

ATTACHMENT C

1 S/Fay Randleman, Deputy
Rec #56877 Fee \$60.50

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AMENDMENT AND SUPPLEMENT NO. 1

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TO

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SUPPLEMENTAL AND ADDITIONAL INDENTURE OF LEASE

10

BETWEEN

11

THE NAVAJO TRIBE OF INDIANS

12

AND

13

ARIZONA PUBLIC SERVICE COMPANY,

14

EL PASO ELECTRIC COMPANY,

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PUBLIC SERVICE COMPANY OF NEW MEXICO,

16

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT

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AND POWER DISTRICT,

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SOUTHERN CALIFORNIA EDISON COMPANY,

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and

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TUCSON ELECTRIC POWER COMPANY

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3 AMENDMENT AND SUPPLEMENT NO. 1
4 TO
5 SUPPLEMENTAL AND ADDITIONAL INDENTURE OF LEASE
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1 AMENDMENT AND SUPPLEMENT NO. 1

2 TO

3 SUPPLEMENTAL AND ADDITIONAL INDENTURE OF LEASE

4 1. PARTIES:

5 The Parties to this Amendment and Supplement No. 1 to
6 Supplemental and Additional Indenture of Lease
7 (hereinafter referred to as "Amendment No. 1") are THE
8 NAVAJO TRIBE OF INDIANS, acting through the Navajo
9 Tribal Council and its chairman for and on behalf of
10 the Navajo Tribe of Indians (hereinafter referred to as
11 the "Tribe"), as Lessor, and ARIZONA PUBLIC SERVICE
12 COMPANY, EL PASO ELECTRIC COMPANY, PUBLIC SERVICE
13 COMPANY OF NEW MEXICO, SALT RIVER PROJECT AGRICULTURAL
14 IMPROVEMENT AND POWER DISTRICT, SOUTHERN CALIFORNIA
15 EDISON COMPANY, and TUCSON ELECTRIC POWER COMPANY,
16 formerly Tucson Gas & Electric Company (hereinafter
17 collectively, together with their successors and
18 assigns, referred to as "Lessees," and singly referred
19 to as "Lessee"), as Lessees.

20 2. RECITALS:

21 The Parties are entering into this Amendment No. 1 with
22 reference to the following facts, among others:

23 2.1 Effective July 6, 1966, the Parties entered into
24 the Supplemental and Additional Indenture of Lease
25 ("Supplemental Lease"), which among other things
26 amended the Amended Original Lease in certain

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respects and further granted the Lessees certain leasehold rights to construct, reconstruct, use, operate, maintain, locate, and remove the Four Corners Project.

2.2 Since the Supplemental Lease was signed in 1966, a number of matters have arisen which were not addressed therein or which, if addressed, require modifications to the Lease and to the coal lease between the Tribe and Utah Mining (now named Utah International, Inc.), the coal supplier to the Four Corners Project, in order to satisfy the purposes and objectives of the Parties.

2.3 Among the more important modifications from the Tribe's point of view is a substantial increase in the royalties payable on coal mined by Utah Mining, which eventually will be borne by the Lessees and their customers, thereby creating consideration to the Tribe for additional benefits conferred on Lessees by this Amendment No. 1.

2.4 The Parties desire through this Amendment No. 1 to address and resolve to the extent feasible the matters referred to in Sections 2.2 and 2.3.

2.5 The Parties desire to use in this Amendment No. 1 the terms defined on Pages 1 through 6 of the Supplemental Lease in the same context as defined and

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used therein, except those terms which are amended to read as follows:

"Related Facilities" - Those facilities to be constructed or installed at Four Corners and ultimately to be owned by one or more Lessees which will serve in connection with the operation and maintenance of any or all of Units 4 and 5 and the existing three units of the Initial Four Corners Plant;

"Amended Original Plant Site" - The plant site for the existing three units of the Initial Four Corners Plant, the area and location of which are shown and described on the plat attached hereto as Amended Exhibit 1 hereof, this Amended Original Plant Site being a revision (and a diminution) of the so-called "plant site area" leased to Arizona under the Original Lease and shown on Exhibit A and Supplemental Exhibits thereto of the Original Lease;

"New Plant Site" - The plant site for Units 4 and 5 and the switchyard facilities therefor, the area and location of which are shown and described on the plat attached hereto as Amended Exhibit 2 hereof. The New Plant Site includes a portion of the so-called "plant site area" leased to Arizona under the Original Lease, as well as additional

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contiguous lands (the portion heretofore leased to Arizona as part of the area designated as the "plant site area" under the Original Lease being deleted from said "plant site area" pursuant to this Supplemental Lease);

"Pumping Plant Site" - The site for facilities to divert and pump water from the San Juan River, including diversion works, water intake works, pumping station, water lines and facilities related thereto, the area and location of which are shown described on the plat attached hereto as Amended Exhibit 3 hereof, this Pumping Plant Site being the same as the area designated as the "pumping plant site" leased to Arizona under the Original Lease and shown on Exhibit B and Supplemental Exhibits thereto of the Original Lease;

