

## **ENVIRONMENTAL COVENANT**

### **(Covenant on water use/storage (with exception for one existing tank) – part of Mohave site)**

THIS ENVIRONMENTAL COVENANT is entered into by and between: LOS ANGELES DEPARTMENT OF WATER AND POWER, a department of the City of Los Angeles, a municipal corporation of the State of California (“LADWP”); Nevada Power Company, a Nevada corporation (“NPC”); SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, an agricultural improvement district of the State of Arizona (“SRP”); SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation (“SCE”) (LADWP, NPC, SRP and SCE are hereinafter collectively referred to as “the Owners”); and THE STATE OF NEVADA, DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, DIVISION OF ENVIRONMENTAL PROTECTION (“NDEP”).

#### **Recitals:**

(A) The undersigned execute this Environmental Covenant for the uses and purposes outlined in the Uniform Environmental Covenants Act, as codified in NRS 445D.010 et. seq. (the “Act”).

(B) The Owners are the record owners, as tenants in common owning undivided interests in the property, of certain real property consisting of all or part of Assessor’s Parcel Numbers 264-22-000-002; 264-23-000-001; 264-23-000-002; 264-24-101-001; 264-26-000-001; 264-26-000-002; 264-27-101-001; and 264-27-301-001; all located in the community of Laughlin, Clark County, Nevada, which property is more particularly described in the legal description in Exhibit “A” attached hereto and made a part hereof, and is shown on Exhibit “B” attached hereto and made a part hereof (hereinafter, the “Restricted Water Use Property”).

(C) The Restricted Water Use Property, together with certain other adjacent and nearby parcels of land (collectively, the “Mohave Site”), was formerly the site of a power plant

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known as the Mohave Generating Station, which was owned by the Owners and which was decommissioned and removed from the Mohave Site.

(D) Groundwater testing and monitoring has determined that the groundwater in certain areas of the Mohave Site, including substantial parts of the Restricted Water Use Property, contains elevated levels of total dissolved solids (TDS).

(E) Geological assessment of the Mohave Site has determined that the subsurface soil in certain areas of the Mohave Site, including substantial parts of the Restricted Water Use Property, is relatively porous and water-permeable as a result of prehistoric river channels known as paleochannels, whereas the areas outside of the paleochannels are significantly less permeable.

(F) Further remediation of the TDS contamination in the Mohave Site groundwater is not practicable as of the date of this Environmental Covenant, and NDEP and the Owners believe that with restrictions upon use of the Mohave Site, including the restrictions upon use of the Restricted Water Use Property as provided in this Environmental Covenant, migration of the TDS contamination will be minimized, and the contamination will not present any threat to human health or the environment.

(G) The Owners desire to provide notice of the existing conditions and covenants and to bind all parties having any right, title or interest in the Restricted Water Use Property, or any portion of it, and their heirs, successors and assigns and any persons using the Restricted Water Use Property.

NOW THEREFORE,

1. Purpose of the Instrument. This instrument is an Environmental Covenant executed pursuant to the Act.

2. Binding Covenant. The Owners hereby grant this Environmental Covenant to the NDEP, and declare that the Restricted Water Use Property, as described in Exhibit “A” hereto, shall herein after be bound by, held, sold, and conveyed subject to the following requirements set forth in paragraphs 1 through 15 herein, which shall run with the Restricted Water Use Property in perpetuity and shall be binding on the Owners and all parties having any right, title or interest in the Restricted Water Use Property, or any part thereof, its heirs, successors and assigns, and any persons using the land, as described herein. As used in this Environmental Covenant, the term “the Owners” means any record owner or owners of the Restricted Water Use Property and, if any, any other person or entity otherwise legally authorized to make decisions regarding the transfer of the Restricted Water Use Property or placement of encumbrances on the Restricted Water Use Property, other than by exercise of eminent domain.

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3. Legal Description of the Property. The property subject to this Environmental Covenant is described as follows:

all of APNs: 264-23-000-001; 264-23-000-002; and 264-24-101-001; and

certain parts of the following APNs, as approximately described here: the southeastern most part of 264-22-000-002; the western and central part of 264-26-000-001; the western part of 264-26-000-002; the easternmost part of 264-27-101-001; and the easternmost part 264-27-301-001;

all of which is more particularly described in the legal description in Exhibit “A” attached hereto, and shown on Exhibit “B” hereto, and more commonly known as a part of the former site of the Mohave Generating Station, which was located at 655 Bruce Woodbury Drive, Laughlin, Nevada 89029 (the “Restricted Water Use Property”).

