EXHIBIT 8

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TITLE 85. WATER USE CHAPTER 2. SURFACE WATER AND GROUND WATER

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http://leg.mt.gov/bills/mca/85/2/85-2-701.htm

85-2-701. Legislative intent. (1) Because the water and water rights within each water division are interrelated, it is the intent of the legislature to conduct unified proceedings for the general adjudication of existing water rights under the Montana Water Use Act. It is the intent of the legislature that the unified proceedings include all claimants of reserved Indian water rights as necessary and indispensable parties under authority granted the state by 43 U.S.C. 666. However, it is further intended that the state of Montana proceed under the provisions of this part in an effort to conclude compacts for the equitable division and apportionment of waters between the state and its people and the several Indian tribes claiming reserved water rights within the state.

(2) To the maximum extent possible, the reserved water rights compact commission established under 2-15-212 should make the negotiation of water rights claimed by the federal government or Indian tribes in or affecting the basins identified by 85-2-218 its highest priority. In negotiations, the commission is acting on behalf of the governor.

History: En. Sec. 27, Ch. 697, L. 1979; amd. Sec. 9, Ch. 651, L. 1987; amd. Sec. 466, Ch. 418, L. 1995; amd. Sec. 298, Ch. 42, L. 1997.

- 85-2-702. Negotiation with Indian tribes. (1) The reserved water rights compact commission, created by 2-15-212, may negotiate with the Indian tribes or their authorized representatives jointly or severally to conclude compacts authorized under 85-2-701. Compact proceedings must be commenced by the commission. The commission shall serve by certified mail directed to the governing body of each tribe a written request for the initiation of negotiations under this part and a request for the designation of an authorized representative of the tribe to conduct compact negotiations. Compact negotiations commence upon receipt of the written designation from the governing body of a tribe.
- (2) When the compact commission and the Indian tribes or their authorized representatives have agreed to a compact, they shall sign a copy and file an original copy with the department of state of the United States of America and copies with the secretary of state of Montana and with the governing body for the tribe involved. The compact is effective and binding upon all parties upon ratification by the legislature of Montana and any affected tribal governing body, and approval by the appropriate federal authority.
- (3) Upon its ratification by the Montana legislature and the tribe, the terms of a compact must be included in the preliminary decree as provided by 85-2-231, and unless an objection to the compact is sustained under 85-2-233, the terms of the compact must be included in the final decree without alteration. However, if approval of the state legislature and the tribe has not been accomplished by July 1, 2013, all Indian claims for reserved water rights that have not been resolved by a compact must be filed with the department within 24 months. These new filings must be used in the formulation of the preliminary decree and must be given treatment similar to that given to all other filings.

History: En. Sec. 27, Ch. 697, L. 1979; amd. Sec. 8, Ch. 268, L. 1981; amd. Sec. 6, Ch. 667, L. 1985; amd. Sec. 2, Ch. 358, L. 1987; amd. Sec. 3, Ch. 784, L. 1991; amd. Sec. 2, Ch. 44, L. 1997; amd. Sec. 2, Ch. 103, L. 2003; amd. Sec. 2, Ch. 5, L. 2009.

85-2-703. Negotiation with federal government. The compact commission may also enter into separate negotiations with the federal government for the conclusion of compacts concerning the equitable division and apportionment of water between the state and its people and the federal government claiming non-Indian reserved waters within the state. The terms and conditions of such negotiations shall be the same as provided in this section for negotiations with Indian tribes.

85-2-228. Federal reserved water rights with priority date of July 1, 1973, or later -- process and adjudication -- purpose. (1) The purpose of this section is to ensure that a federal reserved water right with a priority date of July 1, 1973, or later is subject to the same process and adjudication as a federal reserved water right with a priority date before July 1, 1973.

- (2) Under authority granted to the states by 43 U.S.C. 666, a federal reserved water right that has a priority date of July 1, 1973, or later and that is asserted by a federal agency is subject to the claim filing requirements and all other applicable requirements of the state water adjudication system provided for in Title 85, chapter 2, parts 2 and 7.
- (3) At the request of a federal agency, the reserved water rights compact commission may negotiate to conclude a compact under Title 85, chapter 2, part 7, for a federal reserved water right with a priority date of July 1, 1973, or later.
- (4) Whenever necessary, a water judge may reopen any decree issued pursuant to Title 85, chapter 2, to process the asserted or negotiated federal reserved water right.

History: (1)En. Sec. 1, Ch. 343, L. 1991; (2) through (4)En. Sec. 2, Ch. 343, L. 1991; amd. Sec. 4, Ch. 497, L. 1997.

http://leg.mt.gov/bills/mca/85/2/85-2-704.htm

- **85-2-704. Termination of negotiations**. (1) The commission or any negotiating tribe or federal agency may terminate negotiations by providing notice to all parties 30 days in advance of the termination date. On the termination date, the suspension of the application of part 2 provided for in 85-2-217 also terminates. The tribe or federal agency shall file all of its claims for reserved rights within 24 months of the termination of negotiations.
- (2) Once negotiations have been terminated pursuant to subsection (1), they may be reopened only by mutual agreement of the parties.

History: En. Sec. 27, Ch. 697, L. 1979; amd. Sec. 9, Ch. 268, L. 1981; amd. Sec. 7, Ch. 667, L. 1985; amd. Sec. 3, Ch. 5, L. 2009.

- **85-2-705. Status reports to chief water judge**. (1) The Montana reserved water rights compact commission must submit to the chief water judge, appointed pursuant to 3-7-221, a report on the status of its negotiations on July 1, 1985, and every 6 months thereafter.
- (2) Each report must state which Indian tribes and federal agencies are engaged in negotiations, whether any negotiations with Indian tribes or federal agencies have been terminated, and the progress of negotiations on a tribe-by-tribe and agency-by-agency basis. The report must be made available to the public.

History: En. Sec. 8, Ch. 667, L. 1985.

http://leg.mt.gov/bills/mca/85/2/85-2-708.htm

85-2-708. Water administration interim agreements within

Indian reservations. (1) Because it appears to be to the common advantage of the state and Indian tribes to cooperate in matters involving the permitting and use of water within the exterior boundaries of an Indian reservation prior to the final adjudication of Indian reserved water rights and because the state does not intend by enactment of this section to limit, expand, alter, or waive state jurisdiction to administer water rights within the exterior boundaries of an Indian reservation, pursuant to the requirements of Title 18, chapter 11, the department may negotiate and conclude an interim agreement with the tribal government of any Indian tribe in Montana prior to final adjudication of Indian reserved water rights for the purpose of implementing a water administration plan and a permitting process for the issuance of water rights and changes in water right uses within the exterior boundaries of an Indian reservation.

- (2) Subject to subsection (4), an agreement entered into pursuant to subsection (1) must:
- (a) provide for the retention of exclusive authority by the state to issue permits to applicants who are not members of the tribe and to issue change of use authorizations;
- (b) provide that any permits must be issued in accordance with the criteria established by state law; and
- (c) provide that permits may be only for new uses with a date of priority in compliance with state law.
- (3) Prior to concluding any agreement under this section, the department shall hold public meetings, after proper public notice of the meetings has been given and the proposed agreement has been made available for public review, to afford the public an opportunity to comment on the contents of the agreement.

- (4) The provisions of subsection (2) do not apply if a court of competent jurisdiction has held that the department lacks exclusive authority to issue new water use permits within the exterior boundaries of an Indian reservation pending final adjudication of Indian reserved water rights. In that case, the department, with the approval of the governor, may enter into an interim agreement that provides for joint tribal and state administration of new water uses on the reservation pending final adjudication of Indian reserved water rights. Any interim agreement entered into pursuant to this subsection (4):
- (a) must address how and whether new ground water uses for domestic and municipal purposes will be granted. Except for the criterion in 85-2-311(1)(a)(ii), an interim agreement that grants new ground water uses must establish criteria for new water uses that incorporate the criteria listed in 85-2-311. [CIOTTI cases]
- (b) must address how and whether changes in existing appropriation rights within the exterior boundaries of the reservation will be granted. An interim agreement that grants changes must establish criteria for changes in existing appropriation rights that incorporate the criteria listed in 85-2-402.
- (c) must address how and whether water use will be authorized under the interim agreement and how the use will be secure and valid in the event of the termination of the interim agreement, quantification of reserved water rights, or termination of negotiations of reserved water rights under 85-2-704;
- (d) must maintain the jurisdictional claims of each party to the interim agreement;
- (e) must protect each party against a waiver of the right to challenge the claims of each party at any time;
- (f) may not prejudice the regulatory or adjudicatory jurisdiction of either party:
- (g) must provide that none of the activities of each party in the negotiation or implementation of an interim agreement may be used to affect the equitable or legal position of either party in any future litigation; and
- (h) must provide that nothing in the negotiation or implementation of an interim agreement may be considered as enlarging or diminishing the jurisdiction or authority of either party within the reservation.

https://www.law.cornell.edu/uscode/text/43/666

43 U.S. Code § 666 - Suits for adjudication of water rights

- US Code
- Notes
- Authorities (CFR)

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(a) Joinder of United States as defendant; costs

Consent is given to join the United States as a defendant in any suit

- (1) for the adjudication of rights to the use of water of a river system or other source, or
- (2) for the administration of such rights, where it appears that the United States is the owner of or is in the process of acquiring water rights by appropriation under State law, by purchase, by exchange, or otherwise, and the United States is a necessary party to such suit. The United States, when a party to any such suit, shall
- (1) be deemed to have waived any right to plead that the State laws are inapplicable or that the United States is not amenable thereto by reason of its sovereignty, and
- (2) shall be subject to the judgments, orders, and decrees of the court having jurisdiction, and may obtain review thereof, in the same manner and to the same extent as a private individual under like circumstances: Provided, That no judgment for costs shall be entered against the United States in any such suit.

(b) Service of summons

Summons or other process in any such suit shall be served upon the Attorney General or his designated representative.

