

EXHIBIT B

Operating Guidelines

Joint Board of the East Bench Irrigation District (District) and the Clark Canyon Water Supply Company (Company)

1. Organization

- A. The Joint Board shall be comprised of 3 representatives of the District, 3 representatives of the Company, and 1 non-voting representative of the Contracting Officer. Each respective entity shall have the right to appoint its representative(s), and to change such representative(s).
- B. The Joint Board is to operate within the confines of all applicable provisions of all Contracts in force and effect between the Company and the United States and the District and the United States.
- C. If mutually agreed to by the District and the Company, and with concurrence of the Contracting Officer, this Exhibit B Operating Guidelines may be amended as deemed appropriate.

2. Duties

- A. Water Allocation and Distribution in accordance with the applicable terms of all Contracts in force and effect between the Company and the United States, the District and the United States, and in particular Exhibit A of such Contracts.
- B. Make determinations of water available for spring and fall shoulder seasons, as defined in Exhibit A of the District's and Company's contracts, and determine the effective dates for those seasons each irrigation season.
- C. Make a determination of when to invoke the Drought Management Plan based upon the best available water supply forecast information and determine the allotments according to the established Drought Management Plan.
- D. Make a determination of regular season allotments in accordance with Contractual terms.
- E. Make a determination of water available for East Bench to Bank during years when the Drought Management Plan is in effect.
- F. Make a determination, with the concurrence of the Contracting Officer's representative, on winter releases from the Reservoir.
- G. Review all place of use changes, point of diversion changes, water transfers, or water leases that are outside of an individual farm unit, as forwarded to the Joint Board by either the Company or the District.
- H. Review all changes to increase the number of irrigated acres of either the Company or the District, as forwarded to the Joint Board by the Company or the District, before they are

forwarded to Reclamation for consent.

I. Promulgate guidelines for the Company's and District's use to distinguish between Irrigation water and Municipal and Industrial water.

3. Meetings

A. At a minimum, the Joint Board will convene 2 times per year. Prior notification of all meetings will be given to the Company, the District, and the Contracting Officer.

B. The Joint Board will meet in the Spring by March 10 of each year to determine if there is a need to invoke the Drought Management Plan as provided in Exhibit A of the District's and the Company's respective contracts.

C. The Joint Board will meet by September 10 of each year to make a recommendation for winter release discharges from the Reservoir.

D. Additional meetings of the Joint Board will be scheduled as necessary to conduct its business.

4. Decision Making Process

A. Decisions of the Joint Board shall be in accordance with the terms of all Contracts in effect between the Company and the United States, the District and the United States, all applicable State and Federal laws and the lawful regulations of the Secretary of the Interior.

B. Each representative of both the Company and the District will have one vote on decisions of the Joint Board. An alternate may be designated to fulfill the full duties of a representative not in attendance as approved by their respective Boards.

C. Any act of the Joint Board shall require the affirmative vote of at least five (5) of the six (6) voting members.

D. Five (5) of the six (6) voting members of the Joint Board shall constitute a quorum, whether present in person or by proxy.

E. If the Joint Board makes a decision not in accordance with the conditions stated in 1. above, or if the Joint Board fails to reach a decision, the decision of the Contracting Officer shall be conclusive.

Contract No. 069D670009 and No. 069D670010

THE UNITED STATES OF AMERICA

By _____
Contracting Officer
Area Manager, Montana Area Office

EAST BENCH IRRIGATION DISTRICT

By _____
President

ATTEST:

Secretary

CLARK CANYON WATER SUPPLY COMPANY

By _____
President

ATTEST:

Secretary