MEDIATOR'S TERM SHEET

I. Nez Perce Tribal Component.
   A. The Tribe's on-reservation, consumptive use reserved water right will be quantified in the amount of 50,000 AF per year, with a priority date of 1855. This water right will be established so as to allow for irrigation, DCMI, hatchery and cultural uses, at the discretion of the Tribe. The parties expect the source of most of this water right will be the Clearwater River; however, the source of some this water right may be from tributary streams adjacent to tribal lands to the extent unappropriated water is available and no injury to existing water rights will occur. The Tribe will administer the on-reservation use of this water right pursuant to the tribal water code. The Tribe may rent this water within the State of Idaho through the state water bank or water banks.

   B. The United States will establish a $50 million multiple-use water and fisheries resource trust fund for the Tribe to use in acquiring lands and water rights, restoring/improving fish habitat, fish production, agricultural development, cultural preservation, and water resource development or fisheries-related projects.

   C. Subject to authority, the United States will enter into an agreement with the Tribe as to the use of 200 KAF in Dworshak Reservoir, which will include an operational MOA between the Tribe, Corps of Engineers (COE), National Marine Fisheries Service (NOAA Fisheries), the Bonneville Power Administration (BPA), and the State of Idaho implementing a flow augmentation plan beneficial to fish. Prior to the agreement implementing this term sheet, the Tribe and the US will mutually agree that the power revenue effect of implementing this term will be either neutral or positive, or in the absence of such agreement, will revise this term so that such effect will be neutral or positive.

   D. The United States will fund the design and construction of domestic water supply and sewer systems for tribal communities on the reservation, including a water quality testing laboratory, in the total amount of $23 million.

   E. The United States will enter into a long-term contract with the Tribe at the time of settlement, transferring management control of the federal hatchery at Kooskia to the Tribe. The United States and the Tribe will enter into an agreement for joint management of hatchery programs at the Dworshak National Hatchery.

   F. Prior to the completion of the agreement, the United States and the Tribe will agree to a quantity of BLM lands within the reservation to be transferred from the United States to the Tribe, to be selected by the Tribe from within the 11,000 acres identified as available for selection by the BLM, up to a total value of $7 million as determined by mutual agreement or, in the absence of mutual agreement, by an independent appraisal report based upon the fair market value that is prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Uniform Appraisal Standards for Federal Land Acquisitions. The BLM and the Tribe, under the authority of the Federal Land Policy and

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1Implementation of this Term Sheet will involve drafting of a number of implementation documents including federal and state legislation, a consent decree, biological assessments and opinions in accordance with the Endangered Species Act, and other documents. References in this Term Sheet to “agreements” refer to those implementation documents.
Management Act of 1976, will enter into a cooperative agreement to coordinate and cooperate in management of BLM lands within the reservation which will include a right of first refusal for the Tribe to purchase any BLM lands that the United States may choose in the future to sell, transfer, or exchange.

G. Any non water-based claims the Tribe may have against the United States for the construction and operation of the Dworshak Dam will not be waived as a part of this agreement, nor will any compensation for such alleged claims be a part of the agreement. The United States understands that the Tribe intends to pursue such claims, moral or legal, separately from this agreement, and, without admitting any liability, agrees to meet in good faith with the Tribe to attempt to resolve such claims.

H. In lieu of contracting 45,000 AF of uncontracted storage space in the Payette River system to the Tribe, the United States will pay the Tribe the present value of $10.1 million of the 30-year rental value of that space based on the rental charges set in section III.C.8.

I. The Tribe's treaty right of access to and use of water from springs and fountains on Federal public lands within the 1863 Nez Perce Treaty ceded area shall be recognized and established under the agreement.

J. Lewiston Orchards Irrigation District (LOID)/City of Lewiston. This term sheet does not address any of the issues surrounding the proposed transfer of the LOID/Bureau of Reclamation water diversion system to the Tribe or funding by the United States of a replacement water intake system on the Clearwater River for LOID. The intention of the parties is to allow any discussions that may take place in the future among LOID, the Tribe, the Bureau of Reclamation (BOR), the City of Lewiston, and other affected water right holders to occur separately from and unaffected by this term sheet.

II. **Salmon/Clearwater Component**

A. **Instream Flows To Be Established As Part of Settlement of Nez Perce Claims.**

1. Idaho will establish, pursuant to state law, instream flow water rights, to be held by the Idaho Water Resource Board (IWRB), on the streams within the Salmon and Clearwater Basins listed in Appendix I, List A in accordance with the protocol set forth as part of Appendix I. Such water rights will be established by March 31, 2005.

2. By March 31, 2005, the IWRB will establish pursuant to state law instream flow water rights for the streams within the Salmon and Clearwater River Basins on the streams listed in Appendix I, List B, in amounts that are negotiated by the parties in consultation with local communities. In conjunction with the establishment of instream flows for the streams listed in Appendix I, List B, the parties will seek legislation from the Idaho Legislature to permit the IWRB to protect from diversion water to satisfy such instream flows, where needed, under state laws, regulations, and water bank rules. In negotiation of the quantification of instream flows, the parties will take into consideration the present hydrograph and the status of state-granted water rights on each stream.

3. The instream flows will be subordinated to water rights existing on or before the date of this agreement and to future domestic, commercial, industrial and municipal water rights. In issuing any new water rights for future uses that may affect the instream flows, IDWR will consider the local public interest under Idaho Code § 42-203(A)5, including but not limited to the protection of fish and wildlife habitat, aquatic life,
recreation, aesthetic beauty, transportation and navigation values, and water quality.

4. The SRBA court will decree the instream flows established by the IWRB on the streams listed in Appendix I, Lists A and B. In the event the State proposes to change any instream flow listed in Appendix I, Lists A and B, the State agrees to: 1) provide 6 months advanced written notice to the parties of any proposed change, including the basis for the proposed change and an analysis of the impacts, if any, resulting from the proposed change to fish and wildlife resources; and 2) to consult with the Nez Perce Tribe on a government-to-government basis prior to making the change.

5. Federal reserved water rights for the Selway, Lochsa, Middle Fork Clearwater, Rapid River, Main Salmon and Middle Fork Salmon River will be decreed under the Wild and Scenic Rivers Act to the United States pursuant to a separate settlement in the SRBA.

6. Existing state instream flows on the mainstem Clearwater, the mainstem Salmon, the Lemhi and the Pahsimeroi Rivers will be maintained as presently quantified, subject to I.C. § 42-1504.

7. The parties will study the relationship of the IWRB instream flows on the Clearwater River with the potential future operations of Dworshak Reservoir including evaluations of the existing rule curve and proposed future integrated rule curves to provide for operation of Dworshak consistent with anadromous and resident fishery objectives, and other information as appropriate. The parties will complete the study by December 31, 2004.

8. In the Lemhi and Pahsimeroi, additional habitat actions will be developed by the Parties in consultation with the local community and stakeholder groups in the course of developing the proposed Section 6 Cooperative Agreement (see Section II.D). The Parties’ anticipation is that the development of the actions will be specifically directed toward (1) assembling by March 31, 2005 sufficient agreement on actions to ensure settlement of the Nez Perce instream water right claims, and (2) maximizing the consistency between those actions and all provisions of any proposed Section 6 Cooperative Agreement that may relate to the Lemhi or Pahsimeroi basins.

9. Enforcement. In accordance with Idaho Code Title 42, Chapter 6, or other applicable law, IDWR will regulate the delivery of the instream flow water rights and protect from diversion water to satisfy such instream flows through the designated stream reaches, subject to priority and to the subordinations specified in section II.A.3.

B. **Salmon/Clearwater Habitat Management and Restoration Initiative**. The State of Idaho will implement a Salmon and Clearwater Habitat Management and Restoration Initiative for the conservation and restoration of habitat within the Salmon and Clearwater River Basins. The Initiative will consist of three components: 1) instream flow program, 2) forest practices program, and 3) a habitat restoration program.

1. Instream Flow Program.
   a. The State will identify as part of the development of a Section 6 Cooperative Agreement(s) as provided for in Section II.D a list of streams for which it desires incidental take coverage. Within 60 days of this notice, the State will provide existing and expected future water depletions, including quantity and location (basin) for those streams that are to be included in the Section 6 Cooperative Agreement. Streams determined by the Services to be flow limited will be
addressed in collaboration among the parties and local communities in order for
the Section 6 Cooperative Agreement described in section II.D to satisfy the
requirements of section 7(a)(2) of the ESA. Any state instream flows established
under this section will not be decreed by the SRBA court nor will such instream
flows be subject to the notice and consultation process described in section II.A.4
above.

b. Monitoring. The parties will negotiate a monitoring plan and method for
determining compliance with the instream flow program.

c. Enforcement. IDWR will regulate the delivery of the instream flow water rights
and protect from diversion water to satisfy such instream flows through the
designated stream reaches, subject to priority and to the subordinations specified
in section II.A.3 above.