(c) Joinder in suits involving use of interstate streams by State

Nothing in this section shall be construed as authorizing the joinder of the United States in any suit or controversy in the Supreme Court of the United States involving the right of States to the use of the water of any interstate stream.

http://leg.mt.gov/bills/mca/85/2/85-2-316.htm

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- 85-2-316. State reservation of waters. (1) The state, any political subdivision or agency of the state, or the United States or <u>any agency of the United States</u> may apply to the department to acquire a state water reservation for existing or future beneficial uses or to maintain a minimum flow, level, or quality of water throughout the year or at periods or for a length of time that the department designates.
- (2) (a) Water may be reserved for existing or future beneficial uses in the basin where it is reserved, as described by the following basins:
 - (i) the Clark Fork River and its tributaries to its confluence with Lake Pend Oreille in Idaho;
- (ii) the Kootenai River and its tributaries to its confluence with Kootenay Lake in British Columbia;
 - (iii) the St. Mary River and its tributaries to its confluence with the Oldman River in Alberta;
- (iv) the Little Missouri River and its tributaries to its confluence with Lake Sakakawea in North

 Dakota:
- (v) the Missouri River and its tributaries to its confluence with the Yellowstone River in North Dakota:
- (vi) the Yellowstone River and its tributaries to its confluence with the Missouri River in North

 Dakota.
- (b) A state water reservation may be made for an existing or future beneficial use outside the basin where the diversion occurs only if stored water is not reasonably available for water leasing under 85-2-141 and the proposed use would occur in a basin designated in subsection (2)(a).
- (3) (a) The department shall adopt rules that are necessary to determine whether or not an application is correct and complete based on the provisions applicable to issuance of a state water reservation. The rules must be adopted in compliance with Title 2, chapter 4.
- (b) An applicant shall submit a correct and complete application. The determination of whether an application is correct and complete must be based on rules adopted under this subsection (3) that are in effect at the time the application is submitted. The department shall proceed in accordance with 85-2-302 with regard to any defects in the application.
- (c) The application must be made on a form prescribed by the department. The department shall make the forms available through its offices.
- (d) Upon receiving a correct and complete application, the department shall proceed in accordance with <u>85-2-307</u> through <u>85-2-309</u>. After the hearing provided for in <u>85-2-309</u>, the department shall decide whether to reserve the water for the applicant. The department's costs of giving notice, holding the hearing, conducting investigations, and making records incurred in acting upon the application to reserve water, except the cost of salaries of the department's personnel, must be paid by the applicant. In addition, a reasonable proportion of the department's cost of preparing an environmental analysis must be paid by the applicant unless waived by the

department upon a showing of good cause by the applicant.

- (4) (a) Except as provided in <u>85-20-1401</u>, the department shall issue a state water reservation if the applicant establishes to the department by a preponderance of evidence:
 - (i) the purpose of the reservation;
 - (ii) the need for the reservation;
 - (iii) the amount of water necessary for the purpose of the reservation;
 - (iv) that the reservation is in the public interest.
- (b) In determining the public interest under subsection (4)(a)(iv), the department shall issue a water reservation for withdrawal and transport for use outside the state if the applicant proves by clear and convincing evidence that:
- (i) the proposed out-of-state use of water is not contrary to water conservation in Montana; and
- (ii) the proposed out-of-state use of water is not otherwise detrimental to the public welfare of the citizens of Montana.
- (c) In determining whether the applicant has proved by clear and convincing evidence that the requirements of subsections (4)(b)(i) and (4)(b)(ii) are met, the department shall consider the following factors:
 - (i) whether there are present or projected water shortages within the state of Montana;
- (ii) whether the water that is the subject of the application could feasibly be transported to alleviate water shortages within the state of Montana;
- (iii) the supply and sources of water available to the applicant in the state where the applicant intends to use the water; and
- (iv) the demands placed on the applicant's supply in the state where the applicant intends to use the water.
- (d) When applying for a state water reservation to withdraw and transport water for use outside the state, the applicant shall submit to and comply with the laws of the state of Montana governing the appropriation, lease, use, and reservation of water.
- (5) If the purpose of the state water reservation requires construction of a storage or diversion facility, the applicant shall establish to the department by a preponderance of evidence that there will be progress toward completion of the facility and accomplishment of the purpose with reasonable diligence in accordance with an established plan.
- (6) (a) Upon issuing a state water reservation for the purpose of maintaining a minimum flow, level, or quality of water, the appropriation of water is complete.
- (b) The department shall limit any state water reservations after May 9, 1979, for maintenance of minimum flow, level, or quality of water that it awards at any point on a stream or river to a maximum of 50% of the average annual flow of record on gauged streams. Ungauged streams are not subject

to the limit under this subsection (6)(b).

- (7) A state water reservation issued under this section has a priority of appropriation dating from the filing of a correct and complete application with the department.
- (8) (a) A person desiring to use water reserved to a conservation district for agricultural purposes shall make application for the use with the district, and the district, upon approval of the application, shall inform the department of the approved use and issue the applicant an authorization for the use. The department shall maintain records of all uses of water reserved to conservation districts and be responsible, when requested by the districts, for rendering technical and administrative assistance within the department's staffing and budgeting limitations in the preparation and processing of the applications for the conservation districts. The department shall, within its staffing and budgeting limitations, complete any feasibility study requested by the districts within 12 months of the time that the request was made. The department shall extend the time allowed to develop a plan identifying projects for using a district's reservation as long as the conservation district makes a good faith effort, within its staffing and budget limitations, to develop a plan.
- (b) Upon actual application of water to the proposed beneficial use, the authorized user shall notify the conservation district. The notification must contain a certified statement by a person with experience in the design, construction, or operation of project works for agricultural purposes describing how the reserved water was put to use. The department or the district may then inspect the appropriation to determine if it has been completed in substantial accordance with the authorization.
- (9) A state water reservation issued under this section may not adversely affect any rights in existence at that time. The department may issue a state water reservation subject to terms, conditions, restrictions, and limitations it considers necessary to satisfy the criteria of this section.
- (10) (a) Except for a reservation provided in subsection (6) or a reservation provided in <u>85-20-1401</u>, the department shall, at least once every 10 years, review existing state water reservations to ensure that the objectives of the reservations are being met.
- (b) An existing state water reservation subject to the review in subsection (10)(a) that was not reviewed in the 10 years prior to April 23, 2015, must be reviewed by July 1, 2016. The department shall provide the water policy interim committee, established in 5-5-231, a summary of the reviews before September 15, 2016.
- (c) Following a review pursuant to this subsection (10), at the request of the entity holding a water reservation or when the objectives of a state water reservation are not being met, the department may:
 - (i) extend the time period to complete the appropriation of water;
 - (ii) modify the reservation; or
 - (iii) revoke the reservation.
 - (d) Any undeveloped water made available as a result of a revocation or modification under

this subsection (10) is available for appropriation by others pursuant to this part.

- modify an existing or future order originally adopted to reserve water for the purpose of maintaining minimum flow, level, or quality of water, so as to reallocate the state water reservation or portion of the reservation to an applicant who is a qualified reservant under this section. Reallocation of water reserved pursuant to a state water reservation may be made by the department following notice and hearing if the department finds that all or part of the reservation is not required for its purpose and that the need for the reallocation has been shown by the applicant to outweigh the need shown by the original reservant. Reallocation of reserved water may not adversely affect the priority date of the reservation, and the reservation retains its priority date despite reallocation to a different entity for a different use. The department may not reallocate water reserved under this section on any stream or river more frequently than once every 5 years.
- (12) A reservant may not make a change in a state water reservation under this section, except as permitted under <u>85-2-402</u> and this subsection. If the department approves a change, the department shall give notice and require the reservant to establish that the criteria in subsection (4) will be met under the approved change.
- (13) A state water reservation may be transferred to another entity qualified to hold a reservation under subsection (1). Only the entity holding the reservation may initiate a transfer. The transfer occurs upon the filing of a water right ownership update form with the department, together with an affidavit from the entity receiving the reservation establishing that the entity is a qualified reservant under subsection (1), that the entity agrees to comply with the requirements of this section and the conditions of the reservation, and that the entity can meet the objectives of the reservation as granted. If the transfer of a state water reservation involves a change in an appropriation right, the necessary approvals must be acquired pursuant to subsection (12).
- (14) This section does not vest the department with the authority to alter a water right that is not a state water reservation.
- (15) The department shall undertake a program to educate the public, other state agencies, and political subdivisions of the state as to the benefits of the state water reservation process and the procedures to be followed to secure the reservation of water. The department shall provide technical assistance to other state agencies and political subdivisions in applying for reservations under this section.
- (16) Water reserved under this section is not subject to the state water leasing program established under 85-2-141.

History: En. Sec. 26, Ch. 452, L. 1973; amd. Sec. 11, Ch. 485, L. 1975; amd. Sec. 7, Ch. 416, L. 1977; R.C.M. 1947, 89-890; amd. Sec. 1, Ch. 689, L. 1979; amd. Sec. 1, Ch. 186, L. 1981; amd. Sec. 6, Ch. 357, L. 1981; amd. Sec. 15, Ch. 573, L. 1985; amd. Sec. 1, Ch. 197, L. 1987; amd. Sec. 1, Ch. 389, L. 1989; amd. Sec. 1, Ch. 515, L. 1991; amd. Sec. 6, Ch. 370, L. 1993; amd. Sec. 449, Ch. 418, L. 1995; amd. Sec. 1, Ch. 330, L. 1997; amd. Sec. 9, Ch. 497, L. 1997; amd. Sec. 9, Ch. 70, L. 2005; amd. Sec. 10, Ch. 213, L. 2007; amd. Sec. 1, Ch. 281, L. 2015.

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85-20-1401. United States of America, department of agriculture, forest service-Montana compact

ratified. The compact entered into by the state of Montana and the United States of America, Department of Agriculture, Forest Service and filed with the secretary of state of the state of Montana under the provisions of <u>85-2-702</u> on April 17, 2007, is ratified. The compact is as follows:

WATER RIGHTS COMPACT STATE OF MONTANA UNITED STATES OF AMERICA, DEPARTMENT OF AGRICULTURE, FOREST SERVICE

This Compact is entered into by the State of Montana ("State") and the United States of America ("United States") to settle for all time any and all claims existing on the Effective Date of This Compact to federal reserved water rights for National Forest System Lands administered by the Forest Service, an agency of the United States Department of Agriculture ("Forest Service"), within the State of Montana.