"Dam Site" - The site of the dam and other facilities and appurtenances constructed by Arizona as Lessee under the Original Lease, the area and location of which are shown and described on the plat attached hereto as Amended Exhibit 4 hereof, this Dam Site being the same as the area designated as the "dam site" leased to Arizona under the Original Lease and shown on Exhibit C and Supplemental Exhibits thereto of the Original Lease;

1 "Common and Related Facilities Area" - The
2 area, in addition to, and exclusive of, the
3 Amended Original Plant Site, New Plant Site,
4 Pumping Plant Site, Dam Site and Ash Disposal
5 Area, on which are or will be located certain of
6 the Common Facilities and certain of the Related
7 Facilities, which is shown and described on the
8 plat attached hereto as Amended Exhibit 5 hereof;

9 "Ash Disposal Area" - The area for the dis-
10 posal of ash and refuse products resulting from
11 the operation of the Enlarged Four Corners Gener-
12 ating Station, together with access thereto from
13 the Amended Original Plant Site and the New Plant
14 Site, which area is shown and described on the
15 plat attached hereto as Amended Exhibits 6 and 6A
16 hereof. This area includes the area designated as
17 the "ash disposal area" under the Original Lease
18 and shown on Exhibit D thereof and Supplemental
19 Exhibits thereto, together with an additional area
20 contiguous thereto;

21 "Storage Lake" - The lake formed by the water
22 impounded behind the dam located on the Dam Site,
23 the contour line showing the maximum level of
24 which lake is shown on Amended Exhibit 8 hereof;

25 3. AGREEMENT:

26 The Parties agree as follows:

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4. EFFECTIVE DATE:

This Amendment No. 1 shall become effective upon the date of the last to occur of the following: (i) the approval of the Secretary of the Interior or his authorized delegate of this Amendment No. 1; (ii) the approval of the Secretary of the Interior or his authorized delegate of Amendment No. 4 and Supplement to the Mining Lease dated July 26, 1957, or (iii) execution by the Secretary of the Interior or his authorized delegate of amendments to the § 323 Grant and the Arizona § 323 Grant, conforming said Grants to this Amendment No. 1.

5. LEASING PROVISIONS:

Sections 2, 3, and 4 of the Supplemental Lease are hereby amended to read as follows:

"2. LEASED LANDS UNDER NEW LEASE: The Tribe, for and in consideration of the payment by the Lessees of the rentals specified and the performance by the Lessees of the covenants hereinafter recited, does hereby for the term hereinafter set out, and for the purpose of constructing, reconstructing, using, operating, maintaining, relocating and removing the Four Corners Project, lease unto the Lessees under the New Lease the real property hereinafter described:

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- (a) The Tribe hereby leases the New Plant Site to the Lessees as tenants in common, with Arizona having an undivided 15% interest therein, El Paso having an undivided 7% interest therein, New Mexico having an undivided 13% interest therein, Salt River Project having an undivided 10% interest therein, Edison having an undivided 48% interest therein, and Tucson having an undivided 7% interest therein.
- (b) The Tribe hereby leases the Pumping Plant Site, the Dam Site, the Common and Related Facilities Areas and the Ash Disposal Area to the Lessees as tenants in common, with Arizona having an undivided 10.86% interest therein, El Paso having an undivided 5.07% interest therein, New Mexico having an undivided 9.42% interest herein, Salt River Project having an undivided 7.24% interest therein, Edison having an undivided 34.76% interest therein, and Tucson having an undivided 5.07% interest therein. Pending the outcome of technical studies and/or operating experience, it is possible that additional common and related facilities area and ash disposal area will be required either

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contiguous to or in the general areas of the Common and Related Facilities Area and Ash Disposal Area. In the event that such additional areas are required, subject to procuring the approval of the Tribe and the Secretary at that time, the appropriate exhibits will be amended to show the additional areas. Payments to the Tribe for such additional areas shall include an initial payment of \$200 per acre, plus payments at the rate of \$10.00 per acre per year.

Such payments shall be in addition to the lease rental payments hereinafter provided in Section 11.

(c) Insofar as some portions or components of the Common Facilities or Related Facilities are located on the Amended Original Plant Site, the Tribe hereby leases the Amended Original Plant Site to the Lessees as tenants in common, with Lessees having the same respective interests set forth above in Section 2(b), to the extent and only to the extent that the Lessees shall have reasonable access to such portions or components of the Common Facilities and Related Facilities and shall have

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the right to construct, use, operate, maintain, relocate, replace and remove the same in connection with the construction, reconstruction, use, operation, maintenance, relocation and removal of the Four Corners Project, provided that Lessees, in exercising the rights hereby leased, shall not interfere with or impair the use by Arizona of the Amended Original Plant Site for the purpose for which said plant site is held by Arizona under the Amended Original Lease.

A plat showing, among other things, all of said Leased Lands, and also indicating the portions thereof heretofore leased to Arizona under the Original Lease, is attached hereto as Amended Exhibit 7 hereof.

