

# **EXHIBIT I**

## **Supplemental Agreement**

**(4 Pages)**

Settlement Agreement Regarding Uses of Groundwater on Lummi Peninsula

Supplemental Agreement regarding Correction of Exhibits C and D  
and issuance of preliminary well registrations to  
applications identified on Corrected Exhibit D

A. The Settlement Agreement (“Agreement”), executed by the Settling Parties and submitted to the federal district court on November 2, 2006 for approval in *United States and Lummi Nation v. Washington State Department of Ecology, et al*, 01 CV 0047Z (W.D. Wash.), provides, at Section III.A.3, that the amount of groundwater in the “Ecology Allocation,” 120 acre feet per year (“afy”) is a “legal ceiling,” and that “in no event shall the amount permitted for use by Ecology for use in any one year by the Eligible Landowners, when added to the amount unused but permitted, certificated, or registered by Ecology, exceed this legal ceiling.”

B. At the time the Agreement was executed, the total amount of water allocated to persons and entities identified on Exhibit C of the Agreement (existing certificated water rights and users withdrawing groundwater under Ecology’s Allocation) was 98.27 afy. Based upon that figure, the Department of Ecology allocated 21.45 afy to 55 parcels that were then listed on Exhibit D of the Agreement as approved applications for preliminary well registrations. The total amount allocated under Exhibits C and D was 119.72 afy, which was .28 afy less than the Ecology Allocation ceiling of 120 afy.

C. Subsequent to the execution of the Agreement, and after it had been submitted to the District Court for review and approval, it has become clear that 2 additional parcels had been overlooked, and were not included on the list of existing users on Exhibit C. Thus, Exhibit C needs to be corrected. In addition, one additional parcel which had taken steps to appropriate groundwater had been overlooked, and was not included on the list of preliminary registrations on Exhibit D. Thus, Exhibit D also needs to be corrected. As a result of these corrections, the total amount of groundwater allocated in Corrected Exhibits C and D will now be 120.89 afy. This amount exceeds the Ecology Allocation of 120 afy. The Agreement also provides for the revocation or relinquishment of certain water rights included on Exhibits C and D under certain conditions, which could reduce the over-allocation to the level presently contained in the Agreement. The Settling Parties cannot now predict whether or when any such revocation or relinquishment may take place.

D. Exhibits C and D shall be corrected as follows.

1. Corrected Exhibit C shall have two overlooked parcels added:

(a) Bonnie Rogers, parcel no. 380134518414 located at 3387 Southgate Road.

(b) David Williams, parcel no. 380134430040 located at 3413 Lena Road.

2. Corrected Exhibit D shall have one overlooked parcel added:

(a)Blair Family Trust, parcel no. 380123213085, located at 3362 Robertson Road.

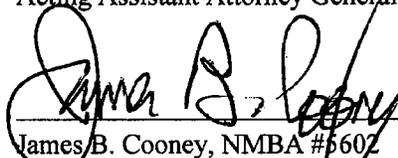
3. No parcel shall be removed from Exhibit D at this time in order to accommodate the above three additions to Exhibits C and D, unless the owner thereof shall agree to the removal. Nothing in this Supplemental Agreement shall affect the water allocations listed on Exh. C or the preliminary registrations listed on Exh. D as originally filed with the Settlement Agreement.

4. The Department of Ecology shall enforce the diligent use requirements of the Settlement Agreement, and shall promptly take action to revoke or declare abandoned any right to water included on Exhibit D, where the circumstances warrant such action, with the goal of reducing the allocation of water under the Agreement to no more than 120 afy. The Department of Ecology may also receive donations or gifts of water rights from any person or parcel listed in Exhibits C or D. Any water rights so obtained by Ecology shall be used to reduce the over-allocation of water under the Agreement. No additional well registration shall be approved by Ecology unless and until there is at least 0.39 afy of unallocated water available for each such permit or registration within Ecology's 120 afy Allocation or, if Ecology's 120 afy Allocation has been adjusted pursuant to Section III.C of the Agreement, there is at least 0.39 afy of unallocated water available within Ecology's adjusted Allocation.

5. The undersigned agree not to seek enforcement in connection with the implementation of the Agreement with any Water Master appointed by the court in the above referenced action, or with the district court, regarding the fact that the preliminary well registrations issued by Ecology to the 56 specific applications identified on Corrected Exhibit D will, when combined with groundwater allocated to landowners or entities on Corrected Exhibit C, exceed the Ecology Allocation ceiling.

UNITED STATES OF AMERICA

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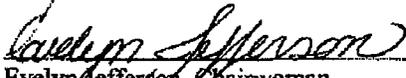
  
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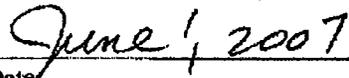
June 18, 2007  
(date)

Attorneys for Plaintiff United States

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Evelyn Jeffers, Chairwoman  
Lummi Indian Business Council

  
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Evelyn Jefferson

(date)

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DEPARTMENT OF ECOLOGY

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