

Exhibit D

Environmental Considerations
Clark Canyon Water Supply Company (Company)

Modification of Exhibit D

If mutually agreed to by the Company and the Contracting Officer, this Exhibit D Environmental Considerations may be amended as appropriate.

Environmental Considerations

The Company and the Contracting Officer recognize their respective interests in working with the State of Montana and other interested parties to develop viable measures that continue to provide the shareholders of the Company with a supplemental water supply for irrigation and municipal and industrial uses and provides opportunities to enhance the environmental health of Clark Canyon Reservoir and the Beaverhead River. For the purpose of this Exhibit D, the term “environmental health” is limited to those issues directly associated with, or impacted by, the operation of Reclamation’s East Bench Unit such as water quality and Beaverhead River Basin hydrology.

Development of Measures to Enhance the Environmental Health

The Company and Reclamation agree to participate with the State and other committed parties to evaluate proposals to enhance the environmental health of Clark Canyon Reservoir and the Beaverhead River. The extent of each party’s participation in evaluating proposals and developing and implementing viable measures to enhance the environmental health of the water bodies aforementioned is discretionary and is limited by their respective authorities and available resources.

Measures that could be considered include, but are not limited to: canal conveyance and on-farm efficiency improvements, water banking, water leasing and reservoir operational changes.

Prior to the implementation of a third-party proposal, the parties to this agreement will reach mutual agreement as to the appropriate share of saved water that will be dedicated to environmental enhancement. The Contracting Officer, in consultation with the Company, will make the final determination of the amount of water available for such purposes.

In-Stream Flow

The shareholders of the Company appointed to serve as the Company’s representatives on the Joint Board, in exercising duties described in Exhibit B of this contract, will utilize the best available forecasting data and methodology as supplied by the Contracting Officer, unless all parties agree to another methodology, and will give due consideration to applicable, credible,

scientific data to make a recommendation for winter releases to the Contracting Officer for concurrence. However, the minimum release from the reservoir will not be less than 25 cfs.

THE UNITED STATES OF AMERICA

By _____
Contracting Officer
Area Manager, Montana Area Office

CLARK CANYON WATER SUPPLY COMPANY

By _____
President

ATTEST:

Secretary