4. Description of the Mohave Site Contamination and Geology.

(a) The groundwater in certain areas of the Mohave Site, including substantial areas of the Restricted Water Use Property, is contaminated with elevated levels of TDS, as approximately shown on the Mohave Site map which is Exhibit “C” attached hereto and made a part hereof. This TDS contamination has been left in place with the consent of the NDEP because it is generally stable under current conditions, and is impracticable to further remediate as of the date of this Environmental Covenant, and based on current conditions presents no threat to human health or the environment.

(b) The subsurface soils in certain areas of the Mohave Site, including substantial areas of the Restricted Water Use Property, are relatively porous and water-permeable, because they are the location of river paleochannels, as also approximately shown on Exhibit “C” hereto, whereas the subsurface soils in the other areas of the Mohave Site exhibit low water-permeability.

(c) The introduction of significant amounts of water into any parts of the Restricted Water Use Property, being (i) contaminated with elevated levels of TDS, and/or (ii) underlain by paleochannels, may alter or increase the flow of groundwater within the Mohave Site including the Restricted Water Use Property, and may alter or expand the areas of TDS groundwater contamination.

5. Activity and Use Limitations: Water Usage or Storage.

(a) Except as otherwise provided herein, there shall be no development or activities on the Restricted Water Use Property that may result in more intensive water usage on the land or greater introduction of water into the soil than is customary and typical for commercial-use properties in the Laughlin, Nevada, area. Without limiting the

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foregoing, there shall be no use of any land on the Restricted Water Use Property for agriculture, golf courses, car wash facilities, recreational ponds, public and private recreational swimming pools, water storage reservoirs, storm water retention or detention facilities, waste water disposal facilities, or any artificial standing bodies of water. This Environmental Covenant does not prohibit residential development and residential use of the Restricted Water Use Property, without swimming pools, provided the landscaping or other uses will not result in greater introduction of water into the soil than is customary and typical for commercial-use properties in the Laughlin, Nevada, area. If it is necessary or desirable at any time to use any of the Restricted Water Use Property for water storage or impoundment for industrial or utility purposes, the NDEP must be notified in advance and the person undertaking such development shall prepare a work plan describing the development and the measures being employed to prevent and to monitor for any water leakage or seepage, which measures must be approved by the NDEP and comply with the then-existing rules and regulations of the NDEP. Upon completion of the work, a report shall be filed with the NDEP describing the work and all measures taken to comply with the existing rules and regulations for the monitoring and prevention of water leakage or seepage.

(b) Notwithstanding the foregoing, this Environmental Covenant does not prohibit the continued existence and use, for municipal water storage purposes, of the municipal water storage facility already present on APN 264-24-101-001 within the Restricted Water Use Property as of the date of this Environmental Covenant. Any replacement or material alteration of that municipal water storage facility shall be subject to the foregoing requirements for advance notification to the NDEP, NDEP approval, compliance with applicable requirements and subsequent reporting to the NDEP.

6. Owners' Reservation of Rights. Except as otherwise expressly provided herein, the Owners reserve to themselves, and to their successors and assigns, all rights accruing from their ownership of the Restricted Water Use Property, including without limitation their legal rights to subdivide the Restricted Water Use Property for any purposes allowed by law, and the right to sell, transfer, lease, license or otherwise encumber any or all of the Restricted Water Use Property.

7. Holders. The following persons and/or entities are holders for this Environmental Covenant: NDEP.

8. Name and Location of Administrative Record of Environmental Response Project. State of Nevada, NDEP, 901 S. Stewart St., Suite 4001, Carson City, Nevada, 89701.

