The State and the Tribes will support provisions in the

Federal legislation ratifying the Compact that delegates to the Secretary the authority to ratify such future amendments on behalf of the United States.

2. Notwithstanding any other provision in the Compact, the Tribes reserve the unilateral right to withdraw as a Party if:
 - a. Congress has not ratified this Compact and authorized appropriations for the Federal contribution to the settlement within four years from the date on which the ratification of the Compact by the Montana Legislature takes effect under State law. This is a continuing right until Congress ratifies the Compact;
 - b. Appropriations are not made in the manner contemplated by the Federal legislation ratifying this Compact;
 - c. The Parties do not reach agreement on the State contribution to settlement;
 - d. The State has not authorized appropriations for the State contribution to settlement within five years from the date the Compact is ratified by the United States; or
 - e. Appropriations are not made by the State in the manner contemplated by any agreement for contributions to settlement made pursuant to Article VI.A.
3. The Tribes may exercise their right to withdraw from the Compact under Article VII.A.2 by sending to the Governor of the State and to the Secretary by certified mail a resolution of the Tribal Council expressing the Tribes' intent to withdraw and specifying a reason for withdrawal and a withdrawal date not sooner than one hundred and twenty days from the date of the resolution. On the date designated in the resolution for Tribal withdrawal, the Compact shall become null and void without further action by any Party.
4. Notwithstanding any other provision in the Compact, the State reserves the unilateral right to withdraw as a Party to the Compact if:
 - a. Congress has not ratified this Compact within four years from the date on which the ratification of the Compact by the Montana Legislature takes effect under State law. This is a continuing right until Congress ratifies the Compact;
 - b. The Tribes have not ratified this Compact within five years from the date on which the ratification of the Compact by the Montana Legislature takes effect under State law;

- c. Congress requires a State contribution to settlement that exceeds the contributions described in Article VI.A; or
 - d. Congress does not authorize and appropriate the Federal share of funding agreed to pursuant to Article VI.B.
- 5. The State may exercise its right to withdraw under Article VII.A.4 by sending to the Chair of the Tribal Council and to the Secretary a letter delivered by certified mail from the Governor of the State expressing the State's intent to withdraw and specifying a reason for withdrawal and a withdrawal date not sooner than one hundred and twenty days from the date of the letter. On the date designated in the letter for State withdrawal, the Compact shall become null and void without further action by any Party.

B. Incorporation into Decrees.

1. Within one hundred eighty (180) days of the date this Compact is ratified by the Tribes, the State, and the United States, whichever is latest, the Tribes, the State, and/or the United States shall file, in the general stream adjudication initiated by the State, pursuant to the provisions of 85-2-702(3), MCA, a motion for entry of the proposed decree attached hereto as Appendix 38 as the decree of the water rights held by the United States in trust for the Tribes, Tribal members, and the Allottees of the Tribes as well as those Water Rights Arising Under State Law set forth in Article III.D.4.a.i and Article III.D.5, of which the Tribes become co-owners pursuant to this Compact, and such other provisions of the Compact as are related to the determination of these water rights and their administration. If the Montana Water Court does not approve the proposed decree submitted with the motion within three years following the filing of the motion, the Compact shall be voidable by written agreement of the State and the Tribes. If the Montana Water Court approves the proposed decree within three years, but the decree is subsequently set aside by the Montana Water Court or on appeal, the Compact shall be voidable by written agreement of the State and the Tribes. Any effect of the failure of approval or setting aside of the decree on the approval, ratification, and confirmation by the United States shall be as provided by Congress. The Parties understand and agree that the submission of the Compact to a State court or courts, as provided for in the Compact, is solely to comply with the provisions of 85-2-702(3), MCA, and does not expand the jurisdiction of the State court or expand in any manner the waiver of sovereign immunity of either the United States or the Tribes in the McCarran Amendment, 43 U.S.C. 666, or other provision of Federal law.
2. Consistent with 3-7-224, MCA, setting forth the jurisdiction of the chief water judge, for the purposes of 85-2-702(3), MCA, the review by the Montana Water Court shall be limited to the contents of Appendix 38, and may extend to other sections of the Compact only to the extent that they relate to the determination of water rights and

their administration. The final decree shall consist of the contents of Appendix 38, and such other information as may be required by 85-2-234, MCA. Nevertheless, pursuant to 85-2-702(3), MCA, the terms of the entire Compact must be included in the preliminary decree without alteration for the purpose of notice.

C. Disposition of State and Federal Suits.

- 1.** On issuance of a final decree by the Montana Water Court or its successor, and the completion of any direct appeals therefrom, or on expiration of the time for filing any such appeal:
 - a.** the United States, the Tribes, and the State shall execute and file joint motions pursuant to Rule 41(a), Fed.R.Civ.P., to dismiss without prejudice any and all claims of the Tribes, Tribal members, and Allottees and any and all claims made by the United States for the benefit of the Tribes, Tribal members, and Allottees in *United States v. Abell*, No. CIV-79-33-M (filed April 5, 1979). The case may only be resumed if either the State or the Tribes exercise the rights each holds under Article VII.A;
 - b.** the Tribes and the State shall execute and file joint motions to dismiss without prejudice the case entitled *Confederated Salish and Kootenai Tribes v. Bud Clinch, Director, Montana Department of Natural Resources and Conservation, and the Montana Department of Natural Resources and Conservation*, Montana First Judicial Court, County of Lewis and Clark, Cause No. BDV-2001-253, Montana First Judicial District Court, Lewis and Clark County, Montana;
 - c.** The United States, the Tribes, and the State shall execute and file joint motions pursuant to Rule 41(a), Mont.R.Civ.P., to dismiss without prejudice any and all claims of the Tribes, Tribal members, and Allottees and any and all claims made by the United States for the benefit of the Tribes, Tribal members, and Allottees that have been filed in the Montana Water Court as contemplated by Article VII.D.2. The case adjudicating those claims may only be resumed if either the State or the Tribes exercise the rights each holds under Article VII.A.2 and 4; and
 - d.** The Decree shall be filed by the Parties as a consent decree in *Abell*, or in Federal court as a new proceeding after the dismissal of *Abell* conditional on agreement by the Parties to seek the necessary State, Tribal, and Federal ratification of the Compact, if it is finally determined in a judgment binding on the State that the State courts lack jurisdiction over, or that the State court proceedings are inadequate to adjudicate some or all of the water rights asserted in *Abell*.