RECITALS

WHEREAS, the State of Montana, in 1979, pursuant to Title 85, chapter 2, of the Montana Code Annotated, commenced a general adjudication of the rights to the use of water within the State of Montana, including all federal reserved and appropriative water rights;

WHEREAS, section <u>85-2-703</u>, MCA, provides that the State may negotiate compacts concerning the equitable division and apportionment of water between the State and its people and the federal government with claims to non-Indian federal reserved water rights within the State of Montana;

WHEREAS, section <u>85-2-228</u>, MCA, provides that a federal reserved water right with a priority date of July 1, 1973, or later be subject to the same process and adjudication as a federal reserved water right with a priority date before July 1, 1973;

WHEREAS, the United States wishes to secure water rights to fulfill the purposes of National Forest System Lands in the State of Montana;

WHEREAS, the United States, in quantifying and securing water rights to meet National

Forest System purposes, seeks cooperatively to accommodate the interests of the State and its citizens and to avoid the conflict and uncertainty inherent in litigating federal reserved water rights claims. The United States believes that the natural flows needed for favorable conditions of flow, for fisheries, and for other resource management goals and obligations on National Forest System Lands can be achieved, without materially affecting the interests of the United States, through the use of state law as provided in this Compact.

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 and 517;

WHEREAS, The Secretary of Agriculture or a duly designated official of the United States Department of Agriculture has authority to execute this Compact on behalf of the United States Department of Agriculture pursuant to 7 U.S.C. 2201 note, Section 1(a);

NOW THEREFORE, the State of Montana and the United States agree as follows: ARTICLE I DEFINITIONS

For purposes of this Compact only the following definitions shall apply:

- (1) "Abstracts" means the documents included in Appendix 1 of this Compact, entitled "Abstracts of Forest Service Federal Reserved Water Rights for Current Discrete Administrative Uses", referenced in this Compact as Appendix 1.
- (2) "Concurrently" for the purposes of instream uses means not cumulative to the flow of other instream, nondiversionary water rights on the same reach of stream and for the purposes of in situ uses means not cumulative to the volume or flow of other in situ, nondiversionary water rights from the same source of water.
- (3) "Department" means the Montana Department of Natural Resources and Conservation or its successor.
- (4) "Discrete Administrative Use" means a federal reserved water right to divert or withdraw water from a source of supply for use authorized under the Organic Administrative Act, 16 U.S.C. 473, et seq., necessary to fulfill the primary purposes of a National Forest at administrative sites on National Forest System Lands and includes but is not limited to federal reserved water rights for the following purposes: water for district offices, ranger stations, guard stations, work centers, and housing; water used for facilities operated for administrative purposes; water used for permanently established tree nurseries and seed orchards; and water for maintaining riding and pack stock used for administrative purposes.
- (5) "Dispersed Administrative Use" means a federal reserved water right to divert or withdraw water from time to time, as needed, from a source of supply for use authorized under the Organic Administrative Act, 16 U.S.C. 473, et seq., necessary to fulfill the primary purposes of a National Forest within a specified area on National Forest System Lands and includes but is not limited to federal reserved water rights for the following purposes: water for dust abatement and road construction; water for prescribed fire management; water for reclamation; water used to establish vegetation; water

used temporarily for establishment of nursery stock and seed orchards; and water for other incidental administrative purposes.

- (6) "Effective Date of This Compact" means the date of the ratification of the Compact by the Montana Legislature, written approval by the United States Department of Agriculture, or written approval by the United States Department of Justice, whichever is later.
- (7) "In situ" means water with a surface expression used in the place of its natural occurrence and without need of a diversion structure, measured as a flow, level, or volume of water.
- (8) "National Forest System Lands" means all lands within Montana that are owned by the United States and administered by the Secretary of Agriculture through the Forest Service, but does not include any lands within the exterior boundaries of National Forest System units that are not owned by the United States and administered by the Secretary of Agriculture through the Forest Service.
 - (9) "Parties" means the State and the United States.
- (10) "Person" means an individual, association, partnership, corporation, state agency, political subdivision, or any other entity, but does not include the United States.
- (11) "South Fork Flathead Wild and Scenic River" means the segment of the South Fork of the Flathead River from its origin to Hungry Horse Reservoir located in Montana that, pursuant to the Wild and Scenic Rivers Act, 16 U.S.C. 1271, et seq., was designated as a component of the National Wild and Scenic Rivers System by Public Law 94-486, 16 U.S.C. 1274(a)(13), on October 12, 1976.
- (12) "State" means the State of Montana and all officers, agents, departments, and political subdivisions thereof. Unless otherwise indicated, for purposes of notification or consent, "State" means the Director of the Montana Department of Natural Resources and Conservation or the Director's designee.
- (13) "United States" means the United States of America and all officers, agencies, departments, and political subdivisions thereof. Unless otherwise indicated, for purposes of notification or consent other than service in litigation, "United States" means the Secretary of the Department of Agriculture or the Secretary's designee.
- (14) "Water Right Recognized Under State Law" means a water right or use created and administered under Montana law and includes all Forest Service water rights created in Article V of this Compact and state water reservations granted, but does not include a federal or tribal reserved water right recognized by the State.
- (15) "Wetted Perimeter Methodology" means an instream flow methodology for fisheries flow based on habitat for food production in the shallow, fast-moving water of a stream. The wetted perimeter is the distance across the bottom and sides of a stream channel, measured at a riffle area, that is in contact with the water. A graph of the wetted perimeter versus discharge generally yields two inflection points. The upper inflection point of the graph is the level above which large increases in discharge result in a small increase of the wetted perimeter. The lower inflection point of the graph is the level below which small decreases in discharge result in large decreases of the wetted perimeter.

ARTICLE II FEDERAL RESERVED WATER RIGHTS

The Parties agree that the following water rights are the federal reserved water rights of the United States for the National Forest System Lands.

A Discrete Administrative Uses on National Forest System Lands.

The United States has federal reserved water rights for current and future Discrete Administrative Uses on National Forest System Lands, subject to the terms of Article III of this Compact:

1. Current Discrete Administrative Uses on National Forest System Lands.

The United States has federal reserved water rights for current Discrete Administrative Uses on National Forest System Lands as set forth in Table 1 and the specific listing and Abstracts attached to this Compact as Appendix 1. In the event there is a discrepancy between Table 1 and an Abstract contained in Appendix 1, the Abstract in Appendix 1 controls.

2. Future Discrete Administrative Uses on National Forest System Lands.

The United States has federal reserved water rights for future Discrete Administrative Uses on National Forest System Lands as set forth in Table 1.

B Dispersed Administrative Uses on National Forest System Lands.

The United States has federal reserved water rights for Dispersed Administrative Uses on National Forest System Lands, subject to the terms of Article III of this Compact, as set forth in Table 1. The period of use for Dispersed Administrative Uses on National Forest System Lands can be for any period throughout the year.

TABLE 1

| Ad | <mark>ministrative</mark> | e Administrative | | | | |
|-------|---------------------------|------------------|---------|---------|---------|---------|
| Use | <mark>es</mark> | Uses | | | | |
| MT | Priority | National | Current | Future | Total | Volume |
| Adj | Date | Forests | (AF/YR) | (AF/YR) | (AF/YR) | (AF/YR) |
| Basin | | | | | | |
| 39E | 1906-09-24 | Custer | 0.00 | 2.00 | 2.00 | 12.20 |
| 39F | 1906-09-24 | Custer | 0.25 | 2.00 | 2.25 | 11.90 |
| 39FJ | 1906-11-05 | Custer | 0.00 | 2.00 | 2.00 | 5.50 |
| 40A | 1902-08-16 | Lewis & Clark | | | | 90.00 |
| | | | 1.36 | 2.00 | 3.36 | |
| | 1906-08-10 | Gallatin | | | | 3.30 |
| 40B | 1906-11-05 | Lewis & Clark | 0.00 | 2.00 | 2.00 | 5.50 |
| 40C | 1906-11-05 | Lewis & Clark | 0.00 | 2.00 | 2.00 | 2.70 |
| | | | | | | |

Discrete

Dispersed

| 41A | 1906-11-05 Beaverhead-Deerlodge | 2.13 | 2.13 | 4.26 | 121.00 |
|------|---------------------------------|--------|-------|--------|--------|
| 41B | 1906-11-05 Beaverhead-Deerlodge | 1.26 | 2.00 | 3.26 | 42.90 |
| 41C | 1906-11-05 Beaverhead-Deerlodge | 8.90 | 8.90 | 17.80 | 70.90 |
| 41D | 1906-11-05 Beaverhead-Deerlodge | 202.27 | 49.27 | 251.54 | 310.60 |
| 41E | 1906-04-12 Beaverhead-Deerlodge | ; | | | 85.50 |
| | | 0.00 | 2.00 | 2.00 | |
| | 1905-05-12 Helena | | | | 1.20 |
| 41F | 1902-08-16 Beaverhead-Deerlodge | ; | | | 98.50 |
| | | 14.62 | 14.62 | 29.24 | |
| | 1902-08-16 Gallatin | | | | 69.50 |
| 41G | 1906-04-12 Beaverhead-Deerlodge | 2.50 | 2.50 | 5.00 | 81.80 |
| 41H | 1906-03-07 Gallatin | 14.63 | 14.63 | 29.26 | 147.60 |
| 41I | 1905-10-03 Gallatin | | | | 15.40 |
| | | 4.75 | 4.75 | 9.50 | |
| | 1905-10-03 Helena | | | | 169.30 |
| 41J | 1905-10-03 Helena | | | | 36.00 |
| | | 5.51 | 5.51 | 11.02 | |
| | 1906-11-06 Lewis & Clark | | | | 102.30 |
| 41K | 1897-02-22 Lewis & Clark | 6.63 | 6.63 | 13.26 | 44.80 |
| 41M | 1897-02-22 Lewis & Clark | 3.01 | 3.01 | 6.02 | 43.50 |
| 410 | 1897-02-22 Lewis & Clark | 3.75 | 3.75 | 7.50 | 24.40 |
| 41Q | 1902-08-16 Lewis & Clark | 0.33 | 2.00 | 2.33 | 72.10 |
| 41QJ | 1906-11-06 Lewis & Clark | | | | 0.80 |
| | | 0.00 | 2.00 | 2.00 | |
| | 1928-05-17 Helena | | | | 17.10 |
| 41R | 1903-12-12 Lewis & Clark | 0.00 | 2.00 | 2.00 | 9.50 |
| 41S | 1902-08-16 Lewis & Clark | 2.50 | 2.50 | 5.00 | 96.80 |
| 41U | 1897-02-22 Lewis & Clark | | | | 11.20 |
| | | 0.01 | 2.00 | 2.01 | |
| | 1928-05-17 Helena | | | | 14.40 |
| 42B | 1907-03-02 Custer | 0.00 | 2.00 | 2.00 | 13.10 |
| 42C | 1907-03-02 Custer | 39.35 | 39.35 | 78.70 | 133.70 |
| 42J | 1907-03-02 Custer | 0.00 | 2.00 | 2.00 | 11.20 |
| 43A | 1906-08-10 Gallatin | 1.51 | 2.00 | 3.51 | 43.40 |
| 43B | 1902-09-04 Gallatin | 14.33 | 14.33 | 28.66 | 136.10 |
| 43BJ | 1902-09-04 Gallatin | 9.64 | 9.64 | 19.28 | 22.50 |
| 43BV | 1902-09-04 Gallatin | 0.00 | 2.00 | 2.00 | 8.20 |
| 43C | 1902-09-04 Custer | 3.00 | 3.00 | 6.00 | 34.50 |

