

NEW MEXICO INTERSTATE STREAM COMMISSION

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BATAAN MEMORIAL BUILDING, ROOM 101
POST OFFICE BOX 25102
SANTA FE, NEW MEXICO 87504-5102
(505) 827-6160
FAX: (505) 827-6188

January 18, 2013

Sunset and New Mexico New Model Canals
Attn: Ed Kilby
Route 1, Box 153
Duncan, AZ 85534

Re: One-Time Opportunity to Amend AWSA Proposals

Dear Mr. Kilby:

On February 29, 2012, the Interstate Stream Commission accepted 16 proposals submitted pursuant to the Arizona Water Settlements Act of 2004 ("AWSA") for further evaluation and study. As you know, the proposal submitted by your entity was one of the sixteen. Since February 2012, ISC staff and contractors have been evaluating the proposals.

At its January 16, 2013 meeting, Interstate Stream Commission ("ISC") staff requested, and the Commissioners voted to allow the 16 proponents a one-time only opportunity to amend their proposals.

Amendments to the proposals shall be constrained by the following:

- This opportunity is afforded to the 16 proponents whose proposals were accepted for further evaluation and study by the ISC at its February 29, 2012 public meeting (see list attached; all entities on that list are hereinafter referred to as "Proponents").
- This is the only opportunity that the Proponents will have to amend their proposals.
- Amendments are voluntary and not mandatory. Proponents who are satisfied with their proposal as it currently stands are not required to amend or re-submit.
- Any Proponent wishing to amend may do so by adopting one or more elements of any of the 16 proposals accepted by the ISC on February 29, 2012, and incorporating those elements into the Proponent's proposal as accepted by the ISC on February 29, 2012. Amendments may consist only of elements that already exist in the 16 proposals accepted by the ISC in February 2012. Any element or elements already contained in any one of the 16 proposals

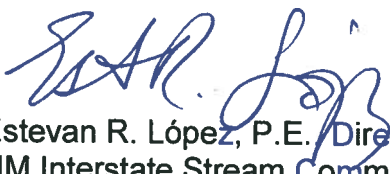
may be merged, added to or removed from any proposal accepted by the ISC on February 29, 2012.

- All amendments must be in writing. Additions and deletions from the original proposal must be clearly identified in a redline-strikeout format.
- All amendments must be accompanied by an acknowledgment from the Proponent's governing body, if one exists, supporting and approving the submission of the amendment(s).
- All amendments must be submitted, via first class mail **and** via e-mail, to Mr. Craig Roepke, Deputy Director, Interstate Stream Commission, P.O. Box 25102, Santa Fe, NM 87504-5102, craig.roepke@state.nm.us, by close of business on March 8, 2013.
- After March 8, 2013, all 16 proposals will be evaluated as amended.

Please note that, after March 8, 2013, any further modifications to the 16 proposals will be made solely at the initiative of the ISC, based on recommendations by its staff and contractors.

If you have any questions regarding this letter or the amendment process, please contact Mr. Craig Roepke at (505) 827-6117.

Sincerely,



Estevan R. López, P.E. Director
NM Interstate Stream Commission

ERL/Int

cc: Craig Roepke, Deputy Director
Amy Haas, General Counsel