3. AMENDMENTS TO ORIGINAL LEASE: The Original Lease is hereby amended and supplemented, in addition to other amendments and supplements as herein provided, so that the Amended Original Lease shall provide as follows:

(a) The Amended Original Plant Site hereunder (Amended Exhibit 1 hereof) is substituted for the plant site thereunder (Exhibit A thereof and Supplemental Exhibits thereto);

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(b) The Tribe hereby leases to Arizona as Lessee under the Amended Original Lease, an undivided 27.58% interest in the lands within the Ash Disposal Area (Amended Exhibits 6 and 6A hereof) not included within the Ash Disposal Area leased to Arizona under the Original Lease (Exhibit D thereof and Supplemental Exhibits thereto); and the Ash Disposal Area under this Supplemental Lease, as hereby amended, is substituted for the ash disposal area under the Original Lease;

(c) Insofar as some portions or components of the Common Facilities or Related Facilities, or facilities of Arizona, are located on the New Plant Site, the Tribe hereby leases the New Plant Site to Arizona, to the extent and only to the extent that Arizona shall have reasonable access to such portions or components of the Common Facilities and Related Facilities, and facilities of Arizona, and shall have the right to construct, reconstruct, use, operate, maintain, relocate, replace and remove the same in connection with the construction, reconstruction, use, operation, maintenance, relocation and removal of the Initial Four Corners Plant, provided that Arizona, in

1	exercising the rights hereby leased, shall
2	not interfere with or impair the use by Les-
3	sees of the New Plant Site for the purpose
4	for which said plant site is held by Lessees
5	under the New Lease;
6	(d) The Common and Related Facilities Area here-
7	under (Amended Exhibit 5 hereof) is substi-
8	tuted as to that portion of the plant site
9	thereunder (Exhibit A thereof and Supple-
10	mental Exhibits thereto) included within said
11	Common and Related Facilities Area;
12	(e) Plant access road hereunder (Amended Exhibits
13	10 and 10A hereof) is substituted for the
14	plant access road thereunder (Exhibit I,
15	Sheets 1 and 2 thereof and Supplemental
16	Exhibits thereto);
17	(f) Access road and water pipeline hereunder
18	(Amended Exhibit 9 hereof) is substituted for
19	the access road and water pipeline thereunder
20	(Exhibit H, Sheets 1 and 2 thereof and sup-
21	plemental Exhibits thereto);
22	(g) Sections 6, 16 and 19 of the Original
23	Lease are hereby amended to conform with
24	Sections 11(e), 21 and 25, respectively, of
25	the Supplemental Lease, as amended herein.
26

1	(h) Sections 6A, 6B, 11(f), 51 and 52 of the
2	Supplemental Lease, as added by this
3	Amendment No. 1, are hereby added as
4	Sections 7A, 7B, 6, 34 and 35, respectively,
5	of the Original Lease.
6	(i) The leasehold rights leased to Arizona under
7	Section 2(b) hereof, as a Lessee under the
8	New Lease, shall be separate and independent
9	from, and shall not merge with, the leasehold
10	rights leased to Arizona under the Amended
11	Original Lease;
12	(j) The leasehold rights leased to Lessees under
13	Section 2(b) hereof shall be equal in time
14	and priority with the leasehold rights leased
15	to Arizona under the Amended Original Lease;
16	(k) The leasehold rights leased to Lessees under
17	Section 2(c) hereof shall be equal in time
18	and priority with the leasehold rights in the
19	Amended Original Plant Site leased to Arizona
20	under the Amended Original Lease;
21	(l) The leasehold rights leased to Arizona under
22	Section 3(c) hereof shall be equal in time
23	and priority with the leasehold rights in the
24	New Plant Site leased to Lessees under the
25	New Lease;
26

1 4. LEASE OR RELATED RIGHTS: The Tribe hereby leases
2 to Lessees under the New Lease and to Arizona
3 under the Amended Original Lease the auxiliary and
4 related rights hereinafter set out (herein some-
5 times for convenience referred to as "Related
6 Rights") as tenants in common, with the Lessees
7 having the same respective interests therein under
8 the New Lease set forth above in Section 2(b), and
9 with Arizona being a tenant in common and having
10 an undivided 27.58% interest in the Related Rights
11 as lessee under the Amended Original Lease (in
12 addition to its undivided 10.86% interest therein
13 under the New Lease, as herein provided); and the
14 Related Rights leased to Lessees under the New
15 Lease and the related rights leased to Arizona
16 under the Original Lease and retained by Arizona
17 under the Amended Original Lease and shall be
18 equal in time and priority. The Related Rights
19 herein leased are rights to occupancy and posses-
20 sion of the real property hereinafter described
21 and do not apply to or affect any Common Facili-
22 ties heretofore constructed by Arizona on such
23 real property pursuant to the Original Lease, or
24 any Related Facilities hereafter constructed by
25 Lessees on said real property pursuant to the New
26 Lease and the Amended Original Lease.