9. Notices. Any documentation or communication required under this Environmental Covenant shall be sent or directed to:

State of Nevada  
Division of Environmental Protection

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Bureau of Corrective Actions  
901 S. Stewart St., Suite 4001  
Carson City, NV 89701

ATTN: Remediation Branch Supervisor  
Reference: Project # Facility ID 8-000565

10. Reporting.

(a) The Owners agree to prepare and submit periodic monitoring reports to the NDEP, as described herein, to demonstrate compliance with the activity and use limitations described in this Environmental Covenant as a means to help ensure long-term protectiveness. Except as otherwise provided herein, the reports shall be submitted to NDEP every five years, and are due to the NDEP by the 28<sup>th</sup> day of March for the preceding five-year review period. The first review period commences upon the date of recordation of this Environmental Covenant and includes the remainder of that calendar year and the following four calendar years, and each review period thereafter consists of five calendar years, except as otherwise provided herein. Except as otherwise provided herein, the review reports are to include a review of site-specific aerial imagery in conjunction with physical inspection of the Restricted Water Use Property, as well as other reasonable and appropriate means, to document compliance with the activity and use limitations described in this Environmental Covenant. Changes in land use are to be described with attention towards how the land use changes may affect the activity and use limitations.

(b) If at any time, through any sale or other transfer of parts of the Restricted Water Use Property to different Owners, the ownership of the Restricted Water Use Property becomes divided among different Owners, then any or all such multiple Owners may, in their discretion, jointly submit to the NDEP consolidated review reports covering all of their parts of the Restricted Water Use Property together. The review reports may be prepared and submitted on behalf of any Owner or Owners by a property owners' association or other third-party representative. Any Owner or Owners may at any time seek NDEP approval for a longer report period or other modification of the reporting requirement. The NDEP shall consider any such request in light of any land use changes or other factors specifically relevant to that request, and may modify the reporting requirements applicable to one or more parts of the Restricted Water Use Property without affecting the reporting requirements applicable to other parts of the Restricted Water Use Property.

11. Notices to Lessees. The Owners agree to incorporate, either in full or by reference, the restrictions in this Environmental Covenant in any leases, licenses, or other instruments granting a right to use the Restricted Water Use Property.

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12. Inspections. The NDEP shall have the right of entry to the Restricted Water Use Property at reasonable times with prior notice for the purpose of determining compliance with the terms of this Environmental Covenant. Nothing in this Covenant shall impair any other authority the NDEP may otherwise have to enter and inspect the Restricted Water Use Property.

13. No Liability. The NDEP does not acquire any liability under Nevada law by virtue of accepting this Environmental Covenant.

14. Enforcement. The NDEP may enforce the terms of this Environmental Covenant pursuant to the Act. Included in the statutory rights and remedies afforded to the NDEP is the ability to file suit in district court to enjoin actual or threatened violations of this Environmental Covenant.

15. Amendment; Termination. This Environmental Covenant may be amended or terminated only in writing, in such form as to be recordable, and signed by all parties in interest at the time of the amendment or termination. Any such amendment or termination shall be recorded.

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The parties have caused this Covenant to be executed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

**THE STATE OF NEVADA,  
DEPARTMENT OF CONSERVATION  
AND NATURAL RESOURCES,  
DIVISION OF ENVIRONMENTAL  
PROTECTION**

By: \_\_\_\_\_  
Name : David Emme  
Title : Administrator

STATE OF NEVADA )  
 ) ss:  
COUNTY OF )

This instrument was acknowledged before \_\_\_\_\_, a Notary Public, by David Emme, Administrator of THE STATE OF NEVADA, DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, DIVISION OF ENVIRONMENTAL PROTECTION, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Notary Public for said County and State  
Commission Expires:

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**SOUTHERN CALIFORNIA EDISON  
COMPANY**, a California corporation

Dated: \_\_\_\_\_

By:   
Name : Phil Herrington  
Title : Vice President, Power Production

STATE OF CALIFORNIA            )  
  ) ss:  
COUNTY OF LOS ANGELES    )

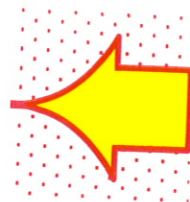
This instrument was acknowledged before \_\_\_\_\_, a Notary Public, by Phil Herrington, Vice President, Power Production of SOUTHERN CALIFORNIA EDISON COMPANY, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Notary Public for said County and State  
Commission Expires: \_\_\_\_\_



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**NEVADA POWER COMPANY**, a Nevada  
corporation **d/b/a NV ENERGY**

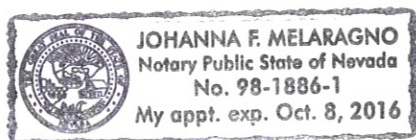


Dated: March 31, 2016

By: [Signature]  
Name : Kevin C. Geraghty  
Title : Vice President, Energy Supply

STATE OF NEVADA )  
 ) ss:  
COUNTY OF Clark )

This instrument was acknowledged before Johanna Melaragno, a Notary Public, by Kevin C. Geraghty, Vice President, Energy Supply of NEVADA POWER COMPANY, a Nevada corporation d/b/a NV ENERGY, this 31 day of March, 2016.