2. **Idaho Forestry Program.** [Appendix II contains the figures and other references in
this section.] Owners or operators who participate in the following State of Idaho
Section 6 forest practices program will receive incidental take coverage under the ESA
for any incidental take that may occur of listed species covered by this Agreement due
to forest practices conducted in accordance with this Agreement. The forest practice
program will be based on the Idaho Forest Practices Act ("IFPA"), Idaho Code §§ 38-
1301 et seq. Owners and operators participating in the forest practices program
voluntarily commit to implement the following prescriptions, in addition to the IFPA,
to provide additional short-term and long-term conservation benefits for listed species.
The Section 6 Agreement to be negotiated by the parties will not vary materially from
the following terms, but may explain and define these terms, including establishment of
standards relating to subsequent administrative decisions by the Idaho Department of
Lands, as mutually agreed by the parties. This forestry program is a cooperative
agreement between the State and the Services pursuant to Section 6(c) of the ESA, and
neither applies to Nez Perce tribal lands nor impairs Nez Perce treaty fishing, hunting,
pasturing, or gathering rights.

a. **DEFINITIONS:**

i. Bank Full Depth: The average depth of the stream when the flow is at the
ordinary high water mark. This is used to determine the average depth of
the stream for the reach adjoining management activities.

ii. Class I Stream: For purposes of this Agreement, Class I streams are those
that contain habitat which is used by fish at any life stage at any time of the
year including potential habitat likely to be used by fish which could be
recovered by restoration or management and includes off-channel habitat.
Where it is unknown whether the stream may contain fish, fish habitat or
potential habitat, the current IFPA rules based on upstream drainage area
will be used to determine the Class I-Class II boundary. The Class I-Class
II boundary may be determined from other, analytically-based or empirical
methods, as approved by the IDL.

iii. Class II Stream: For purposes of this Agreement, Class II streams are
headwater streams or minor drainages that do not contain habitat likely to
be used by fish at any life stage at any time of the year. The principle value
of Class II streams lies in their influence on ecological functions, water
quality and water quantity downstream in Class I streams.

Cumulative Watershed Effects Process for Idaho, as amended.

v. Distances: All distances referenced in these supplement measures are slope
distances, unless otherwise provided herein.

vi. Flood Prone Width: Flood prone width is defined as the width of the
water’s surface at twice the bank full depth.

vii. Idaho Department of Lands (IDL): The administering agency of the IFPA.

viii. Hot spot: (as defined in the Native Fish Habitat Conservation Plan
(NFHCP)).

ix. Large Woody Debris (LWD): Live or dead trees and parts or pieces of
trees that are large enough or long enough or sufficiently buried in the
stream bank or bed to be stable during high flows.

x. Multiple Unconfined Channel: Valley bottom contains multiple (braided)
channels that are active or relic.

xi. Ordinary High Water Mark: That mark on all water courses in respect to
vegetation, which will be found by examining the beds and banks and
ascertaining where the presence and action of waters are so common and
usual, and so long continued in all ordinary years as to mark upon the soil a
character distinct from that of the abutting upland.

xii. Riparian Protection Zone (RPZ): The combined widths of the no harvest
and buffer zones defined in these measures.

xiii. Single Confined Channel: Bank full flow is contained within a single
channel and the flood prone width is less than four times the bank full
channel width.

xiv. Single Unconfined Channel: Bank full flow is contained within a single
channel and the flood prone width is greater than four times the bank full
channel width.

xv. SPZ: Stream Protection Zone as defined in the IFPA.

b. RIPARIAN MANAGEMENT MEASURES

i. Because of the diversity of terrain and forest types in Idaho, it is difficult to
design a “one-size fits all” set of riparian management measures. Thus,
while the supplemental measures set forth below are designated for
application to all enrolled forest lands, the program to be included in the
Section 6 Agreement will also provide a mechanism for enrollees to design
site-specific stream protection measures that must be reviewed and
approved by the IDL forest practices coordinator or designee and a
fisheries biologist as appropriate prior to implementation. An approved
site-specific stream protection plan shall provide for equivalent or better
results than these supplemental conservation measures.

ii. RIPARIAN MEASURES FOR CLASS I STREAMS. -- On Class I streams
the following measures shall apply to the RPZ.

(a) No Harvest Zone Measures

i) The No Harvest Zone is defined as:

a) Twenty-five (25) feet (each side) of the ordinary high
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water mark where the stream is contained in a Single Confined Channel (Figures 1, 4).

b) Twenty-five (25) feet (each side) of the ordinary high water mark where the stream is contained in a Single Unconfined Channel (Figures 2, 5).

c) The entire flood prone width where the stream is contained in Multiple Unconfined Channels (Figures 3, 6). Where the current channel, or any relic channel is within 25 feet of the valley sidewall, the No Harvest Zone will be extended upslope twenty-five (25) feet from the ordinary high water mark of that channel.

ii) Harvest will not occur in the No Harvest Zone unless determined by the IDL, on a site-specific basis, that harvest is necessary to maintain or improve riparian function, which may include reduction of the risk of forest fires, disease, or insect infestation. An enrollee who believes harvest is necessary to maintain or improve riparian function must submit a site-specific plan for IDL review and approval prior to implementation. Such harvest plan must describe how riparian function will be protected.

iii) Yarding corridors will not be placed through the No Harvest Zone unless required to minimize road construction, for operator safety, or to achieve sound forestry practices in the adjacent area. Any such yarding corridor shall be placed in a No Harvest Zone only to the minimum extent necessary, and only as approved by the IDL forest practices coordinator or designee, with advice from a fisheries biologist as appropriate. Any approved plan authorizing a yarding corridor within the No Harvest Zone must still ensure the minimum stocking levels are retained within the RPZ. Yarding corridors that affect more than ten (10) percent of the RPZ will be mitigated as approved by IDL.

iv) When harvesting in areas adjacent to Class I streams, LWD may be added (through active placement of LWD) from the buffer zone, in accordance with an approved site-specific plan (II.B.2.b.i). This may alter the leave tree requirements.

(b) Buffer Zone Measures

i) The buffer zone is defined as:

a) Fifty (50) feet (each side) of the No Harvest Zone where the stream is contained in a Single Confined Channel (Figures 1, 4).

b) The entire flood prone width beyond the No Harvest Zone where the stream is contained in a Single Unconfined Channel (Figure 2, 5). Where the channel is within twenty-five (25) feet of the valley sidewall, the
buffer zone will be extended fifty (50) feet upslope of the No Harvest Zone.
c) Where the stream is contained in Multiple Unconfined Channels, and the current channel, or any relic channel is within twenty-five (25) feet of the valley sidewall, the buffer zone will be extended fifty (50) feet upslope from the No Harvest Zone (Figures 3, 6).

ii) During development of the section 6 agreement, the parties will work to evaluate the appropriateness of the LWD instream target and the leave trees per acre target and make revisions as mutually agreed. Absent such agreement, within the buffer zone an average of 88 trees per acre of trees larger than 8 inches diameter breast height (DBH) will be retained, selected as follows;
a) Trees leaning toward the stream or flood plain will be favored for retention,
b) Trees retained will be lineally distributed along the length of the stream segment even though they may be concentrated closer to the stream,
c) Trees with the highest crown to height ratios (crowns from the tip to the ground) will be favored for retention to enhance stream shading,
d) Native species leave trees will be selected based on their suitability to survive and thrive in the RPZ.
c) All snags will be retained in the No Harvest Zone (where they do not interfere with logger safety), with no more than 9 snags to be included in the total tree count per acre. Snags must be over 10 feet tall to be included in the total tree count,
f) Trees less than 8 inches DBH and shrubs will be retained to the extent possible,
g) The diameter distribution of the live leave trees in the buffer zone will match a forest stand diameter distribution consistent with the age of the stand in its pre-harvest condition. The Parties envision that the section 6 agreement will include provisions that will encourage recruitment of large, older trees to the RPZ.

iii) Because Idaho forest ecology varies tremendously from north to south, it may not be possible to maintain 88 trees per acre of trees larger than 8 inches DBH on all forest lands. Thus, in the event an enrollee demonstrates that the site productivity within the riparian zone cannot support an average of 88 trees per acre of trees larger than 8 inches DBH, then IDL will work with the enrollee(s) to determine an appropriate site-specific tree retention policy that ensures protection of riparian habitat. In
no event will the tree retention be less than 60 trees per acre of
trees larger than 8 inches DBH.