1	(a) The right to occupy and use Reservation Lands
2	in order to construct, reconstruct, install,
3	operate, maintain, relocate and remove
4	(i) diversion works, including dams, wells,
5	pipelines, facilities and structures for
6	diverting water, on the stream bed of the San
7	Juan River within the Reservation Lands, in
8	addition to diversion works in the Pumping
9	Plant Site, in order to maintain diversion
10	works in the Pumping Plant Site, in order to
11	maintain diversions of water to the pumps
12	installed on the Pumping Plant Site, in event
13	of change in the location of the stream bed
14	of the San Juan River; (ii) electric power
15	and communication lines and facilities and
16	access roads to the said new diversion works
17	from other facilities of the Lessees; and
18	(iii) pipelines, conduits and other struc-
19	tures and facilities which will conduct water
20	from the San Juan River or from other sources
21	to the Storage Lake.
22	(b) The right to construct, reconstruct, install,
23	operate, maintain, relocate and remove water
24	lines across the Reservation Lands (in addi-
25	tion to those from the Pumping Plant Site)
26	for the purpose of transporting water for

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operation of the Enlarged Four Corners Generating Station, and the right of access thereto.

(c) The right to construct, reconstruct, install, operate, maintain, relocate and remove a power line and a communication line from the Dam Site to the Pumping Plant Site. The location of said power line and communication line is within the real property shown and described on Amended Exhibit 13 hereof.

(d) The right to construct, reconstruct, install, improve, operate, maintain, relocate and remove a water pipeline and access road from the Storage Lake to the Pumping Plant Site. The locations of said pipeline and access road are within the real property shown and described on Amended Exhibit 9 hereof.

(e) The right to construct, reconstruct, improve, maintain, and relocate an access road extending from San Juan River bridge to the Amended Original Plant Site. The location of said access road is within the real property shown and described on Amended Exhibits 10 and 10A hereof.

(f) The right to construct, reconstruct, install, improve, operate, maintain, relocate and

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remove an access road, water pipelines and power and communication lines extending from the Common and Related Facilities Area to the Utah Mining Leased Lands. The location of said access road, water pipelines and power and communication lines is within the real property shown and described on Amended Exhibit 11 hereof.

(g) The right to construct, reconstruct, install, operate, maintain, relocate and remove water pipelines extending from the Common and Related Facilities Area to the Storage Lake to the Utah Mining Leased Lands. The location of said water pipelines is within the real property shown and described on Amended Exhibit 12 hereof.

(h) The right to store water in the Storage Lake behind the dam located on the Dam Site; to flood and utilize Reservation Lands to the extent that will be required to store the water in the Storage Lake which can be contained behind the Dam, up to a maximum elevation of 5327.5 feet, with a maximum Storage Lake area of approximately 1288 acres (including the portions of the Storage Lake included in the Common and Related Facilities Area and

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the Dam Site), the Storage Lake at such maximum level to have substantially the contour line shown on Amended Exhibit 8 hereof; to use and draw down the water from, and to fill, refill and empty the Storage Lake; to fluctuate the level of the Storage Lake and the Storage Lake surface area; to take water from the Storage Lake into the Enlarged Four Corners Generating Station and to discharge water back into the Storage Lake at a higher temperature; to use the Storage Lake in any way required for operation of the Enlarged Four Corners Generating Station; to clean the Storage Lake surface; to take any action that Lessees may deem necessary for limiting or preventing undue seepage and for controlling, curtailing and removing debris, weed, vegetable, marine, insect and animal growths; to have access to all of the Storage Lake area for all of such previously described purposes; and to construct and maintain dikes and embankments to prevent flooding of roads and to make full use of the area described as Parcel B (all as shown on Amended Exhibit 8). Insofar as the Dam and Storage Lake will affect Reservation Lands subject to existing

1 rights-of-way, to the extent the Tribe has
2 the right to do so, the Tribe hereby leases
3 to the Lessees the right to construct and
4 maintain said Dam and Storage Lake and con-
5 fers upon the Lessees whatever rights the
6 Tribe may have with respect to construction
7 and maintenance of a Dam and Storage Lake
8 affecting Reservation Lands subject to such
9 rights-of-way.

10 (i) The right to dispose of waste water on the
11 Reservation Lands by permitting waste water
12 from the Enlarged Four Corners Generating
13 Station to flow from the Ash Disposal Area
14 into and along the Chaco Wash; the right to
15 construct, reconstruct, install, operate,
16 maintain, relocate and remove pipelines,
17 sluice works and other facilities for trans-
18 porting of ashes, refuse products and waste
19 water, and roads, from the Common and Related
20 Facilities Area to the Ash Disposal Area. In
21 addition to the Related Rights leased under
22 this Section 4(i), the lease of the Ash Dis-
23 posal Area to the Lessees shall include the
24 right for the following uses, among others:
25 the right to dispose of and dump thereon
26 ashes, refuse products and waste water from

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the Enlarged Four Corners Generating Station; the right to construct, reconstruct, install, operate, maintain, replace and remove roads, pipelines, sluice works, dikes, dams, canals, and other works and facilities for the storage and disposal of ashes, refuse products and waste water. Lessees will install such dikes, settling basins, or other facilities as are reasonably necessary to retain said ashes in the Ash Disposal Area. Appropriate and standard tests for determining the presence of contaminants in the waste water will be conducted by Lessees under the New Lease and Arizona under the Amended Original Lease, and reasonable steps will be taken by them to reduce such contaminants to an acceptable minimum.