[Signature]  
Notary Public for said County and State  
Commission Expires: Oct 8, 2016

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**SALT RIVER PROJECT AGRICULTURAL  
IMPROVEMENT AND POWER DISTRICT**, an  
agricultural improvement district organized and  
existing under the laws of the State of Arizona

Dated: 4/6/2016

By: [Signature]  
Name : Nina Mullins  
Title : Sr. Director, SRP Land Department

STATE OF ARIZONA )  
 ) ss:  
COUNTY OF Maricopa )

This instrument was acknowledged before Laura Del Rio Smith a Notary  
Public, by Nina Mullins, Sr. Director, SRP Land Department of SALT RIVER PROJECT  
AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, this 6 day of  
April, 2016.

[Signature]  
Notary Public for said County and State  
Commission Expires: July 13, 2018



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**THE CITY OF LOS ANGELES**, a California  
municipal corporation acting by and through its Board  
of Water and Power Commissioners

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name : Marcie Edwards

Title : General Manager

STATE OF CALIFORNIA            )  
  ) ss:  
COUNTY OF LOS ANGELES        )

This instrument was acknowledged before \_\_\_\_\_, a Notary  
Public, by Marcie Edwards, General Manager of THE CITY OF LOS ANGELES, this \_\_\_\_\_  
day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Notary Public for said County and State  
Commission Expires:\_\_\_\_\_

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**  
**SERIAL 71110A**

THOSE PORTIONS OF LAND WITHIN SECTIONS 22, 23, 26, AND GOVERNMENT LOTS 7 AND 8 IN FRACTIONAL SECTION 24, TOWNSHIP 32 SOUTH, RANGE 66 EAST, MOUNT DIABLO MERIDIAN, AND WITHIN PARCEL 1 OF THE PARCEL MAP RECORDED SEPTEMBER 12, 2014, IN FILE 119 OF PARCEL MAPS, PAGE 84, IN THE OFFICE OF THE CLARK COUNTY RECORDER, ALL SITUATED IN THE UNINCORPORATED AREA OF THE COUNTY OF CLARK, STATE OF NEVADA, DESCRIBED AS FOLLOWS:

**PARCEL A**

ALL OF SAID SECTION 23 AND SAID GOVERNMENT LOTS 7 AND 8 IN FRACTIONAL SECTION 24.

**PARCEL B**

THOSE PORTIONS OF SAID SECTIONS 22, 26, AND SAID PARCEL 1 DESCRIBED AS FOLLOWS:

**BEGINNING** AT THE SOUTHEAST CORNER OF SAID PARCEL 1;

THENCE ALONG THE SOUTH LINE OF SAID PARCEL 1, SOUTH 89°21'15" WEST, 1028.69 FEET;

THENCE LEAVING SAID SOUTH LINE, NORTH 00°06'07" WEST, 4402.80 FEET;

THENCE NORTH 89°17'26" EAST, 973.46 FEET TO THE EAST LINE OF SAID SECTION 22;

THENCE ALONG THE EAST LINE OF SAID SECTION 22, SOUTH 01°08'01" EAST, 447.90 FEET TO THE SOUTHEAST CORNER THEREOF;

THENCE ALONG THE NORTH LINE OF SAID SECTION 26, NORTH 87°52'05" EAST, 4664.69 FEET TO A POINT 617.05 FEET FROM THE NORTHEAST CORNER THEREOF;

THENCE LEAVING SAID NORTH LINE, SOUTH 50°28'00" WEST, 958.75 FEET;

THENCE SOUTH 30°27'15" WEST, 2417.84 FEET;

THENCE SOUTH 28°37'07" WEST, 686.40 FEET;

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**  
**SERIAL 71110A**

THENCE SOUTH 00°14'00" EAST, 776.03 FEET TO THE SOUTH LINE OF THE NORTH HALF OF THE SOUTH HALF OF SAID SECTION 26;

THENCE ALONG LAST SAID SOUTH LINE, SOUTH 88°37'06" WEST, 2317.39 FEET TO THE **POINT OF BEGINNING**.