| 43D | 1902-09-04 Gallatin | | | | 3.40 |
|-------------------|---------------------------------|-------------------|---------------|---------------|---------------|
| | | 2.25 | 2.25 | 4.50 | |
| | 1902-09-04 Custer | | | | 25.50 |
| 43N | 1906-11-06 Custer | 0.00 | 2.00 | 2.00 | 14.40 |
| 43P | 1906-11-06 Custer | 0.10 | 2.00 | 2.10 | 9.90 |
| 76B | 1906-08-13 Kootenai | 0.02 | 2.00 | 2.02 | 129.10 |
| 76C | 1907-03-02 Kootenai | 1.00 | 2.00 | 3.00 | 110.00 |
| 76D | 1907-03-02 Kootenai | 9.60 | 9.60 | 19.20 | 384.30 |
| 76E | 1905-10-03 Beaverhead-Deerlodge | | | | 76.90 |
| | | 4.00 | 4.00 | 8.00 | |
| | 1905-10-03 Lolo | | | | 52.10 |
| 76F | 1928-05-17 Helena | | | | 65.90 |
| | | 19.40 | 19.40 | 38.80 | |
| | 1906-11-06 Lolo | | | | 123.70 |
| 76G | 1906-04-12 Beaverhead-Deerlodge | | | | 112.30 |
| | | 85.75 | 9.75 | 95.50 | |
| | 1906-04-12 Helena | | | | 35.00 |
| | 1905-10-03 Lolo | | | | 17.00 |
| 76GJ | 1905-10-03 Beaverhead-Deerlodge | 0.00 | 2.00 | 2.00 | 51.90 |
| 76H | 1897-02-22 Bitterroot | | | | 280.20 |
| | | 96.82 | 75.00 | 171.82 | |
| | 1897-02-22 Lolo | | | | 59.00 |
| 76I | 1897-02-22 Flathead | 0.02 | 2.00 | 2.02 | 22.30 |
| 76J | 1897-02-22 Flathead | 4,247.75 | 2.16 | 4,249.91 | 120.00 |
| <mark>76K</mark> | 1897-02-22 Flathead | 241.51 | 241.51 | 483.02 | 97.10 |
| <mark>76L</mark> | 1907-03-02 Flathead | | | | 3.40 |
| | | <mark>0.00</mark> | 2.00 | 2.00 | |
| | 1907-03-02 Lolo | | | | 8.50 |
| <mark>76LJ</mark> | 1907-03-02 Flathead | | | | 246.40 |
| | | 5.78 | 5.78 | 11.56 | |
| | 1897-02-22 Kootenai | | | | 12.20 |
| 76M | 1906-11-06 Lolo | 1,000.28 | 335.28 | 1335.56 | 337.90 |
| 76N | 1907-03-02 Kootenai | | | | 138.80 |
| | | 4.26 | 4.26 | 8.52 | |
| | 1907-03-02 Lolo | | | | 168.40 |
| | | | | | |

<u>C.</u> Emergency Fire Suppression.

The use of water for emergency fire suppression benefits the public and is necessary for the

primary purposes of the National Forest System Lands in Montana. The United States has a federal reserved water right to divert or withdraw water on National Forest System Lands, with the priority date for each Water Court basin set forth in Table 1 of this Compact, from a stream, lake, or pond, as needed for emergency fire suppression for the benefit of National Forest System Lands, and without a definition of the specific elements of a recordable water right, subject to the terms of Article III. Use of water for emergency fire suppression shall not be considered an exercise of the United States' federal reserved water rights for Discrete Administrative Uses as described in Article II, section A., or Dispersed Administrative Uses as described in Article II, section B.

D. South Fork Flathead Wild and Scenic River.

The United States has a federal reserved water right with a priority date of October 12, 1976, for instream flow on the South Fork Flathead Wild and Scenic River in the amount of the entire flow of the river, less any of the United States' Discrete Administrative Uses as described in Article II, section A., and Dispersed Administrative Uses as described in Article II, section B., provided that the instream flow water right is subordinate to all Water Rights Recognized Under State Law with a priority date before the Effective Date of This Compact. This federal reserved water right ends at the point where the South Fork Flathead Wild and Scenic River flows into Hungry Horse Reservoir.

ARTICLE III IMPLEMENTATION OF FEDERAL RESERVED WATER RIGHTS

A. Abstracts.

Abstracts for all the United States' federal reserved water rights for Current Discrete Administrative Use on National Forest System Lands are set forth in Appendix 1. The Parties prepared the Abstracts to comply with the requirements for a final decree as set forth in 85-2-234, MCA, and in an effort to assist the state courts in the process of entering decrees accurately and comprehensively reflecting the rights for current Discrete Administrative Uses as described in this Compact. The rights specified in the Abstracts are subject to the terms of this Compact.

B. Enforcement and Administration of Federal Reserved Water Rights.

- 1. When a controversy arises between the United States' federal reserved water rights described by this Compact and another holder of a Water Right Recognized Under State Law or, for enforcement pursuant to Article VIII, section B., when there is a question concerning the use of water on National Forest System Lands under this Compact, the United States, the State, or a holder of a Water Right Recognized Under State Law may petition a court of competent jurisdiction for relief. Resolution of any controversy must be governed by the terms of this Compact when applicable or, to the extent not applicable, by appropriate federal or state law.
 - 2. For the purpose of the administration of federal reserved water rights provided for in

Article II, the United States agrees that a water commissioner or other official appointed by a court of competent jurisdiction may enter National Forest System Lands to collect data, inspect structures for the diversion and measurement of water, and distribute the federal reserved water rights in Article II. The terms of entry or distribution may be limited, as appropriate, by an order of a court of competent jurisdiction. Nothing in this Compact waives the right of the United States, with respect to a specific action or anticipated action by a water commissioner or other official under this subsection, to seek terms of entry or distribution consistent with federal law if in conflict with state law.

- 3. The Department may enter National Forest System Lands for which a federal reserved water right is described in Article II for the purposes of data collection on Forest Service water diversions or notice requirements by the United States, pursuant to Article III, section C.3., of this Compact.
 - C. Use of Federal Reserved Water Rights.
 - 1. Federal Reserved Water Rights.

The rights of the United States described in Article II of this Compact are federal reserved water rights. Non-use of all or a part of the federal reserved water rights described in this Compact shall not constitute abandonment of the right.

2. Development of Future Discrete Administrative Uses.

The United States, without prior approval of the Department, may develop a Discrete Administrative Use after the Effective Date of This Compact as described in Article II, section A.2., provided that:

- (a) the purpose of use of the water is for a Discrete Administrative Use as defined in Article I(4) and described in Article II, section A.2.;
- (b) the quantity of water for Discrete Administrative Uses diverted or withdrawn shall not exceed the total amount as set forth in Article II, Table 1; and
 - (c) the use shall not adversely affect a senior Water Right Recognized Under State Law.
 - 3. Use of Dispersed Administrative Uses.

The United States, without prior approval of the Department, may use its federal reserved water right for Dispersed Administrative Uses, as needed, provided that:

- (a) the purpose of use of the water is for a Dispersed Administrative Use as defined in Article I(5) and described in Article II, section B.;
- (b) the total quantity of water for Dispersed Administrative Uses diverted or withdrawn shall not exceed the amount as set forth in Article II, Table 1;
 - (c) the Forest Service shall provide notice of a Dispersed Administrative Use as follows:
- (i) for uses of 20,000 gallons or less per day from a single source of supply, no notice is required;
- (ii) for uses greater than 20,000 gallons per day and less than 60,000 gallons per day from a single source of supply, a notice must be posted at the site of the diversion or withdrawal for the entire period during which water is being diverted or withdrawn. The notice posted shall be clearly legible and visible and provide the following information:
 - (A) source of water;
 - (B) purpose of use;

- (C) starting and ending date of diversion;
- (D) place of use;
- (E) diversion flow rate;
- (F) maximum volume of water to be diverted or withdrawn per day; and
- (G) name and contact information for the contractor, the local Forest Service Ranger District, and the local Department Water Resources Regional Office.
- (iii) for uses greater than 60,000 gallons per day from a single source of supply, the local Department Water Resources Regional Office must be notified at least 10 days but not more than 45 days in advance of the initial use of the water. Notice must be posted at the site of the diversion or withdrawal, as provided in Article III, section C.3.(c)(ii). Notification to the Department Water Resources Regional Office must provide the following information:
 - (A) source of water;
 - (B) legal description of the point of diversion or withdrawal;
 - (C) place of use;
 - (D) map showing preceding three items;
 - (E) purpose of use;
 - (F) starting and ending date of use;
 - (G) diversion flow rate:
 - (H) maximum volume of water to be diverted or withdrawn per day; and
- (I) name and contact information for the contractor and the local Forest Service Ranger District.
- (d) the diversion or withdrawal of water for a Dispersed Administrative Use shall not adversely affect a senior Water Right Recognized Under State Law; and
- (e) if notified that the diversion or withdrawal for a Dispersed Administrative Use is adversely affecting a senior Water Right Recognized Under State Law, the Forest Service will immediately cease diversion or withdrawal from that source of supply. To resume the diversion or withdrawal, the Forest Service can move the diversion or withdrawal to another source of supply or satisfy the senior user and the Department Water Resources Regional Office Manager that use will not adversely affect the senior user or users.