(c) Measures Applicable to Entire Riparian Zone
   i) Operation of ground-based equipment shall not be allowed
      within the RPZ.
   ii) The outer perimeter of the RPZ will be designated on the
       ground/trees prior to the commencement of logging activities.

iii. RIPARIAN MEASURES FOR CLASS IIa STREAMS. Class IIa
     streams are Class II streams that contribute surface stream flow directly
     into a Class I stream.
     (a) There will be a fifty (50) foot buffer zone adjacent to the main stem
         of Class IIa streams. Within this zone a minimum of thirty-five (35)
         trees per acre larger than 8 inches DBH will be retained. This
         corresponds to an average thirty-five (35) foot spacing. Trees
         retained must be representative of the size of trees that existed in the
         stand prior to harvest.
     (b) The buffer zone of perennial Class IIa streams that contribute, based
         on contributory acres, more than twenty (20) percent of the flow to a
         Class I stream will extend one-thousand (1000) feet above the
         confluence. Above this point, Class II SPZ requirements in the IFPA
         will apply.
     (c) The buffer zone of perennial Class IIa streams that contribute, based
         on contributory acres, less that twenty (20) percent of a perennial
         Class I stream flow will extend five-hundred (500) feet above the
         confluence. Above this point, Class II SPZ requirements in the IFPA
         will apply.
     (d) The riparian management of intermittent Class IIa streams will be
         covered by the IFPA Class II rules.

iv. Removal of LWD from Class I and Class IIa streams shall be prohibited
    unless necessary to maintain or improve riparian function, which may
    include reduction of the risk of forest fires, disease or insect infestation. A
    site-specific management plan approved by IDL will be required for the
    removal of any LWD prior to implementation.

v. As part of these Supplemental Measures, participating enrollees commit to
    mapping all stream segments on their ownerships as Class I and Class II
    within 15 years from the date of enrollment. Enrollees also agree to
    participate in any efforts by IDL, USFWS, NOAA Fisheries, and Idaho
    Department of Fish and Game to update mapping of stream segments on
    their ownerships.

vi. As part of these Supplemental Measures, the parties will cooperate in
    developing and undertaking a series of research projects designed to
    compare the effectiveness of these Supplemental Measures with alternative
    management strategies in enhancing native fish habitat and populations.
    These projects would include examples of active management within
    riparian areas.
c. **ROAD MANAGEMENT MEASURES.** The road management measures set forth herein will constitute the measures to be included in the Section 6 Agreement. Additional road measures may be included in the Section 6 Agreement only with the consent of all parties.

i. **New Road Construction:**

(a) An attempt will be made to find a suitable alternative location for new roads that are proposed for construction on side slopes greater than sixty (60) percent and/or in unstable or erodible soils. Unstable or erodible soils are those defined as “high” in the Idaho CWE Process for Idaho (Table B-1) or other agreed upon hazard-rating analysis process. Where an alternative location is not feasible, the road will be full benched without fill slope disposal.

(b) Where road grades slope toward stream crossings, the enrollee will install drivable drain dips and/or ditch relief pipes at the nearest practicable location to streams so that an adequate filtration zone exists to minimize sediment delivery to streams;

(c) Road fills over stream crossings will be grass seeded and straw-mulched concurrent with construction. Other road cuts and fills on newly constructed roads will be seeded within one operating season. The tread on native-surface roads will also be grass seeded within one operating season following construction unless the road will be used for hauling within two (2) years of construction;

(d) New road construction will be minimized in stream RPZs. If road construction occurs in an RPZ, slash filter windrows or suitable alternative measures will be installed at the toe of all fill slopes;

(e) Fills at culvert inlets on stream crossings where the culvert is 24-inch-diameter or larger will be well-armored with rock or other erosion control measures. A flared inlet structure may be used as an alternative;

(f) Stream crossing culvert installations will be designed to accommodate at least the fifty (50) year peak flow as determined by U.S. Geological Survey flood magnitude prediction procedures. As an alternative, the culvert size for a fifty (50) year flow may be calculated by an IDL hydrologist based on an analysis of channel dimensions;

(g) New roads will be minimized where the potential for erosion is high. If roads are built in an area where soils are identified in the CWE process surface erosion hazard ratings as high (Table B-2), the road tread over stream crossings will be rocked or otherwise stabilized to prevent sediment transport.

(h) Road cross-drainage will be provided as frequently as necessary to control road tread erosion. On active native-surfaced roads, road drainage features will be located such that road runoff distances generally do not exceed three-hundred (300) feet (and will not exceed four-hundred (400) feet) along the road centerline.
erodible soil types, or on road grades steeper than eight (8) percent, this spacing will be reduced from the specifications listed above; alternatively a localized IDL approved method to adequately control road tread erosion will be applied.

(i) Road right of way clearings will be minimized where roads cross streams.

(j) Seeps or springs will be avoided during road design and construction, if possible. If roads cross seeps or springs, drainage features will be installed that pass accumulated surface water across the road prism and return it to the forest floor as close to the point of origin as reasonably practicable;

(k) New roads will be minimized in the RPZ. Roads located in RPZs will be constructed with appropriate fill depths and will include properly sized drainage features at all active channels;

(l) Stream crossing culvert installations must be designed to accommodate fish passage on Class I streams (an inspection program for culvert failures following significant hydrologic events will be negotiated as a part of the Section 6 agreement);

(m) The enrollee will inspect roads to determine their status and condition in comparison to these supplemental measures and results will be included in the periodic update of the road database.

(n) Road surface drainage will keep drainage within the source watershed.

ii. Road Reconstruction and Upgrading:

(a) A prioritization of road upgrades will be developed through CWE and/or an enrollee inventory of roads within five years of enrollment in this program. The prioritization schedule shall set forth a time frame for upgrading roads within fifteen years of the date of enrollment to the standards listed in the Supplemental Measures below. To the extent practicable, roads that have the potential to deliver sediment to Class I and Class II streams will receive priority for upgrading.

i) Within an operation area (Timber Sale) when the haul routes cross Class I streams, the Class I stream crossing culverts will be upgraded to meet the Supplemental Measures listed below no later than one year after completion of harvesting operations.

ii) For all roads, using the data from the CWE and/or enrollee inventory, enrollees will identify “hot spots.” Hot spots will be addressed within five years from the date of identification. Hot spots will be upgraded to the standards in these Supplemental Measures when indicated by the CWE and/or enrollee inventory. An incentive program to encourage early response to hot spots will be included.
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(b) Supplemental Measures for Reconstructing and Upgrading Existing Roads:

i) Road Tread Erosion—Within the RPZ of Class I streams, road cross-drainage will be provided as frequently as necessary to control road tread erosion. On active native-surfaced roads, road drainage features will be located such that road runoff distances generally do not exceed three hundred (300) feet (and will not exceed four-hundred (400) feet) along the road centerline. On highly erodible soil types, or on road grades steeper than eight (8) percent, this spacing will be reduced from the specifications listed above; alternatively, a localized method to adequately control road tread erosion from providing sediment to Class I streams will be applied. Procedures for alternative methods will be agreed upon.

ii) Culvert Replacement and Upgrading—Where existing stream crossing culverts do not pass the fifty (50) year flow, or where blockage of fish passage is documented, replacements will be designed and constructed to carry the fifty (50) year peak flow as determined by U.S. Geological Survey flood magnitude prediction procedures (as an alternative, the culvert size for a fifty (50) year flow may be calculated by a IDL hydrologist based on an analysis of channel dimensions and/or drainage size);

iii) Filtration—When the outlet of road drainage features are too close to streams for effective forest-floor filtration, supplemental sediment filtration will be provided (such as slash filter windrows, straw-bales, silt fences, etc.) and/or drainage feature spacing will be decreased to minimize sediment delivery;

iv) Relocation—For stream-adjacent/parallel roads or where there is a high density of stream crossings, simple/inexpensive re-location will be utilized in addition to (or in lieu of) road drainage improvements where possible.

iii. Other Road Management. Site-specific access restriction commitments currently in place in cooperation with the Idaho Department of Fish and Game and/or other cooperators will be continued (and updated as necessary for new road construction and road abandonment) to protect riparian habitats and listed species.

iv. Road Management Database

(a) The enrollee will commit to tracking the status of road conditions on enrolled lands. The methods for this will be either an updateable geographic information system (GIS), or a system of hand or computer aided drawing (CAD) maps, and tabular data suitable for periodic audits. It will show the road network spatially and facilitate estimation of road miles by road class. Additionally there is a
commitment to periodically (ten (10) year cycle) re-inspect roads that have been constructed or upgraded to the supplemental standards and to perform any maintenance necessary to preserve the upgraded function.

(b) The inspection process will be performed using several methods including but not limited to: Forestry personnel reviewing roads for use in management activities, personnel knowledgeable about such road inspection, and through the Cumulative Watershed Effects Analysis (CWE) field review activities.

(c) The checklist for inspection will include all the elements necessary to ensure roadbed integrity, sediment management, and drainage structure function in regard to protecting streams.

d. **VARIANCE COMMITMENTS.** All variances to these Supplemental Measures that affect fish habitat shall be reviewed by the IDL Forest Practices Coordinator or designee in consultation, as defined in the IFPA, with a fisheries biologist and approved and signed by the IDL Area Supervisor.

e. **IMPLEMENTATION MONITORING.**

i. IDL will monitor implementation and effectiveness of the IFPA and these additional conservation measures in protecting riparian function.

ii. Implementation Monitoring Plan. Each enrollee will be monitored separately within the program. Management Responses generated by the various methods listed below will be tailored to the landowner. Standards, criteria, and methods for implementation monitoring will be agreed upon.