THE ABOVE DESCRIBED PARCELS CONTAIN 1,084.059 ACRES, MORE OR LESS.

BEARINGS AND DISTANCES USED IN THE ABOVE DESCRIPTION ARE ON A MODIFIED VERSION OF THE NEVADA COORDINATE SYSTEM OF 1927, ZONE NV-E, AS DETERMINED LOCALLY BY A LINE BETWEEN SOUTHERN CALIFORNIA EDISON CONTROL POINTS "32" AND "4001" BEING NORTH 09°29'41" WEST. TO OBTAIN GROUND DISTANCES DIVIDE GRID DISTANCES BY A COMBINATION FACTOR OF 0.9999665366 DERIVED AT POINT "4001".

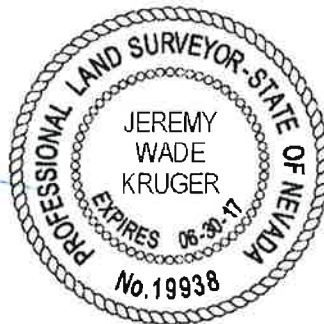
COORDINATE DATA PROVIDED BY SOUTHERN CALIFORNIA EDISON:

	<b>NORTHING</b>	<b>EASTING</b>
<b>32</b>	140545.001	796928.384
<b>4001</b>	146048.588	796007.922

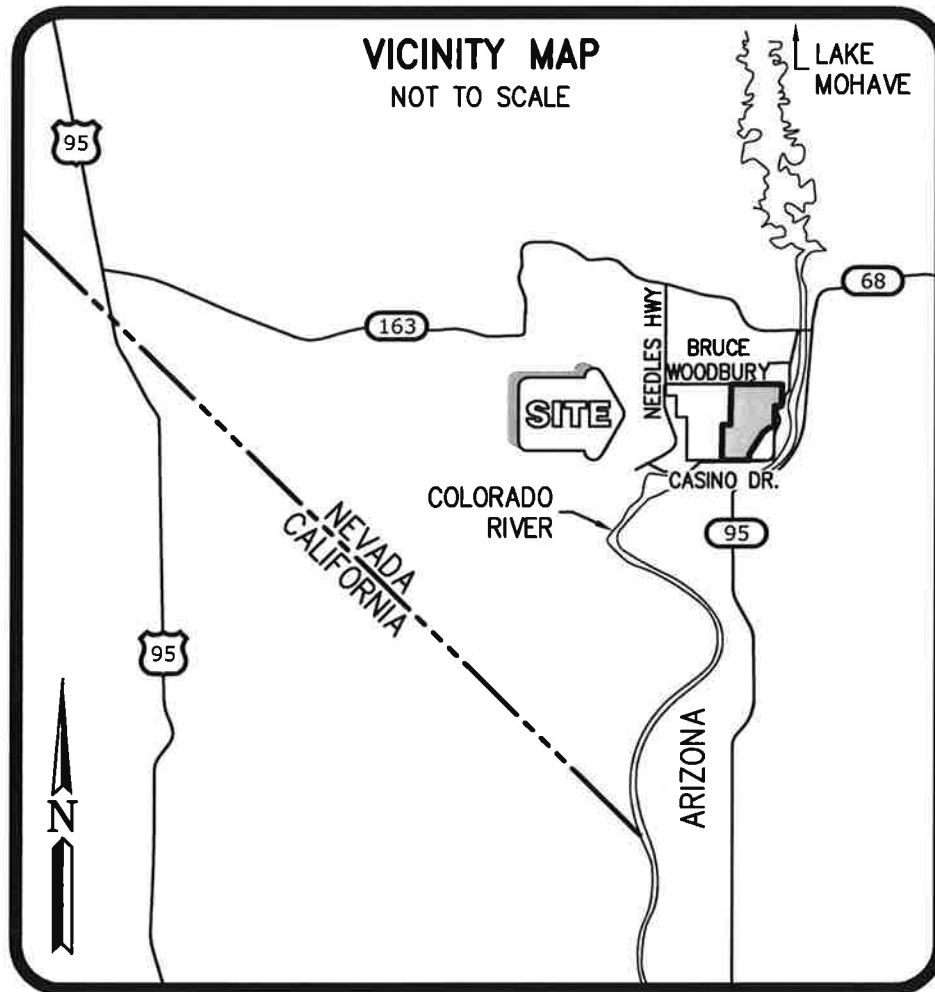
ALL AS SHOWN ON EXHIBIT "B", ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