D. Change in Use of Federal Reserved Water Rights.

1. Discrete Administrative Uses.

The United States, without approval of the Department, may change a Discrete Administrative Use described in Article II, section A., provided that:

- (a) the purpose of use of the water remains a Discrete Administrative Use as defined in Article I(4) and described in Article II, section A.;
- (b) the quantity of water for Discrete Administrative Uses diverted or withdrawn shall not exceed the total amount as set forth in Article II, Table 1; and
- (c) the change shall not adversely affect a Water Right Recognized Under State Law.
 - 2. Dispersed Administrative Uses.

The United States' federal reserved water right to divert or withdraw

water for Dispersed Administrative Uses as described in Article II, section B., shall *not* be changed to any other use.

3. Emergency Fire Suppression.

The United States' federal reserved water right to divert or withdraw water for Emergency Fire Suppression as described in Article II, section C., shall *not* be changed to any other use.

4. South Fork Flathead Wild and Scenic River.

The United States' federal reserved water right for instream flow for the South Fork Flathead Wild and Scenic River, as described in Article II, section D., shall *not* be changed to any other use.

- E. Reporting Requirements.
- 1. The Forest Service agrees to provide a report to the Department on an annual basis or on a periodic basis agreed to by the Parties containing information on development of Discrete Administrative Uses, as described in Article III, section C.2., and any change of a Discrete Administrative Use, as described in Article III, section D.1.
- 2. Upon request by the Department, the Forest Service shall report to the Department information it has regarding water use for Emergency Fire Suppression, as described in Article II, section C.
- 3. For Dispersed Administrative Uses, as described in Article III, section C.3.(c)(ii) and (iii), upon request by the Department, the Forest Service shall provide copies of notice postings for the stream or basin requested.
- 4. For Dispersed Administrative Uses, as described in Article III, section C.3.(c)(i), upon request by the Department, the Forest Service shall report information it has available. In the event the Department requests additional information for future reports on a stream or basin for enforcement or water distribution purposes, the Forest Service agrees to comply with the request.

F. Ownership Interest in Water for Purposes of Statewide Adjudication.

The federal reserved water rights for Administrative Uses and Emergency Fire Suppression described in Article II, sections A., B., and C., are ownership interests in water and its use for each water source within National Forest System Lands that has been affected by a temporary preliminary decree or preliminary decree.

ARTICLE IV STATE LAW PROVISIONS

A. Compact Principles.

In order to promote settlement of issues between the United States and the State, the United States agrees to relinquish any and all claims to federal

reserved water rights for instream flows on National Forest System Lands. The State agrees that, in consideration for the United States' agreement not to pursue federal reserved water rights for instream flows on National Forest System Lands, the following principles, subject to the terms of this Compact, shall be included in state law:

1. Forest Service Water Rights Recognized Under Law Created in This Compact.

There shall be created by this Compact Water Rights

Recognized Under State Law held by the Forest Service as set forth in Article V, Table 2.

- 2. State Water Reservation Process.
- (a) There shall be a state water reservation process providing a means for the United States to appropriate state-law-based water rights for a minimum instream flow, level, or quality of water that provides an opportunity for hearing and judicial review.
- (i) Any appropriation granted under this process will result in a water right held by the United States that is protectable and enforceable under state law, and shall not be subject to periodic review or reallocation.
- (ii) The date of appropriation for water rights granted under the state water reservation process will be the date of filing of the application for state water reservations and will be senior in priority to any applications for state water reservations filed after that date.
- (b) The Parties agree that the language of <u>85-2-316</u>, MCA, on the Effective Date of This Compact and the terms of Article VI of this Compact satisfy the principles in Article IV, section A.2.
 - 3. New State Water Reservation Section.

The United States shall have the right to apply for a state water reservation under a new specific procedure in limited circumstances for state water reservations as set forth in Article VI, section B.

4. Standing.

In the ongoing statewide adjudication, the United States shall have the right to object to and participate as an objector to any water right claim for water use or storage on or water conveyed across National Forest System Lands. The

Parties agree that the language of <u>85-2-233</u>, MCA, on the Effective Date of This Compact satisfies the principles in Article IV, section A.4.

B. State Law Adopted as a Condition Precedent to This Compact.

Subject to Article VIII, section D., the Parties agree that as a condition precedent to this Compact, the following provisions will be adopted as state law:

1. Sequencing.

- (a) The permitting process for water appropriations under state law and the permitting for the access and use of National Forest System Lands in relation to water appropriations will be sequenced to avoid conflict between state and federal permitting.
- (b) The applicant is required to show proof of federal authorization before the application for a new appropriation of water or a change of appropriation will be correct and complete when:
- (i) a state permit is required prior to a new appropriation of water, including ground water, or a change of appropriation; and
- (ii) a federal authorization is required to occupy, use, or traverse National Forest System Lands for the purpose of diversion, impoundment, storage, transportation, withdrawal, use, or distribution of water for the appropriation or change of appropriation.
- (c) The state permit for a new appropriation shall be subject to any terms, conditions and limitations related to the use of water contained in the required federal authorization.
- (d) The Parties agree that the language of <u>85-2-302</u>, <u>85-2-310</u>, <u>85-2-311</u>, <u>85-2-312</u>, and <u>85-2-402</u>, MCA, on the Effective Date of This Compact satisfies this condition precedent.

2. Change of Diversionary Use to Instream Flow.

In addition to any other process available under state law, the Forest Service may apply for a change of use from an appropriation right to divert or withdraw water on land owned by the United States that is located within or immediately adjacent to the exterior boundaries of National Forest System Lands on the Effective Date of This Compact to an instream flow water right on National Forest System Lands within or immediately adjacent to the exterior boundaries of National Forest System Lands on the Effective Date of This Compact in accordance with procedures required under state law. The Parties agree that the language of 85-2-320 on the Effective Date of This Compact satisfies the principles in Article IV, section B.2.

ARTICLE V WATER RIGHTS RECOGNIZED UNDER STATE LAW

There is created by this Compact appropriations of Water Rights

Recognized Under State Law held by the Forest Service for instream flow or in situ use as set forth in Article V.

TABLE 2

Lower Stream Point Upper Stream Point

Water Flow

Right Rate QTR QTR

| Number | Source | (CFS) SEC | TWF | RGE | E SEC | SEC | TWF | RGE | E SEC | |
|------------------|----------------------------|--------------|-----|-----|-------|------|-----|-----|-------|------|
| 41F- 30023850 | Horse Creek | 3.0 | 25 | 10S | 01W | NESE | 29 | 10S | 01W | SWNW |
| 41F- 30023851 | Sheep Creek | 4.0 | 1 | 12S | 02E | SWSE | 20 | 12S | 03E | SWNW |
| 41H- 30023852 | East Fork Hyalite Creek | 7.0 | 23 | 04S | 06E | SWNW | 12 | 05S | 06E | SWSW |
| 41H- 30023853 | Hyalite Creek | 28.0 | 14 | 03S | 05E | SESW | 15 | 04S | 06E | NWSW |
| 41H- 30023854 | West Fork Hyalite Creek | 12.0 | 26 | 04S | 06E | NWNW | 23 | 05S | 06E | NW |
| 41I- 30023855 | Beaver Creek | 10.0 | 19 | 12N | 02W | SWNE | 11 | 12N | 02W | SENE |
| 41J- 30023856 | Sheep Creek | 27.0 | 2 | 12N | 05E | NWSW | 5 | 12N | 06E | SESE |
| 41J- 30023857 | Tenderfoot Creek | 15.0 | 30 | 14N | 05E | NENE | 22 | 14N | 05E | NWSW |
| 41S- 30023858 | Dry Wolf Creek | 5.0 | 28 | 15N | 10E | SWNW | 31 | 15N | 10E | SWSW |
| 41S- 30023859 | South Fork Judith River | 3.5 | 1 | 12N | 11E | NENE | 4 | 11N | 11E | SENE |
| 43B- 30023860 | Little Mission Creek | 2.5 | 14 | 03S | 11E | NENW | 27 | 03S | 11E | NWNE |
| 43B- 30023861 | Pine Creek | 4.0 | 8 | 04S | 10E | NWSW | 16 | 04S | 10E | NWSW |
| 43B- 30023862 | South Fork Deep Creek | 7.0 | 5 | 04S | 10E | NENW | 14 | 04S | 10E | NWNW |
| 43B- 30023863 | Upper Deer Creek | 2.0 | 13 | 02S | 14E | NENW | 29 | 03S | 14E | SESE |
| 76B- 30023864 | North Fork Yaak River | 24.0 | 15 | 37N | 31W | SWNE | 4 | 37N | 31W | NE |
| 76B- 30023865 | Pete Creek | 15.0 | 5 | 35N | 32W | NENW | 29 | 36N | 32W | SWNW |
| 76B- | Seventeenmile Creek | 40.0 | 27 | 34N | 33W | NWSE | 5 | 33N | 32W | NWNW |