(a) Three basic methods of implementation monitoring will occur to ensure the IFPA and these supplemental conservation measures are being applied on the ground. The first will be the routine on-site inspections carried out by IDL Forest Practice Advisors in the course of their work. These inspections are reviewed by staff and trends noted and reported on a yearly basis. The second is by periodic audits of management activities by an Interdisciplinary Team to review IFPA rule implementation and effectiveness. The third is by systematic implementation of CWE, which provides a framework to assess all the elements that may affect habitat and water quality, and provide a feedback loop for implementation of corrective measures and further assessment.

(b) For each of these methods, a report will be generated and sent to the landowner(s) with specific corrective action options presented and a timeframe in which the action is to be completed. An Interdisciplinary team will be available for consultation in reviewing the site if necessary and offering inputs on the corrective action.

i) Nonperformance issues documented in yearly reports may result in an increased rate of inspection and a revision of the enrollee's implementation plan.

ii) Nonperformance issues identified in periodic IFPA audits and CWE analyses will lead to adjusting inspection cycles and
f. **ADAPTIVE MANAGEMENT:** The parties will implement an adaptive management plan comparable in kind to that in the NFHCP, which will include among other things the following:

i. **Effectiveness Monitoring Plan:** All of the supplemental measures in this program are expected to benefit listed fish, however, some of the commitments provide more certain benefits than others. At present, the scientific information regarding the cause-and-effect relationships between some forest management activities and aquatic resource concerns are not well understood. Thus, methods by which adaptive management strategies will investigate scientific questions on the following issues will be identified:
   (a) Evaluation of the effects of riparian management on woody debris loads and fish habitat diversity.
   (b) Evaluation of effectiveness of supplemental measures at minimizing stream temperature increases.
   (c) Evaluation of the sediment inputs, including the effectiveness of road measures.

ii. **Changed Circumstances.**
   (a) A “changed circumstance” is a change in the circumstances affecting a covered species that can be reasonably anticipated to occur during the term of the agreement. Changed circumstances include, among others:
      i) Forest fires that are stand replacement fires 300 acres and larger or that affect more than 25 percent of the stream length within the watershed. “Stand replacement” is of sufficient intensity to kill 90 percent or more of the trees (i.e., a fire that would necessarily result in the need to establish a new stand);
      ii) Flooding when the flood has a recurrence interval greater than 25 years based on stream gauging station data in the watershed, for 4th order watersheds and above; and
      iii) Landslides larger than 500 cubic yards that deliver sediment to streams.

   (b) Promptly after a changed circumstance is discovered, IDL will be notified and invited to help craft a site-specific management alternative.

iii. **Evaluation and Response Plan:** Adaptive Management triggers, similar in kind to the NFHCP will be established utilizing the data from effectiveness monitoring projects, the annual and periodic reports on implementation monitoring, and independent research as applicable to watersheds covered by these Supplemental Measures. The basic response mechanism for
instituting programmatic changes in these measures is as follows:

(a) A trigger can be tripped by findings from any level of reporting
    (yearly, periodic IFPA, or CWE) or scientific study conducted as
    part of this program.

(b) When a trigger is tripped, an assessment of the biological relevance
    of the findings between expectations and results will be performed
    and a determination made as to whether there is a causal linkage, or
    an unforeseen circumstance.

(c) Depending on the determination above, a management response will
    be crafted to address the issue and enrollee implementation plans will
    be modified accordingly.

g. **ADMINISTRATION AND IMPLEMENTATION OF SECTION 6
   PROGRAM**

i. **IDL Administration:** IDL shall be responsible for administering and
   ensuring compliance with the Idaho Forestry Program.

ii. **Enrollment and Commitment:** A landowner may enroll in this program
    by submitting a written request to IDL. IDL shall develop an enrollment
    form for use by landowners. The enrollment form shall require, at a
    minimum, that the enrollee:
    (a) Identify all lands for which enrollment is sought;
    (b) Agree to abide by the supplemental measures set forth in this
        program;
    (c) Set forth a detailed schedule for implementation of the commitments
        required by these supplemental measures on the enrollee’s forest
        lands;
    (d) Authorize IDL access to the enrollee’s land for purposes of
        monitoring compliance with this program;
    (e) Provide IDL with an explanation of the landowners system for
        record keeping; and
    (f) Provide a plan for how the enrollees’ personnel will implement the
        supplemental measures and report actions to the landowner for
        compliance with these supplemental measures. This plan will
        include:
           i) What internal auditing procedures will be used to check
              compliance with the supplemental measures;
           ii) How hot-spot reporting and repair will be handled;
           iii) How the schedule for tracking road condition and stream class
               will be accomplished; and
           iv) Procedures for reporting changed circumstances.

iii. **Noncompliance:** In the event that IDL determines that an enrollee is not in
    compliance with these supplemental measures, IDL shall work with the
    enrollee to cure any noncompliance or take action to revoke the enrollee’s
    participation in the program.

iv. **Administration Methods:** The IDL, as the administrator of the
    supplemental measures program, will undertake the following actions to
implement this program and to ensure enrollee compliance:

(a) Field Manual: The IDL will create a field implementation manual for all enrollees to the plan within 3 months.

(b) Participant Training: IDL will create a standardized training workshop program, including field and office procedures, to be utilized by enrollees within 6 months of signing an enrollment agreement. This program will be utilized to certify that field personnel understand the supplemental measures and can apply them on the ground.

(c) Inspections: As part of the normal process of IFPA notification and inspection, the IDL will conduct field inspections of enrollee operations. All inspection items relevant to the Supplemental Measure will be reported separately, with copies sent to the operator and landowner as standardized in the Field Manual.

(d) Enrollee Annual Audits: IDL will require the enrollee to file an annual report. This report will include a summation of performance on all program activities, and progress on items such as hot-spot location and repair, stream classification and road system mapping, and road construction, upgrading, repairs and obliterations.

(e) IDL Annual Audit: IDL will prepare an annual report to NOAA Fisheries and the U.S. Fish and Wildlife Service (FWS, or collectively “Services”) summarizing all program activities and detailing the performance of enrollees. This report will also include all applicable data from periodic IFPA audit results and CWE report summations on conditions and trends for enrolled lands that occurred during the preceding year. Also, any final or interim results from adaptive management activities will be reported.

(f) IDL Five Year Audit: Within 5 years of enrolling in the program the IDL will conduct an audit of all enrollee activities and prepare a report that documents a summary of those activities and compliance/non-compliance with the Supplemental Measure terms. This report will also state the total enrollee statistics as to acres of activity, miles of streams and roads surveyed and/or on which action has been taken. A comparison of the total acres enrolled and the trends of activity will also be included. These periodic audits will also include any accomplishments in adaptive management projects and any changes in procedures or standards brought about from adaptive management projects.

h. **Forest Landowner Program.** The parties will explore the development of a landowners incentive program as a part of the Section 6 agreement.

i. **General Provisions**

   i. The measures set forth in this document are the product of good faith negotiations for the purpose of resolving legal disputes, and all parties agree that no offers and/or compromises made in the course thereof shall be construed as admissions against interest or be used in any legal
proceeding. Nothing in this document shall be read as an admission or
determination by the parties that any of the actions anticipated by this
document are necessarily required in order to comply with the Endangered
Species Act. Nothing in this document shall be interpreted as suggesting
that the FPA standards as they presently exist are insufficient to avoid take
of listed species.

i. By entering into this Agreement, neither the State of Idaho nor the private
parties to this component concede that the present FPA standards are
insufficient to avoid take of listed species.

3. **Habitat Improvement Program.** The State will develop a program to provide
incentives for improving fish habitat. The habitat program will include the following
types of measures:

   a. Correcting existing man-made passage barriers such as unscreened diversions,
      stream crossings, or instream structures;

   b. Consolidation of diversions to minimize the number of screens and bypasses;

   c. Development and construction of suitable alternatives to push-up dams;

   d. Projects that will restore large organic debris (LOD) in streams and riparian
      zones, repair or remove structures that degrade fish habitat, stabilize or abandon
      roads, and other habitat improvement projects identified through the Cumulative
      Watershed Effects process;

   e. Incentives to private landowners to undertake projects or implement other
      measures to enhance riparian habitat;

   f. Habitat improvement or protection projects, such as land acquisition,
      conservation easements and the development of best management practices
      designed to provide for water quality for resident and anadromous fish;

   g. Improving or protecting flow conditions to augment streamflows; and

   h. Planning and monitoring.

4. **Purpose.** These measures are expected to protect and restore listed fish and their habitat
in the Salmon and Clearwater basins and downstream basins.

5. **Funding.** Funds from the Habitat Trust Fund, in part (and without judgment or
conclusion as to whether the amount available from the fund is, by itself, sufficient to
adequately implement the Initiative), will be used to implement the Salmon/Clearwater
Habitat Management and Restoration Initiative.

C. **Habitat Trust Fund.**

1. As part of the settlement agreement, the parties will establish a trust fund to which the
United States will contribute $38 million (in 2004 dollars) according to a schedule
determined by Congress in legislation implementing this Agreement.