THIS DESCRIPTION WAS PREPARED BY ME, OR UNDER MY DIRECTION, IN CONFORMANCE WITH NEVADA REVISED STATUTES.

  
\_\_\_\_\_  
JEREMY WADE KRUGER, P.L.S. 19938  
DATE PREPARED: 03/18/2016



# EXHIBIT "B"

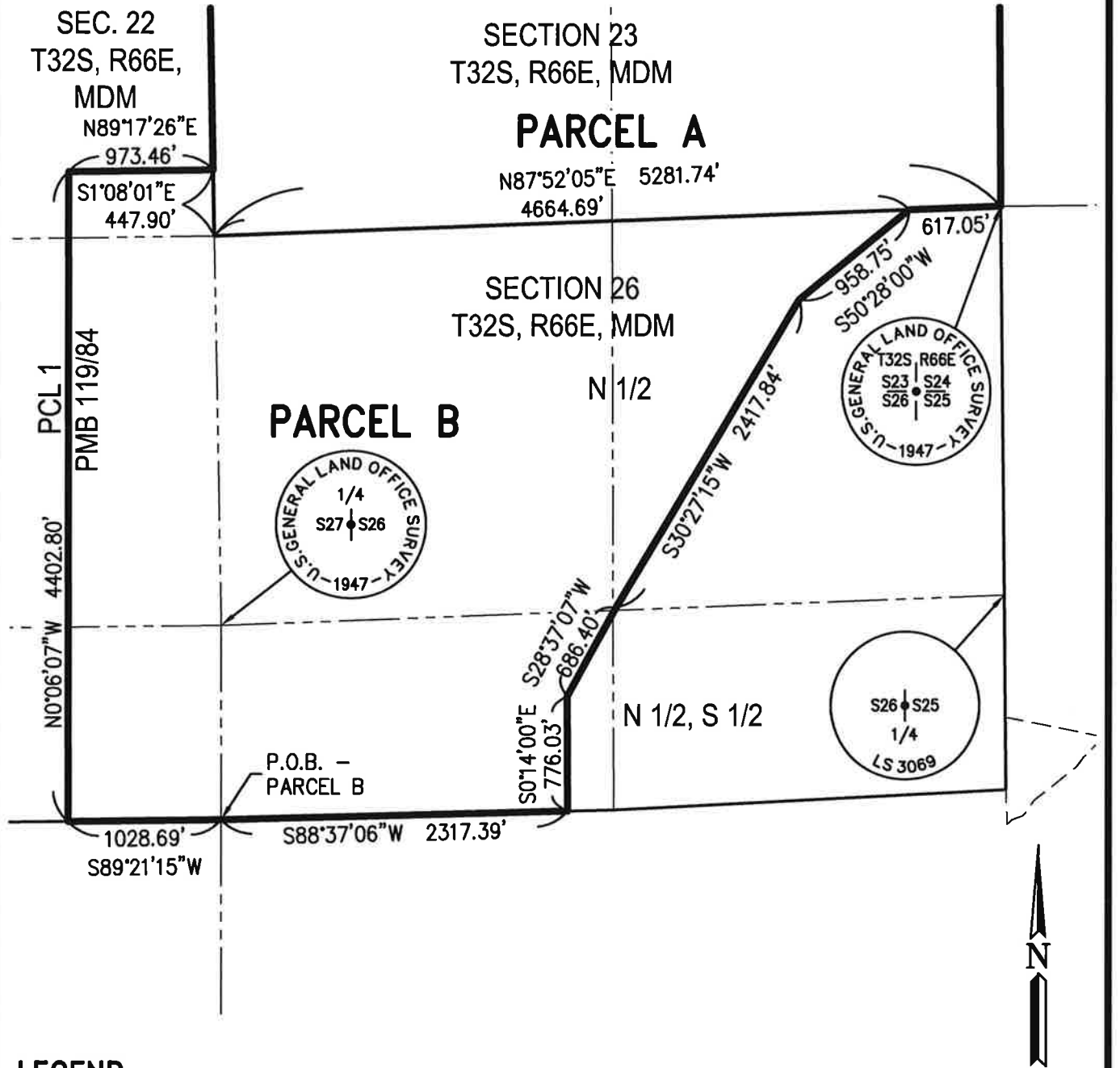


SHEET 1 OF 4

PROJECT NAME: ENVIRONMENTAL COVENANT 2							M.S.: 088-152
W.O. NO.: 801392710	NOT. NO.: 203241951	CITY: LAUGHLIN			COUNTY: CLARK		STATE: NV
SURVEYED BY: TOWILL, INC.		F.B. REF.: 1095		DATE: 10-21-2015	SOUTHERN CALIFORNIA		
DRAWN BY: J. MARTY SMITH, CA PLS		MAP REF.: RECORD OF SURVEY 103/40				EDISON®	
CHECKED BY: JEREMY W. KRUGER, NV PLS	SCE: M. HALL		SERIAL NO.: 71110A		Mar 18, 2016 - 6:57am		

GOV. LOTS 7 & 8  
SECTION 24  
T32S, R66E, MDM

# EXHIBIT "B"



## LEGEND

- LANDS OF THE GRANTOR
- ENVIRONMENTAL COVENANT 2
- PARCEL LINES
- SECTION LINES

## SCALE

1" = 1000'