| 30023866 | | | | | | | | |
|------------------|------------------------------|------|----|-----|----------|----|-----|----------|
| 76B- 30023867 | South Fork Yaak River | 19.0 | 2 | 35N | 32W NENE | 5 | 34N | 31W SWSW |
| 76B- 30023868 | Spread Creek | 50.0 | 3 | 35N | 33W SWSE | 29 | 36N | 33W SENE |
| 76B- 30023869 | West Fork Yaak River | 30.0 | 32 | 37N | 31W NWNE | 35 | 37N | 32W NENE |
| 76C- 30023870 | East Fisher | 15.0 | 31 | 26N | 29W NWNE | 31 | 26N | 29W NENE |
| 76C- 30023871 | Silver Butte/Fisher River | 34.0 | 17 | 26N | 29W NENE | 35 | 26N | 30W SENW |
| 76C- 30023872 | West Fisher River | 28.0 | 1 | 26N | 30W NWNW | 4 | 26N | 30W SWSE |
| 76D- 30023873 | Barron Creek | 2.0 | 27 | 32N | 29W SWNW | 21 | 32N | 30W NW |
| 76D- 30023874 | Big Cherry Creek | 40.0 | 27 | 29N | 31W SWSW | 3 | 28N | 31W NENE |
| 76D- 30023875 | Big Creek | 19.0 | 3 | 34N | 29W NWNW | 34 | 35N | 30W NWNW |
| 76D- 30023876 | Bobtail Creek | 5.0 | 20 | 31N | 31W NWSW | 8 | 31N | 31W NESW |
| 76D- 30023877 | Bristow Creek | 12.0 | 14 | 32N | 29W NWNW | 8 | 32N | 29W NESE |
| 76D- 30023878 | Callahan Creek | 60.0 | 24 | 31N | 34W NWNW | 21 | 31N | 34W NWSE |
| 76D- 30023879 | Canyon Creek | 4.0 | 22 | 31N | 29W SWSE | 29 | 31N | 28W SWSW |
| 76D- 30023880 | Cripple Horse Creek | 8.0 | 2 | 31N | 29W NESE | 5 | 31N | 28W SWSW |
| 76D- 30023881 | Five Mile Creek | 4.0 | 17 | 32N | 28W SWNW | 19 | 32N | 27W NENE |
| 76D- 30023882 | Granite Creek | 21.0 | 2 | 29N | 31W NWNW | 5 | 29N | 31W NESE |
| 76D- 30023883 | Libby Creek | 40.0 | 16 | 28N | 30W NWNW | 18 | 28N | 30W SESE |
| 76D- 30023884 | Midas Creek | 1.5 | 31 | 28N | 30W SWNW | 8 | 27N | 30W SWSE |
| 76D- 30023885 | North Fork Big Creek | 14.0 | 28 | 35N | 30W SWSE | 31 | 36N | 30W SWSE |
| 76D- 30023886 | Parmenter Creek | 10.0 | 7 | 30N | 31W SWNE | 18 | 30N | 32W SWSW |
| 76D- | Quartz Creek | 17.5 | 12 | 31N | 32W SESW | 2 | 31N | 32W SWNE |

| 30023887 | | | | | | | | |
|------------------|----------------------------------|-------|----|-----|----------|------|-----|----------|
| 76D- 30023888 | Ross Creek | 20.0 | 8 | 28N | 33W NENE | 17 | 28N | 34W SWNW |
| 76D- 30023889 | South Fork Big Creek | 20.0 | 33 | 35N | 30W SENE | 5 | 32N | 30W NENE |
| 76D- 30023890 | Therriault Creek | 4.0 | 3 | 35N | 26W SWNW | 3 | 35N | 26W SENW |
| 76D- 30023891 | Young Creek | 6.0 | 17 | 37N | 28W NESE | 8 | 37N | 29W SE |
| 76E- 30023892 | Middle Fork Rock Creek | 41.0 | 18 | 04N | 15W NENE | 25 | 04N | 16W NWSW |
| 76E- 30023893 | Rock Creek at Bitterroot Flat | 150.0 | 7 | 08N | 17W NWNW | 7 | 07N | 16W SESE |
| 76E- 30023894 | Rock Creek at Mouth | 250.0 | 13 | 11N | 17W SENE | 30 | 11N | 16W SWNW |
| 76E- 30023895 | West Fork Rock Creek | 12.0 | 35 | 06N | 16W NESE | 2 | 05N | 17W NWSW |
| 76F- 30023896 | Clearwater River at Lake Alva | 13.0 | 24 | 18N | 16W SWSE | 24 | 18N | 16W NWSE |
| 76F- 30023897 | Copper Creek | 11.0 | 26 | 15N | 08W SENE | 9 | 15N | 08W NENE |
| 76F- 30023898 | Morrell Creek | 12.0 | 35 | 17N | 15W SWSE | 1 | 17N | 15W NESE |
| 76F- 30023899 | North Fork Blackfoot River | 39.0 | 2 | 15N | 11W NWNW | 7 27 | 16N | 11W NESE |
| 76F- 30023900 | Placid Creek | 7.0 | 13 | 16N | 16W SWSW | 10 | 16N | 16W NWNW |
| 76F- 30023901 | Poorman Creek | 7.0 | 8 | 13N | 08W NWSW | 24 | 13N | 08W SENE |
| 76G- 30023902 | Little Blackfoot River | 17.0 | 30 | 09N | 06W NENW | 12 | 08N | 07W SWNE |
| 76G- 30023903 | Schwartz Creek | 10.0 | 4 | 11N | 17W NWNW | 8 | 11N | 17W SESW |
| 76H- 30023904 | Lolo Creek | 41.0 | 29 | 12N | 22W NENE | 25 | 12N | 23W NENW |
| 76H- 30023905 | South Fork Lolo Creek | 15.0 | 6 | 11N | 21W NWNW | 7 | 11N | 21W NWNW |
| 76J- 30023906 | Wounded Buck Creek | 11.0 | 17 | 29N | 18W SWNW | 30 | 29N | 18W SWSW |
| 76K- 30023907 | Bond Creek | 6.0 | 24 | 25N | 18W NWNW | 7 17 | 25N | 17W NWSE |
| 76K- | Cedar Creek | 7.0 | 12 | 22N | 18W NENW | 21 | 22N | 18W SESE |

| 30023908 | | | | | | | | |
|-------------------|--------------------------|-------|----|--------|---------|----|-----|----------|
| 76K- 30023909 | Cold Creek | 22.0 | 28 | 21N 17 | 7W SWNE | 33 | 21N | 18W NENW |
| 76K- 30023910 | Elk Creek | 25.0 | 16 | 20N 17 | 7W NENE | 23 | 20N | 18W SENW |
| 76K- 30023911 | Goat Creek | 11.0 | 17 | 23N 17 | 7W NWSW | 12 | 23N | 17W NWNE |
| 76K- 30023912 | Groom Creek | 2.5 | 12 | 25N 18 | 8W SWSW | 5 | 25N | 17W SE |
| 76K- 30023913 | Hall Creek | 2.5 | 11 | 25N 18 | 8W SENE | 11 | 25N | 18W NENE |
| 76K- 30023914 | Lion Creek | 19.0 | 8 | 22N 17 | 7W SWNE | 10 | 22N | 16W NWSW |
| 76K- 30023916 | North Fork Lost Creek | 6.0 | 27 | 25N 17 | 7W NWSE | 5 | 24N | 16W NESE |
| 76K- 30023917 | Piper Creek | 9.0 | 8 | 22N 17 | 7W SWSW | 33 | 22N | 18W NENW |
| 76K- 30023918 | Scout Creek | 1.5 | 12 | 23N 17 | 7W NWNE | 19 | 23N | 16W SESE |
| 76K- 30023919 | South Fork Lost Creek | 6.0 | 6 | 24N 16 | 6W SWSW | 19 | 24N | 16W NWSE |
| 76LJ- 30023920 | Red Meadow Creek | 16.0 | 7 | 35N 21 | 1W SWNW | 11 | 35N | 22W NWNW |
| 76LJ- 30023921 | Trail Creek | 37.0 | 34 | 37N 22 | 2W SESE | 28 | 37N | 22W SESW |
| 76M- 30023922 | Rattlesnake Creek | 17.0 | 2 | 13N 19 | 9W NWNE | 14 | 14N | 18W NENW |
| 76M- 30023923 | Trout Creek | 28.0 | 23 | 16N 26 | 6W SWSW | 5 | 15N | 26W NESW |
| 76N- 30023924 | Bull River | 29.0 | 14 | 28N 33 | 3W NWNW | 14 | 28N | 33W NENW |
| 76N- 30023925 | Graves Creek | 28.0 | 36 | 23N 30 | 0W SWSW | 36 | 23N | 30W NWNE |
| 76N- 30023926 | Trout Creek | 14.0 | 24 | 24N 32 | 2W NENE | 28 | 24N | 32W SWSW |
| 76N- 30023927 | Vermilion River | 110.0 | 14 | 24N 31 | 1W SWSE | 7 | 24N | 30W NWSW |

Water Right Volume QTR

Number Source (AF/YR) SEC TWP RGE SEC 76M-30023928 Shoofly Meadow 50.75 4 14N 17W SW

B. Priority Date.

The priority date of each of the Forest Service Water Rights Recognized Under State Law created in Article V, section A., is the Effective Date of This Compact.

C. Purpose of Use.

Except for Water Right Number 76M-30023928, the purpose of use of each of the Forest Service Water Rights Recognized Under State Law created in Article V, section A., is fishery. The purpose of use for Water Right Number 76M-30023928, created in Article V, section A., is wildlife, which includes habitat.

D. Period of Use.

The period of use of each of the Forest Service Water Rights Recognized Under State Law created in Article V, section A., is January 1 to December 31.

E. Limitation on Objections to Changes.

A Forest Service Water Right Recognized Under State Law created in Article V, section A., shall not be the basis to preclude a change in point of diversion, means of diversion, or place of use of a senior, direct-from-source, stock water right within an allotment on National Forest System Lands if the change is for dispersing stock in the allotment and the proposed change does not expand historic consumptive use of the stock water right.

F. Administration and Enforcement.

The Forest Service Water Rights Recognized Under State Law created in Article V, section A., are appropriations under state law and, as such, will be administered by the State and enforced in accordance with state law. The United States, as owner and user of these water rights, is entitled to the same benefits and is subject to the same regulations as all other holders of a Water Right Recognized Under State Law.