2. The purpose of the fund is to supplement monies otherwise available for habitat
protection and restoration in the Salmon and Clearwater basins through projects,
purchases, and investments such as those specified in section II.B.3 above.

3. The fund will be divided into two accounts: (1) one-third of the contribution of the
United States to the fund will be placed into an account for which the Nez Perce Tribe
will develop a process for administration ("tribal account"), and (2) the remainder will
be placed into an account for the which primary purpose will be implementation of a
Section 6 Cooperative Agreement(s) anticipated by this Agreement (see section II.D below) ("Section 6 account"). The State will collaborate with the Nez Perce Tribe and the United States to determine how to direct use of the Section 6 account. If any part of the Section 6 account is available beyond that needed for implementation of any Section 6 Cooperative Agreement(s) anticipated by this Agreement, remaining funds may be used for other habitat purposes as directed by the State, the Nez Perce Tribe, and the United States. In administration of the Section 6 account, the State of Idaho will contribute a value of no less than 33% of the contribution of the United States (i.e., Idaho and the United States will provide 25%/75% matching contributions). If any portion of the fund is used to implement a Section 6 Cooperative Agreement(s), the proportional federal contribution to that portion of the fund will be considered to be a federal contribution towards implementation of the Section 6 agreement.

D. Section 6 Cooperative Agreement.
1. The State of Idaho will submit the Salmon and Clearwater Habitat Management and Restoration Initiative or components thereof to the Services as a proposed cooperative agreement(s) under Section 6 of the Endangered Species Act, 16 U.S.C. § 1535(c). The Services will enter into a Cooperative Agreement(s) with the relevant state agencies under Section 6(c) of the Endangered Species Act for the purpose of assisting the State in implementation of components of the Initiative for a thirty-year period. This Section 6 Cooperative Agreement(s) will be limited to the matters set forth in this settlement agreement. The Section 6 Cooperative Agreement(s) between the Services and the State is intended to satisfy the requirements of section 7(a)(2) of the ESA, while at the same time providing sufficient incentives to private landowners to encourage their participation in the Initiative.

2. The Parties will commit sufficient resources to complete drafting of a Section 6 Cooperative Agreement for the State Forestry Program by March 31, 2005 in accordance with the provisions of this section. The Services are committed to collaborate with the State during development of the proposal to maximize the likelihood that the submission satisfies the requirements of Section 6 and Section 7 of the ESA.

3. Federal Procedures
      i. The Services will consult on any Section 6 program submitted by the State under Section 7 of the Endangered Species Act, 16 U.S.C. § 1536(a)(2), regarding the federal approval and implementation of a Section 6 Cooperative Agreement(s). Incidental take authorization shall be extended to all state-authorized diversions and uses of water that are identified and analyzed from those streams identified by the State for inclusion in the Section 6 Cooperative Agreement upon issuance of a Biological Opinion on the Section 6 Cooperative Agreement(s).
      ii. Similarly, the owners of state and private lands in Idaho ("owners"), and those undertaking timber management activities on such lands ("operators") who enroll in the forest practices program shall be entitled to incidental take coverage upon issuance of the Biological Opinion on the Section 6 Cooperative Agreement for the State Forestry Program so long as
such owners or operators are employing timber management practices that meet or exceed mandatory best management practices (BMPs) set forth in the Idaho Forest Practices Act (IFPA), Idaho Code §§ 38-1301 et seq. and are implementing the program.

iii. A Biological Opinion(s) on any Section 6 Agreement(s) also will provide incidental take authorization for those who participate in the habitat program when they implement measures (including some of those found in section II.B.3) in accordance with the findings that derive from an analysis in the biological opinion(s) on a Section 6 Cooperative Agreement(s).

b. National Environmental Policy Act. The Services will prepare appropriate environmental documents and comply with the procedural requirements of the National Environmental Policy Act associated with the review and approval of a Cooperative Agreement(s).

c. In issuing biological opinions on a Section 6 Cooperative Agreement(s), the federal agencies shall allow the State and the parties to this Agreement to participate in the consultation and comment on the draft biological opinion.

d. Reinitiation of consultation on the NOAA Fisheries or the FWS FCRPS or the other component biological opinions shall not automatically trigger reinitiation of consultation on any Section 6 Cooperative Agreement(s) biological opinion.

e. Consultation on a Section 6 Cooperative Agreement(s) biological opinion may be reinitiated only under the following circumstances:

i. The State or the participants fail to comply with the terms and conditions of this agreement;

ii. To reduce the obligations of the parties in the event the measures in the agreement are determined to no longer be necessary; or

iii. Pursuant to 50 C.F.R. § 402.16.

f. Nothing in this section is intended to limit the use of habitat conservation plans, landowner incentives, or other habitat protection and restoration programs under the Endangered Species Act, the Fish and Wildlife Coordination Act, the Fish and Wildlife Act, or other federal or State laws.

g. The federal agencies may only seek additional Endangered Species Act measures in the Salmon and Clearwater Basins for the covered activities and covered species if:

i. The federal agencies have implemented relevant RPA actions set forth in all other biological opinions intended to benefit Snake River Basin listed species; and

ii. All other discretionary measures, including but not limited to, reinitiation of consultation on other relevant BiOps and the component biological opinions, that provide the reasonable potential for achieving necessary reductions in the mortality of the Snake River listed species have been implemented, to the maximum extent practicable.

E. Termination. If the United States reinitiates consultation on or revokes incidental take authorization, the State may terminate the Cooperative Agreement.

III. Snake River Flow Component.
A. General Principle: Biological Opinions will be issued for the term of this agreement which will provide incidental take coverage, if necessary, for all federal actions and related private actions including: (1) all BOR actions in the upper Snake River basin, (2) all private depletory effects in the Snake River basin above the Hells Canyon Complex to the extent they affect listed anadromous fish, and (3) all private depletory effects above the Hells Canyon Complex to the extent that they are related to the federal action and affect listed resident species. These Biological Opinions shall be separate from any Federal Columbia River Power System (FCRPS) Biological Opinion. Separate biological opinions will be prepared for other components as necessary. Additionally, the parties will use their best efforts to seek enactment of state and federal legislation consistent with the terms of the general conditions to provide the necessary ESA and CWA protection for this component of the agreement and to provide statutory authority necessary to implement the agreement. The flows provided in this agreement set forth the flow contribution from the upper Snake above the Hells Canyon Complex for the benefit of listed species covered by this agreement as they travel throughout the Columbia River system, including through the FCRPS. The biological opinion on this component to be prepared by NOAA Fisheries will directly address and evaluate the expected effects of BOR’s proposed operations in the Upper Snake, including any beneficial effects on anadromous fish from the flow augmentation program established in this component.

B. Tier 1—Minimum Flow. The minimum instream flows established by the Swan Falls Agreement shall be decreed in the SRBA to the Idaho Water Resource Board (IWRB). If the Idaho Department of Water Resources fails to regulate these minimum instream flows in accordance with the Swan Falls Agreement, then any party to this agreement shall be entitled to seek injunctive relief through the state district court responsible for the SRBA.

C. Tier 2—Flow Augmentation. The parties will establish a term-of-the-agreement flow augmentation program containing the following elements:

1. All flow augmentation from waters of the State of Idaho pursuant to Idaho Code § 42-1763B shall be done in compliance with Idaho state law and regulations, existing water bank rules and existing local rental pool procedures of the appropriate local committee, including but not limited to last to fill rule and the procedures for priorities among renters and lessors, unless changes are agreed to by the spaceholders within the water district(s) in which the reservoirs are located, the State of Idaho, and BOR. Unless otherwise agreed by the parties to give effect to sections III.D and III.E, all parties agree that they will refrain from exercising the procedures for priorities among renters and lessors the specific uncontracted storage space now held by BOR assigned for flow augmentation and powerhead available for flow augmentation as shown on Appendix III as long as this agreement has not been terminated or has not expired. Except as otherwise provided, nothing in this component shall be construed or interpreted as affecting or in any way interfering with the laws of the State of Idaho relating to the control, appropriation, use, or distribution of water or any vested rights created thereunder, or as conferring new authority to, or modifying existing authority of the

2 “Above the Hells Canyon Complex,” when used in this term sheet, means the Snake River basin above the Complex, including any tributaries which drain into the Complex.
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2. The flow augmentation program above the Hells Canyon Complex is designed to assist fish survival downstream of Hells Canyon Dam. The parties understand that the flow augmentation program provides maximum amounts of flow augmentation delivered from the upper Snake and that no guarantee can be provided, beyond the terms of this agreement, that any particular amount of water will be provided in any particular water year.

3. Sources shall include, but are not limited to contracted and uncontracted storage, powerhead, Oregon natural flow water, Sho-Ban water bank water, rentals pursuant to the IWRB Water Bank, and natural flow acquisitions herein provided.