(j) The locations and routes of the facilities referred to in Section 4(a) and (b), and of any ash, refuse product and waste water disposal facilities located outside of the Ash Disposal Area, and referred to in Section 4(i), shall be first submitted to and approved by the Tribe and the Secretary, and the Tribe agrees that it will not withhold its consent to any reasonable locations and

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routes. In the event additional or extended diversion works are constructed or installed in the stream bed of the San Juan River within the Reservation Lands, other than on the Pumping Plant Site, or facilities are constructed within the Chaco Wash, a plat or plats showing the location thereof shall promptly be filed with the Secretary and with the Tribe.

(k) All access roads outside the Leased Lands will be subject to being used by members of the tribe or its permittees in a normal manner not preventing the Lessees from making normal use of the roads; provided, however, that the Lessees are not obligated hereby to maintain such roads, except for maintenance made necessary by the use by the Lessees of such roads.

In the event an access road shall be incorporated into the improved road system for the State of New Mexico or the Reservation Road System of the Bureau of Indian Affairs, so as to become open for public use, the Lessees will surrender their right-of-way and easement for such road.

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For heavy haulage during periods of construction, reconstruction, use, operation, maintenance, relocation and removal of Enlarged Four Corners Generating Station, in cases where use of the access roads hereinabove described is not practicable, the Lessees shall have the right to reasonable access across the Reservation Lands to the Leased Lands."

6. CONSENT TO GRANT OF RIGHTS-OF-WAY BY SECRETARY:

Section 5 of the Supplemental Lease is hereby amended by adding the following Subsection (d):

"(d) The Tribe hereby gives its consent to the amendment by the Secretary of any Exhibit to the § 323 Grant and the Arizona § 323 Grant required in order to conform said Exhibits with the Amended Exhibits to this Supplemental Lease covering both the New Lease and the Amended Original Lease."

7. RELOCATION PROCEDURES:

A new Section 6A is hereby added to the Supplemental Lease to read as follows:

"6A. RELOCATION OF NAVAJOS:

(a) Lessees shall comply with all existing and future rules and regulations, ordinances, and laws of the Tribe relating to relocation of individual Navajos and just compensation to

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individual Navajo permittees for impairment of their use areas as a result of Lessees' operations hereunder, including, but not limited to, the loss of or damage to traditional or customary grazing areas or area grazed under permit; the removal, relocation and/or replacement of people, buildings, hogans, and other structures; damages to livestock and crops; and other losses. In connection with the foregoing, Lessees shall pay such compensation as may be determined according to rules, regulations, ordinances, and laws of the Tribe and, in addition, shall (if required by such rules, regulations, ordinances, and laws) pay or reimburse the administrative costs involved in determining, awarding, and implementing such compensation.

(b) Before commencing any activities on any portion of the leased premises, Lessees shall pay to the Tribe all of the compensation required under this Section 6A for all individual Navajos entitled to compensation under this Section 6A. Lessees shall then be deemed to have discharged its obligations to pay compensation to individual Navajos under this Section 6A. The individual Navajos

1 entitled to compensation under this Section
2 6A may, at their option, either (a) immedi-
3 ately relocate and receive from the Tribe the
4 funds to which they are entitled under this
5 Section 6A or (b) remain on the leased prem-
6 ises until they are given notice to relocate
7 by Lessees, at which time they shall be
8 removed from the leased premises, and upon
9 completion of such removal they shall receive
10 from the Tribe the funds to which they are
11 entitled under this Section 6A. Notwith-
12 standing anything to the contrary herein,
13 the Tribe shall not be required to pay any
14 compensation to individual Navajos from funds
15 other than those provided by Lessees under
16 this Section 6A."

17 8. FUTURE RIGHTS-OF-WAY:

18 A new Section 6B is hereby added to the Supplemental
19 Lease to read as follows:

20 "6B. COMPENSATION FOR FUTURE RIGHTS-OF-WAY:

21 If during the remaining term of this Supplemental
22 Lease any Lessee on behalf of itself or a joint
23 venture project in which it is a participant
24 applies to the Tribe for a permit or grant of
25 right-of-way or easement to construct and operate
26 an electric transmission line over or across

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Reservation Lands, if the Lessor in its sole discretion determines such right-of-way or easement should be granted, and if during the twelve-month period preceding the date of the application Lessees' fuel supplier has paid royalties to the Tribe on not less than six (6) million tons of coal sold to Lessees, the amount of the initial and annually adjusted payment for said permit or grant of right-of-way or easement shall be determined in accordance with the formulas established as follows:

(a) For each such right-of-way or easement, Lessee shall pay the Secretary for the use and benefit of the Tribe a one-time payment computed on the basis of the following formula:

$$R_{al} = (R_1) \times \frac{(I_{cl})}{(I_{bl})} \text{ WHEREIN:}$$

R_{al} = The adjusted one-time payment for such right-of-way or easement.

R₁ = The product of (a) the number of acres in the right-of-way or easement and (b) \$200 per acre.