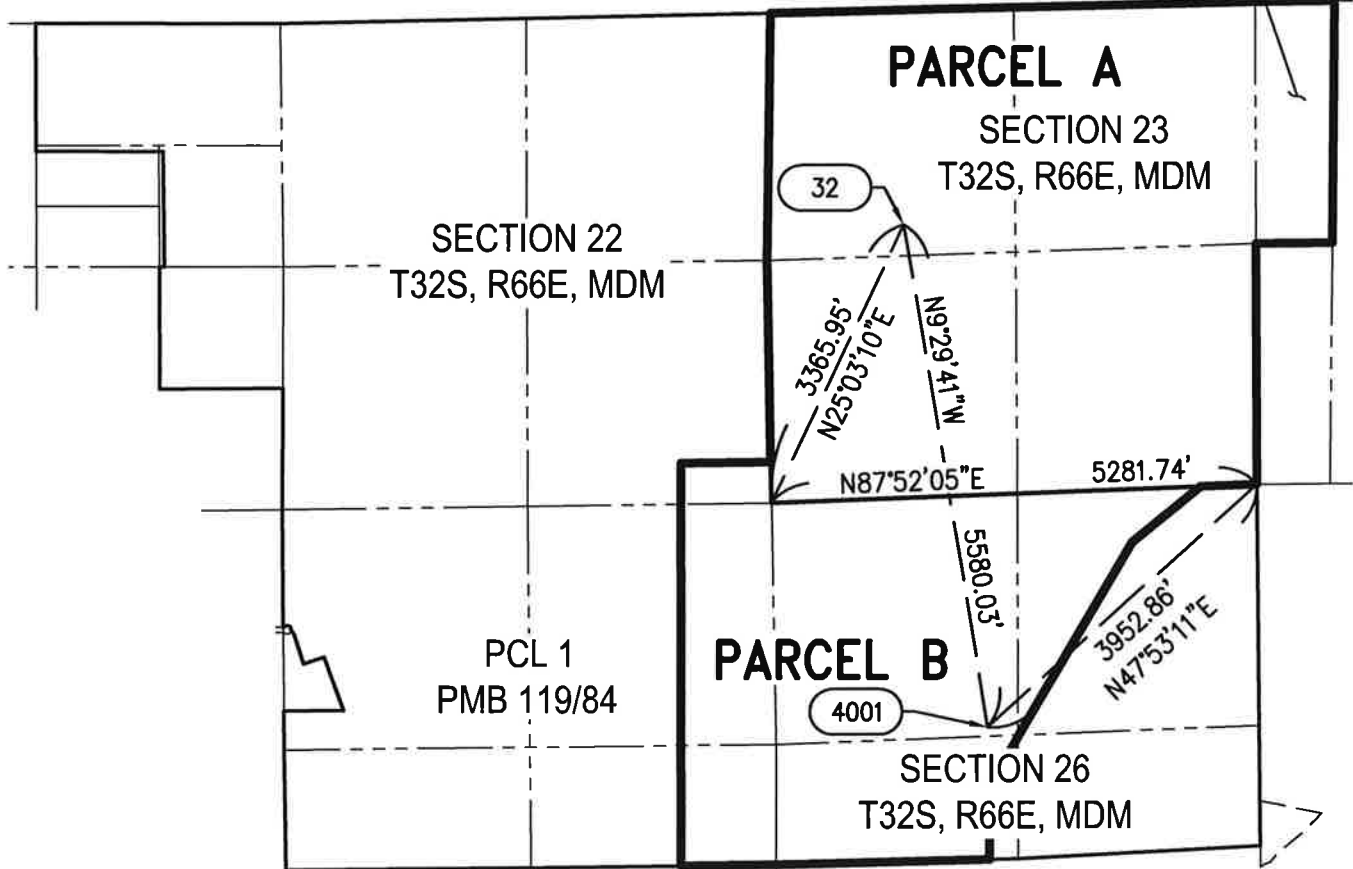
SHEET 3 OF 4

PROJECT NAME: ENVIRONMENTAL COVENANT 2				M.S.: 088-152	
W.O. NO.: 801392710	NOT. NO.: 203241951	CITY: LAUGHLIN	COUNTY: CLARK	STATE: NV	
SURVEYED BY: TOWILL, INC.		F.B. REF.: 1095	DATE: 10-21-2015	SOUTHERN CALIFORNIA	
DRAWN BY: J. MARTY SMITH, CA PLS		MAP REF.: RECORD OF SURVEY 103/40		EDISON	
CHECKED BY: JEREMY W. KRUGER, NV PLS		SCE: M. HALL	SERIAL NO.: 71110A	Mar 18, 2016 - 6:58am	



# EXHIBIT "B" CONTROL DIAGRAM

GOV. LOTS 7 & 8  
SECTION 24  
T32S, R66E, MDM



## BASIS OF BEARINGS/DATUM STATEMENT

BEARINGS AND DISTANCES USED IN THE ABOVE DESCRIPTION ARE ON A MODIFIED VERSION OF THE NEVADA COORDINATE SYSTEM OF 1927, ZONE NV-E, AS DETERMINED LOCALLY BY A LINE BETWEEN SOUTHERN CALIFORNIA EDISON CONTROL POINTS "32" AND "4001" BEING NORTH 09°29'41" WEST. TO OBTAIN GROUND DISTANCES DIVIDE GRID DISTANCES BY A COMBINATION FACTOR OF 0.9999665366 DERIVED AT POINT "4001".