G. Concurrent With Other Instream Flow Uses.

The Forest Service Water Rights Recognized Under State Law created in Article V, section A., are for instream uses or in situ nonconsumptive use, meaning that there is no diversion, impoundment, or withdrawal associated with the use and the use does not cause a net loss of water in the source of supply. The Forest Service Water Rights Recognized Under State Law created in Article V, section A., shall run Concurrently with other instream flow or in situ rights.

ARTICLE VI APPLICATIONS FOR STATE WATER RESERVATIONS UNDER STATE LAW

A. State Water Reservation.

The Forest Service may apply for a state water reservation to maintain a minimum flow, volume, level, or quality of water on National Forest System Lands under 85-2-316, MCA, in all basins within the State including basins or subbasins closed to new appropriations on or after the Effective Date of This Compact, subject to the terms of this Compact, for any purpose authorized by federal law applicable to National Forest System Lands. Any purpose authorized by federal law applicable to National Forest System Lands shall be considered a beneficial use under state law for the purposes of this Compact but shall set no precedent as to whether such purposes are beneficial uses under state law outside the terms of this Compact. A state water reservation issued under 85-2-316, MCA, is a Water Right Recognized Under State Law.

B. Specific Procedure in Limited Circumstances.

- 1. (a) For a state water reservation application pursuant to Article VI, section A., when the purpose of the reservation is to maintain a minimum flow for fish and the amount requested is based on the Wetted Perimeter Methodology or other methodology adopted pursuant to Article VI, section B.1.(b), a correct and complete application shall constitute:
 - (i) conclusive evidence of the purpose of the reservation;
 - (ii) conclusive evidence of the need for the reservation;
 - (iii) prima facie evidence that the amount requested is accurate and suitable:
 - (A) at the lower inflection point of the Wetted Perimeter Methodology; or
- (B) at the upper inflection point of the Wetted Perimeter Methodology or other methodology adopted pursuant to Article VI, section B.1.(b), when the purpose of the reservation is for an existing population of bull trout, westslope cutthroat trout, Yellowstone cutthroat trout, Columbia River redband trout, arctic grayling, or any other fish species listed in the future under the Endangered Species Act of 1973, 16 U.S.C. 1531, et seq.; and
 - (iv) prima facie evidence that the reservation is in the public interest.
- (b) By mutual agreement of the Parties, the Department may propose an administrative rule under the Montana Administrative Procedure Act, Title 2, chapter 4, of the Montana Code Annotated, to establish a methodology, other than the Wetted Perimeter Methodology, for an application for a state water reservation to maintain a minimum flow under Article VI, section B.1.(a), for fish species identified in Article VI, section B.1.(a)(iii)(B). Rulemaking under this subsection shall not be considered a modification of this Compact. The Department may adopt a rule under this subsection only if it finds, based on scientific and technical evidence in the administrative record, that:
- (i) the proposed methodology enjoys acceptance in the scientific community as a methodology for establishment of minimum flow for pertinent fish species based on evidence that includes the existence of peer-reviewed studies, testimony or publications by experts in the field, and previous use in Montana or another relevant location; and
- (ii) the results of the proposed methodology with respect to the stream that is the subject of the application are either based on field data collected with respect to the stream or susceptible to verification based on field data.
- 2. For purposes of Article VI, section B., a correct and complete application shall be substantially in the form attached to this Compact as Appendix 3. Appendix 3 may be modified at any time by the consent of both Parties and shall not be considered a modification of the Compact.
- 3. For the purposes of Article VI, section B., the Department shall issue a state water reservation unless an objector proves by a preponderance of the evidence that:
- (a) the amount of water under the Wetted Perimeter Methodology or other methodology adopted pursuant to Article VI, section B.1.(b), was not accurately measured or calculated, that the Wetted Perimeter Methodology or other methodology adopted pursuant to Article VI, section B.1.(b), could not suitably be applied to the stream reach applied for, or that there is not an existing population of the fish species set forth in Article VI, section B.1.(a)(iii)(B), identified in the application for state water reservation in the stream reach applied for; or
 - (b) for the public interest, there is a projected water development project:
 - (i) that is feasible:
- (ii) that is reliably projected to be commenced within ten (10) years or within ten (10) years after a basin closure is removed;

- (iii) in which the objector has or can reasonably obtain a possessory interest or the written consent of the Person or Party with the possessory interest in the property where the water is to be diverted, impounded, stored, transported, and put to beneficial use;
 - (iv) for which the amount of water needed for the project is reasonable;
- (v) for which water needed for the project is not reasonably available from any other water source;
- (vi) for which the water needed for the project, based on amount and period of use, would be unavailable if the proposed reservation was granted;
- (vii) that would not be feasible with water either in a lesser amount or at a different location if the reservation was granted; and
 - (viii) that serves a significant public need.
- 4. If the Department determines that proofs under Article VI, section B.3.(a), are met or that proofs for all criteria under Article VI, section B.3.(b), are met, the Department may issue, modify, or deny the reservation or may subordinate the reservation to the actual development of the project identified in Article VI, section B.3.(b).

C. General Provisions.

- 1. The Forest Service's ability to apply for a state water reservation pursuant to Article VI in any basin or subbasin terminates thirty (30) years after the state court issues a final decree for that water basin under 85-2-234(1), MCA, or thirty (30) years after the Effective Date of This Compact, whichever is later. The termination of the Forest Service's ability to apply for a state water reservation pursuant to Article VI under this subsection shall not restrict the Forest Service's ability to apply for a water right in any process available to the Forest Service under state law, including 85-2-316, MCA, provided that, the terms of this Compact shall not apply.
- 2. A state water reservation issued to the Forest Service under Article VI shall not be the basis to preclude a change in point of diversion, means of diversion, or place of use of a senior, direct-from-source, stock water right within an allotment on National Forest System Lands if the change is for dispersing stock in the allotment and the proposed change does not expand historic consumptive use of the stock water right.
- 3. In any contested case proceeding held under the Montana Administrative Procedure Act, Title 2, chapter 4, of the Montana Code Annotated, pursuant to this Compact, the common law and statutory rules of evidence shall apply only upon stipulation of all entities who are involved in a proceeding.
- 4. Any appeal of an administrative decision under Article VI shall be in state court and shall be filed at the First Judicial District in Helena, and the review shall be conducted according to the procedures for judicial review of contested cases under the Montana Administrative Procedure Act, Title 2, chapter 4, of the Montana Code Annotated.
- 5. A state water reservation issued to the Forest Service pursuant to Article VI is not subject to periodic review by the Department as set forth in <u>85-2-316(10)</u>, MCA. A state water reservation issued to the Forest Service pursuant to Article VI shall not be reallocated to another qualified reservant with a retained priority date as set forth in <u>85-2-316(11)</u>, MCA. Unless provided in this Compact, all other provisions of state law apply to a state water reservation issued to the Forest Service.

D. Administration and Enforcement.

Any state water reservation issued pursuant to Article VI is a Water Right Recognized Under State Law and, as such, will be administered by the State and enforced in accordance with state law. The United States, as owner and user of these water rights, is entitled to the same benefits

and is subject to the same regulations of water use as all other holders of a Water Right Recognized Under State Law.

E. Concurrent With Other Instream Flow Uses.

Any state water reservation issued pursuant to Article VI is a Water Right Recognized Under State Law for instream uses or in situ nonconsumptive uses, meaning that there is no diversion, impoundment, or withdrawal associated with the use and the use does not cause a net loss of water in the source of supply. Unless otherwise provided in the terms and conditions, a state water reservation issued pursuant to Article VI shall run Concurrently with other instream flow rights.

F. Department Reporting to Montana Legislature.

For the period of time set forth in Article VI, section C.1., the Department shall biennially report to the Environmental Quality Council or other appropriate legislative committee the state water reservations applied for by the Forest Service since the previous report and the Department action on applications for state water reservations by the Forest Service since the previous report.

ARTICLE VII GENERAL PROVISIONS

A. No Effect on Tribal Rights or Other Federal Reserved Water Rights.

- 1. The relationship between the water rights of the Forest Service described in this Compact and any rights to water of an Indian tribe in Montana or of any federally derived water right of an individual or of the United States on behalf of such tribe or individual shall be determined by the rule of priority. The Parties to this agreement recognize that the water rights described in This Compact are junior to any tribal water rights with a priority date before the Effective Date of This Compact, including aboriginal rights, if any, in the basins affected.
- 2. Nothing in this Compact may be construed or interpreted in any manner to establish the nature, extent, or manner of administration of the rights to water of any other federal agency or federal lands in Montana other than National Forest System Lands.
 - 3. Nothing in this Compact may be construed or

interpreted in any manner to establish the nature, extent, or manner of administration of the rights to water of any Indian tribes and tribal members in Montana.

4. Nothing in this Compact is otherwise intended to conflict with or abrogate a right or claim of any Indian tribe regarding boundaries or property interests in the State of Montan_a.

B. General Disclaimers.

Nothing in this Compact may be construed or interpreted:

- 1. as a precedent for the litigation of federal reserved water rights or the interpretation or administration of future compacts between the United States and the State or between the United States and any other state;
- 2. as a waiver by the United States of its right under state law to raise objections in state court to individual water rights claimed pursuant to state law on National Forest System Land in the basins affected by this Compact or any right to raise objections in an appropriate forum to individual water rights subject to a provisional permit under state law in the basins affected by this Compact;
- 3. to establish a precedent for other agreements between the State and the United States or an Indian tribe:
- 4. to determine the relative rights, inter sese, of Persons using water under the authority of state law or to limit the rights of the Parties or a Person to litigate an issue not resolved by this Compact;
 - 5. to create or deny substantive rights through headings or captions used in this Compact;
- 6. to expand or restrict any waiver of sovereign immunity existing pursuant to federal law as of the Effective Date of This Compact;
- 7. with respect to federal reserved water rights, to affect the right of the State to seek fees or reimbursement for costs or the right of the United States to contest the imposition of such fees or costs pursuant to a ruling by a court of competent jurisdiction or Act of Congress;
- 8. to affect in any manner the entitlement to or quantification of other federal water rights. This Compact is only binding on the United States with regard to the water rights of the Forest Service and does not affect the water rights of any other federal agency that is not a successor in interest to the water rights subject to this Compact;
- 9. to prevent the United States from seeking a permit to appropriate water under state law from a source not closed to new permits by law; or
- 10. to expand or restrict rights of the United States under federal law except as expressly provided in this Compact.