I_{cl} = The final quarterly index of the Index of Implicit Price Deflators for Gross National Product (as presently published in Table 7.1-7.2 of the National Income and Product Tables, in publication by the United States Department of Commerce entitled Survey of Current Business, hereinafter referred to as "IPD") last published immediately preceding the date of the grant of the right-of-way or easement is effective,

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provided that in no event shall I_{c1} be less than the value of I_{b1}.

I_{b1} = The final quarterly index of IPD last published before the Effective Date.

(b) In addition to the payments set forth in (a) hereof, as consideration for each such right-of-way or easement, Lessee shall pay the Secretary for the use and benefit of the Tribe an annually adjusted payment of \$10 per acre. The payment shall be calculated on the basis of the following formula:

$$Ra2 = \frac{(Ic1)}{(Ib2)} \times \$10 \text{ WHEREIN:}$$

Ra2 = The adjusted annual payment for each acre.

I_{c2} = The final quarterly index of IPD last published preceding the date each annual payment is due, provided that in no event shall I_{c2} be less than the value of I_{b2}.

I_{b2} = The final quarterly index of IPD last published before the Effective Date.

The foregoing formula shall not apply to renewals of or to rights-of-way or easements for which application was submitted to the Lessor before the effective date of Amendment No. 1, nor to any rights-of-way or easements for which application is made by an entity, or joint venture project which will wholly own the transmission lines for

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which the application is made, and in which the Lessor, its political subdivisions, or its enterprises have an ownership interest.

9. RENTAL FOR ADDITIONAL LAND:

Section 11 of the Supplemental Lease is hereby amended by adding the following Subsection (f):

"(f) Pursuant to Section 2(b), 725.68 acres of additional land have been leased to Lessees by this Amendment No. 1, as additions to the Common and Related Facilities Area and the Ash Disposal Area, all as reflected on Amended Exhibits 5 and 6A, respectively. Said additions shall result in the following additional rental payments to the Tribe:

(i) With respect to the addition to the Common and Related Facilities Area, an initial, one-time payment of \$35,206, payable by the Lessees on the Effective Date, said payment to be made as provided in Section 11(a) hereof.

(ii) With respect to the addition to the Ash Disposal Area, an initial, one-time payment of \$109,930, payable by Arizona on the Effective Date.

(iii) With respect to the addition to Common and Related Facilities Area, a monthly rental of

. . .

1 \$146.70 effective for the first full month
2 subsequent to the Effective Date and each
3 month thereafter through December 31, 1985
4 to be paid by Lessees within thirty (30)
5 days after the Effective Date, said payment
6 to be made as provided in Section 11(a)
7 hereof.

8 (iv) With respect to the addition to the Ash
9 Disposal Area, a monthly rental of \$458.05
10 effective for the first full month subse-
11 quent to the Effective Date and each month
12 thereafter through December 31, 1985 to be
13 paid by Arizona within thirty (30) days
14 after the Effective Date.

15 (v) With respect to the addition to the Common
16 and Related Facilities Area, an annual
17 rental of \$1,760.30 for the twelve (12)
18 month period ending December 31, 1985, to be
19 paid by the Lessees on or before January 1,
20 1985, said payment to be made as provided in
21 Section 11(d) hereof.

22 (vi) With respect to the addition to the Ash
23 Disposal Area, an annual rental of \$5,496.50
24 for the twelve (12) month period ending
25 December 31, 1985, to be paid by Arizona on
26 or before January 1.

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(vii) Annual payments thereafter with respect to (v) and (vi) above shall be payable in advance on or before January 1 of each year and shall be calculated on the basis of the following formula:

$$Ra3 = \frac{(Ic3)}{(Ib3)} \times \$1,760.30, \text{ and } \$5,496.50, \text{ respectively, WHEREIN:}$$

Ra3 = The adjusted annual payment for such additional leased land.

Ic3 = The final quarterly index of IPD last published preceding the date each annual payment is due, provided that in no event shall Ic3 be less than the value of Ib3.

Ib3 = The final quarterly index of IPD last published before the Effective Date."

The Tribe hereby waives its right to receive consideration and damages for the conforming amendments to the Arizona § 323 Grant and to the § 323 Grant, as provided in 25 C.F.R. §§ 169.12 and 169.13.

10. LEASE RENTALS:

Section 11(e) of the Supplemental Lease is hereby amended to read as follows:

"(e) The lease rentals for the New Lease and the Amended Original Lease are to be in lieu of all taxes, assessments, levies, exactions or charges of any kind made or imposed by the Tribe, and the Tribe covenants that it will not tax or assess, in any manner whatever, directly or indirectly, the § 323 Grant, the Arizona