4. Idaho Code § 42-1763B will be reenacted to authorize the rental of up to 427,000 acre-feet (AF) of water annually for flow augmentation for the term of the agreement. Reauthorization shall also provide for the rental of water from storage or natural flow sources from the Snake River and its tributaries at or above Lewiston.

5. If necessary to implement the flow augmentation program of this section III, the BOR will negotiate a lease with Idaho Power pursuant to Idaho Code § 42-108A to rent uncontracted and powerhead space in the Boise Project, Arrowrock Division, for power production. In the event powerhead water is released pursuant to this section, it shall be the last of the last space to refill.

6. The United States may also acquire on a permanent basis or rent up to 60,000 acre-feet of consumptive natural flow water rights diverted and consumed below Milner and above Swan Falls from the mainstem of the Snake River. The United States may rent said rights for flow augmentation through the IWRB Water Bank pursuant to the Board’s water bank rules and I.C. Sec. 42-1763B as amended (to include up to 60,000 acre-feet of consumptive natural flow acquisition and to allow its use pursuant to this section). The 60,000 acre-feet may be rented through the water bank as long as the total rentals in III.C.4, III.C.5 and this III.C.6 do not exceed 487,000 acre-feet.

7. Powerhead water in BOR storage facilities may be used only to increase the reliability of 427,000 acre-feet for flow augmentation and is subject to the following limitations:
   a. After utilization by the United States of all water described in sections III.C.4 through 6, above, if the total amount of water released for flow augmentation is less than the 427,000 acre-feet, the Palisades Reservoir powerhead water may be utilized by the United States to attain 427,000 acre-feet for flow augmentation;
   b. Use of powerhead shall not at any time interfere with the currently established minimum conservation pools or hereinafter established minimum conservation pools;
   c. Powerhead space used for flow augmentation shall be the last space to refill after all other space in reservoirs in that water district, including other space used to provide flow augmentation, in the basin has filled;
   d. Use of water from powerhead space shall be in compliance with state law;
   e. Use of powerhead space shall not interfere at any time with the operating levels required for diversions of water by spaceholders in the reservoir pool, with the ability of spaceholders to refill and use active storage of the reservoir, or with the diversion of natural flow.

8. Rental charges for stored water.
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a. A uniform rate will apply to all stored water released for flow augmentation:
   i. $14 per acre-foot through 2012,
   ii. $17 per acre-foot from 2013-2017,
   iii. $20 per acre-foot from 2018-2022,
   iv. $23 per acre-foot from 2023-2030.

b. The above rates are comprehensive. They include administrative fees and all
   other charges.

c. The administrative fee on BOR storage will equal the administrative fee
   applicable to other rentals within the basin in question.

9. All water released from BOR projects in the irrigation season after April 10 shall be
   treated as releases for flow augmentation except for releases (1) for delivery to or use
   by spaceholders, contract holders, or rentals from the water bank for purposes other
   than flow augmentation; (2) pursuant to established water rights; (3) in accordance with
   existing project operation criteria or other subsequent project operation criteria agreed
   to by the spaceholders and contract holders within the water district in which the
   reservoirs are located, the State of Idaho, and BOR; or (4) pursuant to duly adopted
   flood control rule curves.

10. Regulation of the delivery of rental water shall be the responsibility of the IDWR and
    appointed state watermasters. The timing of the release of water shall be determined by
    a process involving the State, the spaceholders, contract holders, and the United States.

D. Water District 01 Rental Pool. The State of Idaho, BOR, and the spaceholder contractors in
   Water District 01 agree, to consider changes to rental pool procedures in Water District 01 as
   part of the flow augmentation program outlined in section III.C above. The State and the
   spaceholder contractors acknowledge that BOR, in negotiating a final agreement, will require
   that any rental pool provide BOR with an acceptable opportunity, as determined by it, to rent
   water for flow augmentation.

E. The United States shall make its Upper Snake basin uncontracted space available to irrigation
   delivery entities, if the United States or irrigation delivery entities obtain the rights to an
   equivalent amount of replacement water from subbasins within the Upper Snake to be used
   for flow augmentation. Details regarding the exchanges anticipated in this section will be
   defined in the final settlement agreement.

F. Reclamation will make available for irrigation, subject to the triggers and conditions in this
   section III.F, 30,000 acre-feet of water from the Boise Project, Payette Division. This water
   will be from sources exclusive of the 95,000 acre-feet of storage currently used for flow
   augmentation.
   1. Triggers. Water under this section will be made available only under the following
      water year conditions, based on the April 1 forecast used by Reclamation of April
      through July runoff for the Payette River at Horseshoe Bend and the Boise River at
      Lucky Peak. For the Payette basin, this provision will be triggered when the April 1
      forecast at Horseshoe Bend is less than 700,000 acre-feet. For the Boise basin, this
      provision will be triggered when the April 1 forecast at Lucky Peak is less than
      570,000 acre-feet.
   2. Conditions of use.
      a. The maximum volume of water to be provided by Reclamation under this
         provision in any given water year will be 30,000 acre-feet.
b. Water may be used directly by Payette River water users and through exchange by Boise River water users within irrigation entities signatory to this agreement. The Boise exchange will be effected by Reclamation making water available to Boise River water users from the Boise Project in lieu of releasing that water for flow augmentation. An equivalent amount of water from the Payette storage identified above would then be released for flow augmentation.

c. When the Payette trigger is met, Reclamation will consign 30,000 acre-feet of Payette Division water to the Water District 65 Rental Pool, for one-year rental by irrigation water users in the Payette basin. The price for Payette rentals will be 50% of the price applicable to flow augmentation rentals or the price applicable to irrigation rentals in the basin, whichever is greater.

d. When the Boise trigger is met, Reclamation will consign 30,000 acre-feet of Arrowrock Division water to the Water District 63 Rental Pool, for one-year rental by irrigation water users in the Boise basin. Reclamation will then deliver a like amount of water from the Payette Division for flow augmentation, over and above the volume otherwise available from Reclamation-held storage. The price for Boise basin rentals will be the price applicable to flow augmentation rentals or the price applicable to irrigation rentals in the basin, whichever is greater.

e. When both triggers are met, Reclamation will consign a total of 30,000 acre-feet to be divided between Water Districts 63 and 65. Water Districts 63 and 65 will meet within 30 days of the publication of the April 1 forecasts at Lucky Peak and Horseshoe Bend, and determine how much water will be made available in each basin, with the understanding that irrigation entities in Water District 65 have the first right to rent the water consigned, up to the full amount consigned. As divided, the water rentals will be subject to the exchange conditions and prices applicable to that basin, as defined in sections c and d above. The water users will negotiate a process for implementation of this provision.

f. Once water is consigned to a rental pool, water users will have until July 15 to rent the water. Water not rented by July 15 will return to Reclamation.

G. The United States will mitigate local impacts identified by the State of Idaho that may result from the rental of water for flow augmentation. The scope and amount of mitigation will be negotiated. Mitigation shall be based on the following understandings:

1. Powerhead: In setting rates for power and energy provided by BOR for project purposes entitled to the use of reserved power, BOR will insure that reserved power rates are neither increased nor decreased as a result of the leasing and release of water from powerhead space under the terms and conditions set forth in this agreement.

2. 60,000 acre-feet: The federal legislation drafted to authorize the agreement will include a provision to authorize and seek appropriations for a one-time payment of $2 million to the local governments in which the water rights accruing up to 60,000 acre-feet are currently used to mitigate for the change in use of the acquired water.

H. The minimum evacuation reservoir levels for flood control shall not be altered for reasons other than flood control purposes.

I. The Milner Agreement shall be renewed for the term of this agreement. The parties agree, however, to modify the flow limitation contained in the agreement to the extent practical to facilitate the water rental program, while still protecting the interests of the parties.
M. Consistent with the Snake River Flow Component general principle (section III.A), the Services will evaluate this component as a proposed federal action under section 7 of the Endangered Species Act. 16 U.S.C. § 1536. In the event that the Services fail to issue no jeopardy biological opinions and provide incidental take coverages as described in section III.A, or if the Services require terms or conditions inconsistent with or not contained in this Upper Snake component of the agreement, this component of the agreement shall be terminated upon written notice by the State or private parties to this component of the agreement.

N. Reinitiation of Consultation
1. If the United States is unable to rent flow augmentation water under the terms of this agreement because of a change to state law, regulations or water bank rules, or because of an arbitrary or capricious decision by the Director of IDWR or IDEQ, the United States may reinitiate consultation on this component of the agreement. If the United States reinitiates consultation, this component of the agreement may be terminated, including any necessary statutory components, at the option of the State of Idaho or the private parties to this component of the agreement.
2. Reinitiation of consultation on any NOAA Fisheries or FWS FCRPS biological
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opinions (hereinafter “FCRPS BiOps”), or on the biological opinions on other components of this agreement shall not automatically trigger reinitiation of consultation on the Upper Snake BOR biological opinion. Rather, consultation on the Upper Snake BOR biological opinion may be reinitiated only a) if the State or the water users fail to comply with the terms and conditions of this agreement or the United States is unable to rent flow augmentation water under the terms of the agreement because of a change to state law, regulations, or water bank rules; b) to reduce the obligations of the parties in the event the measures in the agreement are determined to no longer be necessary for any reason, including, but not limited to, the delisting of the species; or c) pursuant to 50 C.F.R. § 402.16.