D. Settlement of Water Rights Claims.

1. The water rights and other benefits confirmed to the Tribes in this Compact are in full and final satisfaction of and are intended to be in replacement of and substitution for all claims to water or to the use of water by the Tribes, Tribal members, and Allottees and the United States on behalf of the Tribes, Tribal members, and Allottees existing on the Effective Date, except for any Appropriation Rights or Water Rights Arising Under State Law held by the Tribes, their members, or Allottees as of the Effective Date or acquired thereafter, which shall be satisfied pursuant to their own terms.
2. The Tribes and United States will file all of their claims to water on and off of the Flathead Indian Reservation on or before July 1, 2015, pursuant to 85-2-702(3), MCA. Upon filing, the Tribes and United States will request that the Montana Department of Natural Resources and Conservation stay any action on such claims pending the occurrence of the following events:
 - a. The passage of an Act of Congress ratifying the Compact and authorizing appropriations for monetary settlement to the Tribes;
 - b. Approval by the Tribes of the Compact and the Act described in Article VII.D.2.a.
 - c. Issuance by the Montana Water Court of a final water right decree or decrees incorporating the water rights quantified pursuant to this Compact; and
 - d. All portions of the final Water Court decree or decrees survive exhaustion of all avenues of appeal.
3. Upon occurrence of these events, the waiver and dismissal described in Article VII.C.1.c and VII.D.3 shall be accomplished.
4. In consideration of the water rights and other benefits confirmed to the Tribes, Tribal members, and Allottees in this Compact, and of performance by the State and the United States of all actions required by this Compact, and on entry of a final order issuing the decree of the Tribal Water Right held in trust by the United States as quantified in this Compact and displayed in Appendix 38 and occurrence of the events set forth in Article VII.D.2, the Tribes and the United States as trustee for the Tribes, Tribal members, and Allottees shall waive, release, and relinquish any and all claims to water rights or to the use of water, and shall dismiss any such claims filed pursuant to Article VII.D.2, existing on the Effective Date.

E. Settlement of Tribal Claims Against the United States. Waiver of claims against the United States by the Tribes, their members and Allottees shall be as provided by

Congress.

- F. Binding Effect.** After the Effective Date and the entry of a final decree by the Montana Water Court of the water rights quantified by this Compact, or if necessary the Federal court in *Abell*, the Compact's terms shall be binding on:
1. The State and any Person using, claiming or in any manner asserting any right under the authority of the State to the use of water in the State; provided that, the validity of consent, ratification, or authorization by the State is to be determined by State law;
 2. The Tribes and any Person using, claiming or in any manner asserting any right to the use of the Tribal Water Right, or any right arising under any doctrine of reserved or aboriginal water rights for the Tribes, Tribal members, and Allottees, or any rights arising under Tribal law; provided that, the validity of consent, ratification or authorization by the Tribes is to be determined by Tribal and, if applicable, Federal law; and
 3. The United States and any Person using, claiming or in any manner asserting any right under the authority of the United States to the use of water in the State; provided that, the validity of consent, ratification or authorization by the United States is to be determined by Federal law.

ARTICLE VIII – LEGISLATION/DEFENSE OF COMPACT

- A. State Legislation.** The State and the Tribes agree to seek ratification of the Compact by the Montana Legislature and any additional State legislation necessary to effectuate the Compact.
- B. Federal Legislation.** The State and the Tribes agree to seek ratification of the Compact by Congress and any additional Federal legislation necessary to effectuate the Compact.
1. The State and the Tribes will support provisions in the Federal legislation ratifying this Compact that authorizes the United States District Court for the District of Montana in Missoula to review decisions of the Board and the MFWP authorized in the Compact; provided that, the sovereign immunity of the United States is not waived by such provision of the legislation.
 2. The State and Tribes will support provisions in the Federal legislation ratifying this Compact that authorizes the Net Power Revenues distributions described in Article IV.H.3.

3. The State and the Tribes will support provisions in the Federal legislation ratifying this Compact that delegates to the Secretary the authority to ratify future amendments on behalf of the United States pursuant to Article VII.A.1.

C. Tribal Legislation. The State and the Tribes agree to seek ratification of the Compact by the Tribes and any Tribal legislation necessary to effectuate the Compact.

D. Defense of the Compact. The Parties agree to defend the Compact after its Effective Date from all challenges and attacks and in all proceedings pursuant to Article VII.B and C.

IN WITNESS WHEREOF the representatives of the Confederated Salish and Kootenai Tribes, the State of Montana, and the United States, have signed the Compact on the ____ day of ____, 201_.