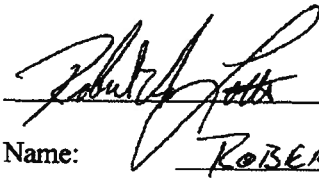


ENDORSEMENT AND AGREEMENT

The undersigned party endorses the Recommendations for San Juan River Operations and Administration for 2009 through 2012, dated January 29, 2009, and agrees to comply with its terms; provided that this Endorsement and Agreement, if accepted and implemented by Reclamation and the State Engineer, and any results from the implementation of these Recommendations shall not be construed to: (1) be a determination or evidence of, or to establish, any party's water rights or consumptive use of water, (2) be a precedent for Navajo Dam operations or water administration in the San Juan River Basin in New Mexico in succeeding years; (3) be an agreement as to the validity or applicability of, or to imply an accepted modification to, the San Juan River Basin Recovery Implementation Program's flow recommendations for endangered fish habitat in the San Juan River or any interpretation thereof; (4) establish any cause and effect relationships between any water uses, including water uses described in Section 1 of the Recommendations and water uses not included in Section 1, and streamflow impacts, water supplies or shortages; (5) establish any priorities between a given use of water from the San Juan River and other uses of water from either the San Juan River or its tributaries; (6) establish any entitlements to water, including any entitlements of fish to specific instream flows; (7) alter or amend any pre-existing agreements between parties unless otherwise expressly agreed to by the parties to said agreements; (8) waive the sovereign immunity of any Indian tribe; or (9) constitute a consent to tribal jurisdiction by any party.

Signed this 14 day of July, 2009.


Name: ROBERT A. LOTTS

Title: WATER RESOURCES MANAGER

On Behalf of: ARIZONA PUBLIC SERVICE CO.

If appropriate, a resolution evidencing authority to enter into this Endorsement and Agreement to be Bound is attached