1 § 323 Grant, the New Lease, the Amended Original Lease,
2 or the property of the Lessees located on the Leased
3 Lands or located on Reservation Lands pursuant to the
4 Related Rights leased in the New Lease or Amended
5 Original Lease, or Lessee's activities under the New
6 Lease or Arizona's activities under the Amended Original
7 Lease, or their ownership, construction, operation
8 or removal of the Four Corners Project by Lessees,
9 pursuant to the New Lease, or the Initial Four Corners
10 Plant by Arizona under the Amended Original Lease, or
11 the power generated thereon or the transmission, sale,
12 or disposal of such power, their income, or otherwise,
13 or the sale or delivery of fuel to the Lessees by the
14 suppliers of their fuel, or the severance or extraction
15 thereof by such suppliers (other than royalties pro-
16 vided in their leases from the Tribe) or the diversion
17 or use of water; provided, however, that after July 6,
18 2001, the foregoing covenants shall lapse. By agreeing
19 to the amended Section 11(e), the Tribe does not intend
20 to ratify or otherwise reaffirm the provisions of
21 Section 11(e) as amended, nor otherwise give any valid-
22 ity, effectiveness or scope to said provisions which
23 they would not have as originally written. In addi-
24 tion, this amended Section 11(e) shall not prejudice or
25 constitute a waiver of the right of the Tribe to con-
26 test the validity, applicability or enforceability of

1 Section 11(e) as amended. Likewise, by agreeing to the
2 amended Section 11(e), the Lessees do not intend to
3 repudiate, invalidate or diminish the effectiveness,
4 enforceability or scope of Section 11(e) as amended,
5 except as specifically provided herein."

6 11. WATER RIGHTS:

7 Section 21 of the Supplemental Lease is hereby amended
8 by adding the following sentence at the end of said
9 Section:

10 "In the event the rights of the Tribe to take
11 water from the San Juan River are quantified judi-
12 cially or otherwise in a manner that impairs or
13 adversely affects the ability of Lessees or of
14 Arizona under said Permit 2838 to remove a supply
15 of water from the San Juan River in sufficient
16 quantities to meet the requirements of the
17 Enlarged Four Corners Generating Station and the
18 mining operations of Utah Mining, the Tribe hereby
19 agrees not to interrupt or cause the interruption
20 of said water supply and to sell to the Lessees an
21 annual amount of water equal to the amount by
22 which Permit 2838 is so impaired or adversely
23 affected. The annual payment shall be calculated
24 on the basis of \$50 (in 1985 dollars) per acre
25 foot per year adjusted annually on January 1 of
26 the year following the Effective Date of Amendment

1. No. 1 and each January 1 thereafter on the basis
2 of the following formula:

3 $R_1 = R(1+i)$

4 Where: R_1 = the adjusted rate per acre-foot
per year for the current year;

5 R = the adjusted rate per acre-foot
6 per year for the previous year; and

7 i = the 10-year constant maturity
8 United States Treasury interest
rate for the year preceding the
year the adjustment is made.

9 Nothing in this Supplemental Lease shall be con-
10 strued or used as an admission against the inter-
11 est of either the Tribe or Lessees in connection
12 with any pending or future litigation or adjudica-
13 tion involving water rights in the basin of the
14 Colorado River, the San Juan River or their
15 tributaries."

16 12. LABOR POLICY:

17 Section 25 of the Supplemental Lease is hereby amended
18 to read as follows:

19 "25. LABOR POLICY - PREFERENTIAL EMPLOYMENT OF INDIANS:

20 Lessee shall provide preference in employment to
21 Indians living within or near the Reservation in
22 connection with the construction and operation of
23 the facilities contemplated in this Supplemental
24 Lease, all in accordance with the terms and provi-
25 sions of the Letter Agreement relating to said
26 employment which is attached hereto as Exhibit 15,

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as said Exhibit 15 may be amended from time to time in accordance with its terms."

13. NAVAJO SCHOLARSHIPS:

A new Section 51 is hereby added to the Supplemental Lease to read as follows:

"51. NAVAJO SCHOLARSHIPS: Lessees shall contribute to a foundation to be established jointly by the Lessees and the Tribe for a term of ten years of not less than TWENTY-FIVE THOUSAND DOLLARS (\$25,000) annually, the first payment of which shall be made within 30 days after the Effective Date, for the sole and exclusive purpose of providing scholarship aid to Navajo recipients. Said foundation shall be jointly administered by the Tribe's and Lessees' representatives. For the initial five years, 80% of such contributions shall be invested to generate future funds for scholarships and 20% may be used for direct scholarship aid to Navajo recipients. For the second five year period the joint administrators shall determine how the contributed funds are to be used. Such scholarships shall be awarded to recipients and used at colleges and universities as the joint administrators shall determine. Annual payments shall be calculated on the basis of the following formula:

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AASP = $\frac{(Ic4)}{(Ib4)}$ X \$25,000 WHEREIN:

AASP = The adjusted annual scholarship payment.

Ic4 = The final quarterly index of IPD last published preceding the date each annual payment is due, provided that in no event shall Ic4 be less than the value of Ib4.

Ib4 = The final quarterly index of IPD last published before the Effective Date."

14. SUPPLEMENTAL LEASE AND AMENDED ORIGINAL LEASE TO REMAIN IN EFFECT:

Except as specifically amended herein, the Supplemental Lease and the Amended Original Lease shall remain in full force and effect in accordance with their terms.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be signed in their behalf by their duly authorized officers as of this ____ day of _____, 1985.