3. The federal agencies which are parties to this agreement may only seek additional Endangered Species Act flow measures from the Snake River basin above the Hells Canyon Complex for the benefit of anadromous fish if: a) a jeopardy biological opinion is issued on the Upper Snake River BOR projects after utilization of all of the measures in this agreement; b) the relevant actions set forth in all other biological opinions intended to benefit Snake River basin listed species have been implemented; c) substantially all water made available under the terms and conditions of this agreement has been rented; and d) all other discretionary measures, including reinitiation of consultation on other relevant BiOps, that provide the reasonable potential for achieving necessary reductions in the mortality of the Snake River listed species have been or are being implemented, to the maximum extent practicable. In issuing any future biological opinions on Upper Snake River BOR projects, the federal agencies shall provide all parties to this agreement an opportunity to comment on the draft biological opinion. The provisions concerning reinitiation of consultation for the Upper Snake BOR projects shall remain effective so long as this component is effective.

4. Nothing in this agreement shall be used or construed to determine or interpret in any manner what obligations, if any, the federal agencies charged with operating the FCRPS may have under the 2000 FCRPS BiOps, or other biological opinions addressing FCRPS operations or the Endangered Species Act or its implementing regulations as applied to the FCRPS, provided that no additional flows shall be required from the upper Snake above the Hells Canyon Complex except as provided for in this agreement.

O. Subject to section IV.G of this agreement, if any party fails to implement any provision of this component, this component may be terminated at the option of any other party to this component of the agreement. By entering into this agreement, neither the State of Idaho nor the private parties to this component concede that the flows identified under section III.C benefit the listed species; that BOR operations require ESA consultations; that BOR operations are subject to modification to meet ESA requirements or concerns; or that the diversion, storage, or use of water in the State of Idaho is subject to modification to meet ESA requirements or concerns.

IV. General conditions applicable to the entire agreement and to all parties. Unless otherwise specified, each of the following general conditions applies jointly and severally to each component of this agreement.

A. Implementation and enforcement – There will be enactment of necessary laws by federal,
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state, and tribal governments to effectuate and implement the settlement agreement including legislation consistent with provisions of the agreement to provide the necessary ESA and CWA protection for the State and the private parties to this agreement.

B. Mitigation of impacts caused by the management of water by the Federal agencies pursuant to this agreement on local and private interests (sideboards to be negotiated).

C. ESA and CWA Assurances – (1) The water provided under this settlement shall fully satisfy any ESA requirements for the diversion and use of water, as specifically provided in each of the components of this agreement. Compliance with this agreement satisfies all CWA obligations for flows for the benefit of such species for the term of this agreement. No party shall use, during the term of this agreement, the CWA or any other theory to seek additional flows for the benefit of such species based on reduced water quality resulting directly from flow modifications or reductions in the quantity of water available in the Snake River Basin above the Hells Canyon Complex and in the Salmon and Clearwater basins in Idaho.3 (2) The Services shall evaluate each component of this agreement as separate proposed federal actions under the Endangered Species Act, 16 U.S.C. § 1536. Term-of-the-agreement (thirty (30) years) Biological Opinions will be issued on each component of this agreement. The specific provisions relating to these Biological Opinions are contained in the respective sections of this agreement. These Biological Opinions shall be separate from the FCRPS Biological Opinion. In the event that the Services fail to issue no jeopardy biological opinions or if the Services require terms or conditions inconsistent with or not contained in the component of the agreement which corresponds to the biological opinion, that component of the agreement shall be void upon written notice by the State or private parties to this agreement. If the State or private parties do not concur with the biological assessment prepared for the consultation on a particular component, that component of the agreement shall be terminated upon written notice by the State or private parties.

D. Waivers and releases.

1. Except as otherwise provided in the Settlement Agreement, the United States, on behalf of the Nez Perce Tribe, and the Nez Perce Tribe waive and release (1) all claims for water rights within the Snake River Basin in Idaho; (2) injuries to such water rights; and (3) injuries to the Tribe’s treaty rights to the extent that such injuries result or resulted from flow modifications or reductions in the quantity of water available in the Snake River Basin in Idaho that accrued at any time up to and including the effective date of the Settlement Agreement, and any continuation thereafter of any such claims, against the State of Idaho, any agency or political subdivision thereof, or any person, entity, corporation, municipal corporation, or quasi-municipal corporation. The Tribe agrees that it will not assert any claim, under any treaty theory, based on reduced water quality resulting directly from flow modifications or reductions in the quantity of water available in the Snake River Basin in Idaho, against any party to the agreement. No water rights claims the Tribe has asserted or may in the future assert outside of the Snake River Basin in Idaho shall require water to be supplied from the Snake River

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3 Nothing in this agreement is intended to affect in any way the development, approval, modification, implementation, or enforcement of Clean Water Act Total Maximum Daily Load (TMDL) requirements for Brownlee Reservoir.
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2. “Water rights” means rights under state and federal law to divert, pump, impound, use or reuse, including for instream use, or permit others to divert, pump, impound, use or reuse, including for instream use, water. This includes all water right claims filed by or on behalf of the Nez Perce Tribe in the Snake River Basin Adjudication. “Injuries to water rights” means the loss, deprivation, or diminution of water rights.

3. The Nez Perce Tribe hereby waives and releases the United States from: (1) all claims for water rights within the Snake River Basin in Idaho, injuries to such water rights, or breach of trust claims for failure to protect, acquire, or develop such water rights that accrued at any time up to and including the effective date of the Settlement Agreement; (2) all claims for injuries to the Tribe’s treaty fishing rights to the extent that such injuries result or resulted from reductions in the quantity of water available in the Snake River Basin in Idaho; (3) all breach of trust claims for failure to protect Nez Perce “springs or fountains” treaty rights reserved in Article 8 of the 1863 Treaty with the Nez Perce; and (4) all breach of trust claims arising out of or resulting from the adoption of this Settlement Agreement. Provided, however, that waivers described in this section shall not be effective until all Federal funds described in the term sheet are appropriated and paid to the Nez Perce Tribe.

4. Nothing in this agreement shall waive the Tribe’s right to pursue claims against the United States relating to non-water-related injuries resulting from the construction of the Dworshak Project. Nothing in this agreement shall be interpreted to prevent the Nez Perce Tribe or the United States as trustee for the Tribe from purchasing or otherwise acquiring water rights in the future to the same extent as any other entity in accordance with Idaho state law. Nothing in this agreement shall be interpreted to impair the treaty fishing, hunting, pasturing, or gathering rights of the Nez Perce Tribe except to the extent expressly provided in this agreement. The Nez Perce Tribe shall retain all rights not specifically satisfied, waived, or released in this agreement.

5. The waiver and releases by the federal government and the Nez Perce Tribe shall take effect and be permanent once the agreement is effective and enforceable pursuant to section IV.1. Waivers, once effective, will survive any subsequent termination of any component(s) of the agreement.

E. This agreement, the decree, and the order approving this agreement may not be modified in any manner except as herein provided or with the joint written consent of the duly authorized representatives of the parties and the consent of the court approving this agreement, which court shall have the sole jurisdiction to modify its decree. The parties further recognize that the law dealing with federal reserved Indian water rights is a subject of ongoing litigation and agree that subsequent changes, developments, or interpretations in such law shall not change the enforceability of this agreement as written in the decree relating to such rights. Nothing in this agreement shall otherwise be construed or interpreted to restrict, enlarge, or otherwise determine the subject matter jurisdiction of any state, tribal or federal court.

F. If any party believes that another party has failed to perform or implement a provision of this agreement, the party will inform the other party, and the parties will meet to seek to resolve the dispute. If the dispute cannot be resolved, one or more parties may request that the SRBA
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court (or any successor court) appoint a mediator, provided that the mediation will not be
binding and will not be prejudicial to any jurisdictional issues raised by the dispute.

G. A breach of one component of this agreement shall not constitute a breach of any other
component of the agreement.

H. Nothing in this agreement shall be so construed or interpreted: (1) to establish any standard to
be used for the quantification of federal reserved water rights or any other Indian water
claims of any other Indian Tribes in any judicial or administrative proceeding or (2) to limit
in any way the rights of the parties or any person to litigate any issue or question not resolved
by this agreement. This agreement has been reached in the process of good faith negotiations
for the purpose of resolving legal disputes, including pending litigation, and all parties agree
that no offers and/or compromises made in the course thereof shall be construed as
admissions against interest or be used in any legal proceeding and nothing in this agreement
shall be read as an admission or determination by the parties that any of the actions
anticipated by this agreement are necessarily required under the Endangered Species Act.