COORDINATE DATA PROVIDED BY SOUTHERN CALIFORNIA EDISON:

	NORTHING	EASTING
32	140545.001	796928.384
4001	146048.588	796007.922

## LEGEND

\_\_\_\_\_ LANDS OF THE GRANTOR  
 \_\_\_\_\_ ENVIRONMENTAL COVENANT 2  
 \_\_\_\_\_ PARCEL LINES  
 - - - - - SECTION LINES



**SCALE**  
1" = 2000'

SHEET 4 OF 4

PROJECT NAME: ENVIRONMENTAL COVENANT 2				M.S.: 088-152	
W.O. NO.: 801392710	NOT. NO.: 203241951	CITY: LAUGHLIN	COUNTY: CLARK		STATE: NV
SURVEYED BY: TOWILL, INC.		F.B. REF.: 1095	DATE: 10-21-2015	SOUTHERN CALIFORNIA EDISON*	
DRAWN BY: J. MARTY SMITH, CA PLS		MAP REF.: RECORD OF SURVEY 103/40			
CHECKED BY: JEREMY W. KRUGER, NV PLS	SCE: M. HALL	SERIAL NO.: 71110A	Mar 18, 2016 - 6:58am		

# **Exhibit "C"** **Mohave Site Diagram**

## **Legend**

- Total Dissolved Solids
- Mohave Site Boundary
- Assessor's Parcels
- Paleo Channels
- ▤ No Water Extraction
- ▤ No Water Extraction;  
Restricted Water Use