THE NAVAJO TRIBE OF INDIANS

By *Peter Zah*
Peterson Zah, Chairman
Navajo Tribal Chairman

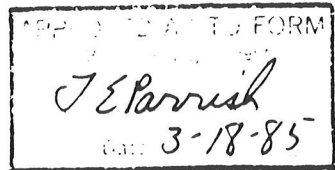
ARIZONA PUBLIC SERVICE COMPANY

By *Charles W. White*
Title President

ATTEST:

Suzanne W. Deans
Secretary - DISCOURTE

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EL PASO ELECTRIC COMPANY

By [Signature]
Title Assistant Vice President

ATTEST:

[Signature]
Secretary

PUBLIC SERVICE COMPANY OF NEW MEXICO

By [Signature]
Title SENIOR VICE PRESIDENT
POWER SUPPLY

ATTEST:

[Signature]
Secretary

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

By [Signature]
Title VICE PRESIDENT

ATTEST:

[Signature]
Asst. Secretary

[Signature]
DATE 11/11/11

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SOUTHERN CALIFORNIA EDISON COMPANY

By R. W. Bradburn

Title VICE PRESIDENT

ATTEST:

A. J. Gustafson
Secretary

TUCSON ELECTRIC POWER COMPANY

By [Signature]

Title Senior Vice President

ATTEST:

Jean E. Kettlewell
Secretary

APPROVED this 25 day of April, 1985.

UNITED STATES DEPARTMENT OF THE INTERIOR

By Wilson Barber
for Secretary by

Navajo Area Director,
Mr. Wilson Barber, Pursuant
to the Commissioner's
Redelegation Order 10
BIAM, Section 3.1.

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1 STATE OF ARIZONA)
) SS
2 COUNTY OF APACHE)

3 The foregoing instrument was acknowledged before me
4 this 25 day of April, 1985, by PETERSON ZAH,
5 Chairman of the Navajo Tribal Council of The Navajo Tribe
6 of Indians, on behalf of The Navajo Tribe of Indians.

7
8 Linda G. Scott, NEE Little Elk
Notary Public

9
10 My Commission Expires:

11 My Commission Expires 10.14.1988
12

13
14 STATE OF ARIZONA)
) SS
15 COUNTY OF MARICOPA)

16 The foregoing instrument was acknowledged before me this
17 18 day of March, 1985, by O. Ward G. Washburn,
18 President of ARIZONA PUBLIC SERVICE
19 COMPANY, a corporation, on behalf of said corporation.

20
21 Angela Hanna
Notary Public

22
23 My Commission Expires:

24 Nov 13, 1986
25 . . .
26 . . .

1 STATE OF TEXAS)
) SS
2 COUNTY OF EL PASO)

3 The foregoing instrument was acknowledged before me
4 this 20th day of MARCH, 1985, by JOSEPH E. WASIAT
5 ASS'T Vice President of EL PASO ELECTRIC
6 COMPANY, a corporation, on behalf of said corporation.

7
8 Beelia R. Jhee
Notary Public

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10 My Commission Expires:
11 7-3-85

12
13 STATE OF NEW MEXICO)
) SS
14 COUNTY OF BERNALILLO)

15 The foregoing instrument was acknowledged before me
16 this 20th day of MARCH, 1985, by J.L. Wilkins
17 SENIOR VICE PRESIDENT
POWER SUPPLY of PUBLIC SERVICE
18 COMPANY OF NEW MEXICO, on behalf of said corporation.

19
20 Sherry Leeson
Notary Public

21
22 My Commission Expires:
23 July 1, 1988



OFFICIAL SEAL
SHERRY LEESON
NOTARY PUBLIC NEW MEXICO
Notary Bond Filed with Secretary of State
My Commission Expires _____

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1 STATE OF CALIFORNIA)
2 COUNTY OF LOS ANGELES) SS

3 The foregoing instrument was acknowledged before me
4 this 21st day of March, 1985, by SYDNEY DEWISER
5 VICE PRESIDENT of SOUTHERN
6 CALIFORNIA EDISON COMPANY, a corporation, on behalf of said
7 corporation.

8 Vera Montenegro
9 Notary Public

10
11 My Commission Expires:
12 Aug 19 1987

13 STATE OF ARIZONA)
14 COUNTY OF MARICOPA) SS

15 The foregoing instrument was acknowledged before me
16 this 19th day of March, 1985, by MARCEL J. BOULAS &
17 DCN E. SMITH & ASS'T. SECRETARY of SALT RIVER PROJECT
18 AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, a political
19 subdivision of the State of Arizona, on behalf of said SALT
20 RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT.

21
22 Kendynn M. Janaszak
23 Notary Public

24
25 My Commission Expires:
26 Feb. 7, 1987

1 STATE OF ARIZONA)
) SS
2 COUNTY OF PIMA)

3 The foregoing instrument was acknowledged before me
4 this 19th day of March, 1985, by H. A. Heim
5 _____, Senior Vice President of TUCSON ELECTRIC
6 POWER COMPANY, a corporation, on behalf of said corporation.

8 
9 _____
Notary Public

10 My Commission Expires:
11 November 4, 1986
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