I. Implementation of this Agreement by the federal or state agencies is subject to the
requirements of the Anti-Deficiency Act, 31 U.S.C. §§ 1341-1519, similar requirements of
state law, and the availability of appropriated funds. Nothing in this Agreement is intended or
shall be construed to require the obligation, appropriation, or expenditure of any money from
the U.S. Treasury or the State General Fund. The Parties acknowledge that the federal or state
agencies shall not be required under this Agreement to expend any appropriated funds unless
and until an authorized official of the relevant agency affirmatively acts to commit to such
expenditures in writing.

J. No member of or delegate to Congress shall be entitled to any share or part of this Agreement
or to any benefit that may arise from it.

K. The parties will jointly move the Idaho Supreme Court to remand the pending appeal in Case
Nos. 26042 and 26128 for entry of an order consistent with the final settlement agreement.

L. The agreement shall be effective when all of the following have occurred prior to March 31,
2005 (this list is not intended to determine the proper sequencing of these actions):
1. Execution of the necessary component documents which will make up the agreement;
2. Congressional approval of agreement and authorization of all federal expenditures
required under agreement;
3. State legislature approval of agreement and enactment of all required state legislation;
4. Nez Perce Tribe approval of agreement;
5. SRBA Court entry of judgment and decree incorporating agreement;
6. Issuance of the Biological Opinions anticipated by the upper Snake component of this
agreement.
Appendix I

This appendix to Section II of the term sheet describes an implementation plan to assign instream flows and reserve opportunities for future use in the Tribal Priority Streams in the Salmon and Clearwater Basins by March 31, 2005. All instream flow water rights established pursuant to the Agreement and this Appendix I will be junior to all existing water rights and subordinate to all future domestic, commercial, municipal, and industrial (DCMI) water rights.

The Tribal Priority Streams are listed in the attached Lists “A” and “B.” Some of the streams on these lists are included in the Wild and Scenic Settlement Agreement between the State of Idaho and the U.S. Forest Service. Because this implementation plan is intended to be consistent with the Wild and Scenic federal reserved water rights, where Wild and Scenic stream reaches are involved, the plan adopts the future development subordinations in the Wild and Scenic reserved water right decrees.

The Tribal Priority Streams have been divided into “A” and “B” List groups based on the level of existing use. The “B” List streams include those streams where instream flows and other non-flow-related actions will be developed by the parties, in conjunction with local stakeholders and communities. The “A” List Tribal Priority Streams will have instream flows and future non-DCMI use levels assigned based on land classification except in those cases specifically set forth below where the parties have agreed to address certain special resource value areas, or areas of special concern relative to local uses. Land classification will be established based upon the predominant land ownership and where appropriate, federal land classification, existing in particular stream’s basins.

For the “A” List Tribal Priority Streams, instream flows would be determined based on categories assigned using ownership of the lands within the basin. The ownership classification in a given basin would be recognized as falling into one of four categories: 1) State and private, 2) federal non-wilderness, 3) wilderness/Wild and Scenic, and 4) special areas as set forth below.

For each of these four categories, instream flows will be set by month based on estimated hydrology of unimpaired flows, and a reservation for future non-DCMI use equal to a percentage of the minimum monthly median flow value from the estimated hydrology. To prevent dewatering streams by future non-DCMI use, future non-DCMI use would be curtailed at a floor equivalent to the unimpaired monthly 80% exceedence flow. Consequently, the flow values for the four categories will be as follows:

1. For State and private basins, instream flows would be decreed for each month of the year at the 50% exceedence level of the estimated unimpaired flow, subordinated to a future non-DCMI use in the amount of 25% of the lowest median monthly unimpaired flow value.

4 The algorithms proposed here for establishing instream flows, future allocations, and the floor flow are based on exceedence values. The individual instream flows will be decreed as quantities in cubic feet per second (cfs) as will the future allocation for non-DCMI uses and floor flows. The administrative provisions for these instream flows will, however, recognize they are being established based upon estimated flow. The provisions of the final decrees will provide a mechanism for changes to these decreed amounts based upon actual flows if such data become available.
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2. For federal, non-wilderness basins, instream flows would be decreed for each month of the year at the 40% exceedence level of the estimated unimpaired flow, subordinated to a future non-DCMI use in the amount of 10% of the lowest median monthly unimpaired flow value.

3. For federal wilderness and Wild and Scenic basins, instream flows would be decreed for each month of the year at the 30% exceedence level of the estimated unimpaired flow, subordinated to a future non-DCMI use in the amount of 5% of the lowest median monthly unimpaired flow value.

4. The Special Areas include watersheds that hold special values including high value habitat for fish resources, other special values, and areas where future development opportunities would be preserved. The instream flows and reservations for future non-DCMI use for the special areas differ from the land-based formula described above.

Special Areas include:

Lower Salmon River below Long Tom Bar to the mouth: Instream flows for the lower Salmon River downstream of the Wild and Scenic Reach would be consistent with the application filed for the lower Salmon River below Hammer Creek. The State application for the instream flow in the Lower Salmon addresses the reach from the mouth to Hammer Creek. The instream flows reach in the current application will be extended to include the reach of the Salmon below the Little Salmon. The instream flows in the reach between the Little Salmon and the Wild and Scenic River will be based on the downstream reach and adjusted for the inflow from the Little Salmon River. The State instream flow will be made consistent with the Wild and Scenic instream flow for the main Salmon River.

South Fork Salmon River and tributaries contained within the Tribal Priority Stream List: Instream flows would be decreed for each month of the year at the 40% exceedence level of the estimated unimpaired hydrology, subordinated to a future non-DCMI use in the amount of 5% of the lowest median monthly unimpaired flow value.

Upper Salmon: The upper Salmon basin includes a number of tributaries that meet the criteria of “B” List streams. Instream flows established for the tributaries or the mainstem Salmon will be in accord with Wild and Scenic River instream flows and future allocations, subject to the Order Approving Stipulation and Dismissing Objections in Consolidated Subcase Nos: 63-25239, 75-13316, and 75-13606, issued by Judge Daniel C. Hurlburt, Jr., Presiding Judge, Snake River Basin Adjudication, on June 16, 1998.

Lolo Creek: Instream flows will be decreed for each month of the year at the 40% exceedence level of the estimated unimpaired hydrology, subordinated to a future non-DCMI use in the amount of 10% of the lowest median monthly unimpaired flow value.

Bedrock Creek: Instream flows will be decreed for each month of the year at the 40% exceedence level of the estimated unimpaired hydrology, subordinated to a future non-DCMI use in the amount of 10% of the lowest median monthly unimpaired flow value.

Upper North Fork Clearwater River, Breakfast Creek: Instream flows would be decreed for each month of the year at the 40% exceedence level of the estimated unimpaired hydrology, subordinated to a future...
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non-DCMI use in the amount of 10% of the lowest median monthly unimpaired flow value.

**Future Uses for “A” List streams.**
The future use allocations will provide water for non-DCMI uses. The parties will study the overlap of existing uses and future use to determine if additional criteria will assist the parties in allocating future use. The goal is to avoid reducing streamflows to a level where the unimpaired 80% exceedence value is the flow that the normally occurs in the stream due to the combination of existing and future use.
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**List A, Non-Developed Streams**

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<th>Quantification Location(s)</th>
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<td>Johnson Creek</td>
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<td>Burntlog Creek</td>
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### Mediator’s Term Sheet
*April 20, 2004 Final Term Sheet*

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<th>Quantification Location(s)</th>
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<td>Monumental Creek</td>
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<td>Smith Creek</td>
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<td>Brush Creek</td>
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<td>Dynamite Creek</td>
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<td>Yellow Belly Lake Cr.</td>
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I-8
Mediator's Term Sheet
April 20, 2004 Final Term Sheet

Stream is located within basin number.
### List B. Developed Streams/Watersheds

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<tr>
<th>Stream Name</th>
<th>Tributary to</th>
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<th>Tributary Quantification Location(s)</th>
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<td>Lapwai Creek and tributaries</td>
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<td>195, 197, 207, 213</td>
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<td>177, 220, 225, 214, 264, 265, 238</td>
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<td>Cottonwood Creek</td>
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<td>Jacks Creek</td>
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<td>Big Canyon Creek and tributaries</td>
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<td>Whiskey Creek</td>
<td>Orofino Creek</td>
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<td>1008</td>
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## Appendix III

Reclamation Project Reservoirs Above Hells Canyon Dam
Water Assigned for Flow Augmentation

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<td>Cascade</td>
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<td>Deadwood</td>
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<td><strong>Upper Snake</strong></td>
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<td>American Falls</td>
<td>8,951(^2)</td>
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<tr>
<td>Jackson</td>
<td>3,923(^2)</td>
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<tr>
<td>Palisades</td>
<td>10,022(^2)</td>
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<td><strong>Subtotal</strong></td>
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<td><strong>Grand Total (non-powerhead)</strong></td>
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<table>
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<td>Palisades powerhead</td>
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<td><strong>Powerhead Total</strong></td>
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\(^1\)Reassigned for flow augmentation.
\(^2\)Reacquired for flow augmentation.