C. Reservation of Rights.

The Parties expressly reserve all rights not granted, described, or relinquished in this Compact.

D. Severability.

Except as provided in Article VIII, section C., the provisions of this Compact are not severable.

E. Multiple Originals.

This Compact is executed in quintuplicate. Each of the five (5) Compacts bearing original signatures shall be deemed an original.

F. Notice.

Unless otherwise specifically provided for in this Compact, service of notice required under this Compact, except service in litigation, shall be:

- 1. State: Upon the Director of the Department or other officials that the Director may designate in writing.
- 2. United States: Upon the Secretary of Agriculture or other officials that the Secretary may designate in writing.

ARTICLE VIII FINALITY OF COMPACT AND DISMISSAL OF CLAIMS

A. Binding Effect.

- 1. The Effective Date of This Compact is the date of the ratification of this Compact by the Montana Legislature, written approval by the United States Department of Agriculture, or written approval by the United States Department of Justice, whichever occurs later. Subject to Article VIII, section C., once effective, all of the provisions of this Compact shall be binding on:
- (a) the State and a Person or entity of any nature whatsoever using, claiming, or in any manner asserting a right under the authority of the State to the use of water; and
- (b) except as otherwise provided in Article VII, section A., the United States and a Person or entity of any nature whatsoever using, claiming, or in any manner asserting a right under the authority of the United States to the use of water.
- 2. Following the Effective Date of This Compact, this Compact shall not be modified without the consent of both Parties. Unilateral substantive modification of the terms of this Compact by either Party, as determined by a court of competent jurisdiction, shall render this Compact voidable at the election of the other Party.
- 3. On approval of this Compact by a court of competent jurisdiction and entry of a decree by such court confirming the rights described in this Compact, this Compact and such rights are binding on all Persons bound by the final order of the court.
- 4. If an objection to this Compact is sustained under <u>85-2-233</u>, MCA, this Compact shall be voidable by action of and without prejudice to either Party.

B. Enforcement of Compact.

- 1. Either Party may seek enforcement of the terms of this Compact in a court of competent jurisdiction, subject to the limitations of remedies provided in Article VIII, section C.
- 2. When the enforcement action involves issues of notice or reporting required under Article III, sections C.3.(c) and E., the State shall provide written notice to the Forest Service and allow a reasonable opportunity to resolve the issue prior to filing an enforcement action.
- 3. Except as provided in Article VIII, section C., the remedy for an action for enforcement of the terms of this Compact shall not include termination of the Compact in whole or in part.

C. Exclusive Remedy for Changes in State Law.

- 1. For the time period set forth in subsection 11, if the State enacts a law that results in an alleged material impairment of any principle set forth in Article IV, section A.2., A.3., or A.4., the United States may, within 90 days of the effective date of the law, provide notice to the State of the alleged material impairment. If the United States fails to provide notice within 90 days of the effective date of the law, the United States is barred from taking any action under this section regarding alleged material impairment by enactment of the law.
 - 2. Following the receipt of notice provided in subsection 1, the Parties shall meet within 30

days to discuss the alleged material impairment. The Parties may each appoint a negotiator and may utilize a neutral third party to discuss resolution of the alleged material impairment.

- 3. If the State does not agree that the legislation has resulted in material impairment within 90 days or such time as the Parties may agree or if no other alternative resolution has been found, the United States may seek a judgment in a court of competent jurisdiction declaring that the specified act of the Montana Legislature has resulted in material impairment of a principle set forth in Article IV, section A.2., A.3., or A.4. The only remedy available under this subsection is a declaratory judgment as to whether or not the change in state law results in a material impairment of a principle set for in Article IV, section A.2., A.3., or A.4. The Parties shall jointly request the court to retain jurisdiction through all proceedings under this section.
- 4. If the State agrees or if a court finds that changes to state law have materially impaired a principle set forth in Article IV, section A.2., A.3., or A.4., the United States may take no action under subsection 5 until the final adjournment of the next regular session of the Montana Legislature. If the material impairment is cured through enacted legislation to the satisfaction of the United States, the United States is barred from taking further action under this section.
- 5. If, in the opinion of the United States, the State has failed to enact legislation that cures a material impairment as provided in subsection 4, the United States may initiate severance and termination of portions of the Compact as provided in subsection 8 by sending notice to the State within 90 days from the end of the regularly scheduled legislative session. If this notice is not served within the 90-day period, the United States is barred from severing and terminating portions of the Compact based on material impairment.
- 6. If the State has enacted a law to cure the material impairment and the United States does not agree that the material impairment has been cured by the enactment, the State shall have the opportunity within 90 days from receipt of the notice served by the United States to seek a judgment declaring that the specific enactment has cured the material impairment of a principle set forth in Article IV, section A.2., A.3., or A.4., either by:
 - (a) invoking any retained jurisdiction of the court; or
- (b) if no court has retained jurisdiction over the dispute, seeking a judgment in a court of competent jurisdiction.
- 7. If the State does not file an action within the 90-day period provided in subsection 6, the notice served by the United States becomes effective at the expiration of the 90-day period. If the State files for declaratory judgment and the court finds that legislation enacted by the State cures the material impairment, then the notice served by the United States does not operate to sever or terminate portions of the Compact under subsection 8. If the court finds that the enacted legislation does not cure the material impairment, the notice served by the United States becomes effective when the court's judgment becomes final either through the exhaustion of all available appeals or the running of the time for taking an appeal.
- 8. If the United States elects to sever and terminate portions of the Compact under this section, the Parties agree that Article IV, section A.2., A.3., and A.4., and Article VI together and in their entirety are severed from the Compact and all rights and obligations under those provisions are terminated. All other provisions of this Compact remain in force and effect. If the portions of the Compact are severed and terminated, the Parties agree that the United States shall retain all water rights contained in Articles II and V and state water reservations granted to the United States prior to severance and termination under this subsection.
- 9. If the United States severs and terminates portions of the Compact as provided in subsection 8, the United States may file federal reserved water right claims in the state general

stream adjudication, in the Montana Water Court or other state court that succeeds to the Montana Water Court's jurisdiction to conduct the general stream adjudication, for instream flow for any stream on which the United States has not been granted a Water Right Recognized Under State Law for an instream flow or an in situ right. The United States shall file all federal reserved water right claims for instream flow with the state court within twelve (12) months after severance and termination of portions of the Compact become effective. The United States agrees that, regardless of the dates of the reservation of the National Forest System Lands for which a federal reserved water right is claimed, the priority date of the federal reserved water right claim will be the Effective Date of This Compact.

- 10. The remedy provided in Article VIII, section C., is the exclusive remedy for actions brought as a result of changes to state law that materially impair the provisions of Article IV, section A.2., A.3., or A.4. There is no remedy under this Compact for changes to state law except as applied under this section to Article IV, section A.2., A.3., and A.4., and as provided in Article VIII, section A.2.
- 11. This section and the procedure and remedy provided under this section shall remain in effect for a period of thirty (30) years after the state court issues a final decree for all water basins under 85-2-234(1), MCA, that contain National Forest System Lands. This period of time under this subsection is tolled for any period of time during which state law materially impaired the interest of the United States as agreed to by the State or determined by a court of competent jurisdiction. After this period, all rights and remedies under this section terminate.

D. Limits on Article IV, Section B.

Article IV, section B., is not an enforceable term of this Compact, and changes to the provisions of state law as described in Article IV, sections B.1. and B.2., after the Effective Date of This Compact shall not give rise to any cause of action in law or in equity or provide any remedy under this Compact.

E. State Court Filing.

Subject to the following stipulations and within one hundred eighty (180) days of the Effective Date of This Compact, the Parties shall submit this Compact to an appropriate state court having jurisdiction over this matter in an action commenced pursuant to 43 U.S.C. 666, for approval in accordance with state law and for the incorporation of the federal reserved water rights described in this Compact into a decree or decrees entered in the court. The Parties understand and agree that the submission of this Compact to a state court, as provided for in this Compact, does not expand or restrict the jurisdiction of the state court or expand or restrict in any manner the waiver of sovereign immunity of the United States in the McCarran Amendment, 43 U.S.C. 666, or other provision of federal law.

F. Dismissal of Filed Claims.

At the time the state courts approve the federal reserved water rights described in Article II of this Compact and enter a decree or decrees confirming the rights described, such courts shall dismiss, with prejudice, all of the water right claims specified in Appendix 2 of this Compact for National Forest Service Lands. If this Compact fails approval or a federal reserved water right described in this Compact is not confirmed, the specified claims shall not be dismissed.

G. Consent Decree.

This Compact may be filed as a consent decree in federal court if it is finally determined in a judgment binding on the State of Montana that the state courts lack jurisdiction over some or all of the water rights described in this Compact. Within one (1) year of such judgment, the United States agrees to commence such proceedings in the federal district court for the District of

Montana as may be necessary to judicially confirm the water rights described in this Compact.

H. Settlement of Claims.

The Parties intend that the water rights described in this Compact, together with the rights and obligations set forth in Article IV, are in full and final settlement of all federal reserved water right claims filed by the United States or that could have been filed by the United States as of the Effective Date of This Compact for the primary purposes of the National Forest System Lands in the State of Montana. Pursuant to this settlement, the United States hereby relinquishes forever on the Effective Date of This Compact all said federal reserved water right claims.

I. Defense of Compact.

The Parties agree to defend the provisions and purposes of this Compact from all challenges and attacks.

IN WITNESS WHEREOF the representatives of the State of Montana and the United States have signed this Compact on the 17th day of April, 2007.

History: En. Sec. 1, Ch. 213, L. 2007.