

SJ-17
Navajo Settlement
3/24/03

CONFIDENTIALITY AGREEMENT

**Navajo Nation/San Juan River Basin in New Mexico
Water Rights Settlement Negotiations**

1. Parties.

1.1 The Parties to this Confidentiality Agreement are: the Navajo Nation, the United States, and the State of New Mexico, Office of the State Engineer and Interstate Stream Commission.

1.2 This Confidentiality Agreement is executed by the respective attorneys or officials on behalf of the Parties, and each signatory is authorized to do so.

2. Statement of Principles and Objectives.

2.1 The Parties have agreed to undertake negotiations in an effort to settle the Navajo Nation's water rights claims in the San Juan River Basin within the State of New Mexico, reserving to each Party the right at any time to pursue legal action if deemed necessary.

2.2 The objectives of the negotiations are to determine the Navajo Nation's water rights as incorporated into a Partial Final Decree entered by the Court in New Mexico v. United States, No. 75-134, District Court of San Juan County, New Mexico.

2.3 The Parties recognize that such a Partial Final Decree is desirable to aid in the management of both surface and groundwater supplies in order to ensure the future development of both tribal and non-tribal lands, and to protect existing water uses.

3. Privileged Discussions.

3.1 These negotiations are being undertaken in a good faith effort to resolve potential litigation, by compromise or otherwise. Statements, writing, or conduct of the Parties (including all representatives and experts) occurring or created in the course of these negotiations, and all documents used therein, shall not be admissible as evidence or subject to disclosure in any subsequent legal or political proceedings involving any of the Parties hereto, and shall not be construed as an admission or declaration against interest.

3.2 No Party or counsel for that Party shall be bound by anything said or done during the negotiations unless a written settlement is reached, executed, and approved by all the necessary Parties, counsel, and the appropriate government officials for the United States. If an agreement is reached by the Parties, that agreement shall be reduced to writing.

3.3 The Parties make no admission of fact or law by entering into or participating in the settlement negotiation process.

4. Confidentiality.

4.1 This negotiation process is confidential. These negotiations, including any documents created by or submitted to Parties as part of the process and any statements made during that process are for settlement purposes only, are confidential, and shall be treated as compromise negotiations under Rule 408 of the Federal Rules of Evidence. All information shared by the Parties is confidential, provided, however, that information which is otherwise admissible or discoverable or known or available to the United States or the Non-Federal Parties shall not be rendered confidential, inadmissible or non-discoverable because of its use in the mediation process.

4.2 Except as otherwise provided for in this agreement, the Parties shall not disclose to any person not a Party to this Agreement, including but not limited to, the press, any information regarding the substance of the negotiations, including the Parties' positions, negotiations, proposals, or settlement offers, or documents referenced in Paragraph 4.1, except that such disclosure may be made pursuant to agreed specific disclosure protocols.

4.3 Attorneys for all Parties may utilize information from the negotiation process to fully inform their client's respective decision makers and to make recommendations concerning any proposed settlement, provided that attorneys for Parties shall inform and instruct their clients that such matters and information are confidential.

5. Administration.

Each of the undersigned representatives of each Party to the negotiations process represents that the representative is authorized to execute and bind that Party to this Confidentiality Agreement. By signature below, each representative acknowledges that the representative has read, understands, and agrees to this Confidentiality Agreement. Such signature does not indicate the representative ultimately has authority to bind the Party to a settlement agreement, but will pursue approval in good faith.

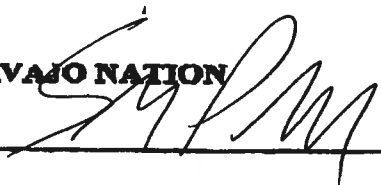
6. Legal Proceedings.

Any Party has the right to withdraw from these settlement discussions at any time, and to pursue whatever legal action, or take whatever other action it may deem appropriate. All legal and factual issues not resolved in these negotiations are preserved for determination in any future proceedings.

IN WITNESS WHEREOF, the Parties have executed this Confidentiality Agreement on the dates indicated.

NAVAJO NATION

By: _____



Date: _____

3 / 20 / 03

THE UNITED STATES
DEPARTMENT OF JUSTICE

By: _____

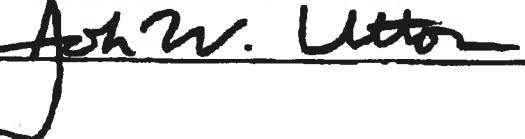


Date: _____

3/17/03

THE STATE OF NEW MEXICO, OFFICE
OF THE STATE ENGINEER & INTERSTATE STREAM COMMISSION

By: _____



Date: _____

3/17/03