

COPY

PIPELINE CONSTRUCTION AND WATER SUPPLY AGREEMENT

THIS AGREEMENT made this 27th day of October, 1994 by and between Public Service Company of New Mexico, a New Mexico corporation (hereinafter referred to as "PNM") and the Regents of the University of New Mexico, a corporation of the State of New Mexico (hereinafter referred to as "UNM").

RECITALS:

- A. PNM is in the process of remediating groundwater at its Person Station (as defined hereinafter) and requires a means of disposing of the treated groundwater, at an estimated rate of 100 gallons per minute, during the ten year period anticipated to complete the remediation.
- B. UNM requires substantial quantities of water for irrigating its Championship Golf Course in the vicinity of Person Station (hereinafter referred to as the "Golf Course").
- C. PNM is prepared to construct a pipeline from its Person Station to the Reservoir Pond at the Golf Course.
- D. PNM is prepared to transport all available treated groundwater through the pipeline to the Reservoir Pond at the Golf Course for use by UNM in irrigating the Golf Course.
- E. UNM is prepared to allow PNM to construct the pipeline and to transport the available treated groundwater through the pipeline to the Reservoir Pond at the Golf Course for use by UNM in irrigating the Golf Course, in exchange for additional consideration as set forth hereinafter.
- F. UNM and PNM recognize that the arrangement set out in this Agreement will accommodate certain needs of the parties and result in benefit to both parties and that, accordingly, each party is committed to using its best efforts and good faith to allowing this Agreement to continue until the groundwater remediation work is completed.

THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, TERMS AND CONDITIONS HEREIN, PNM AND UNM AGREE AS FOLLOWS:

1. **DEFINITIONS.** The following terms shall have the definitions set out herein:

"Delivery Point" shall mean:

- (a) the outlet of the Pipeline at the Reservoir Pond, or

(b) such other location as PNM and UNM may agree, subject to the approval by the New Mexico Environment Department of a modification to the discharge plan regulating the discharge of Water onto the Golf Course, and to the party requesting the relocation paying for all costs of relocating the Delivery Point, including the cost of any required applications to the New Mexico Environment Department and other government agencies, commissions or departments, the costs involved in moving, relocating, extending or otherwise modifying the Pipeline, and any increased costs associated with operating and maintaining the Pipeline and pumping and delivering the Water.

"Golf Course" shall have the meaning set out in the Recitals hereto.

"Person Station" shall mean PNM's Person Generating Station located northeast of the intersection of Broadway Boulevard and Rio Bravo Boulevard, south of the limits of Albuquerque, New Mexico, and any real property associated therewith.

"Pipeline" shall mean that portion of a pipeline located on UNM Property, constructed in accordance with this Agreement, intended for the purpose of transporting Water from Person Station to the Reservoir Pond.

"Water Fair Market Value" shall mean the purchase price that the City of Albuquerque, New Mexico is willing to pay, as amended from time to time, for one (1) acre-foot of water rights, multiplied by the number of acre-feet of water rights being purchased.

"Remediation Program" shall mean the program to remediate contaminated groundwater at Person Station as contained in the Corrective Measures Proposal for Person Station and approved by the New Mexico Environment Department.

"Reservoir Pond" shall mean that water storage pond located on the Golf Course and identified on Exhibit "A" attached hereto and made a part hereof.

"Standards" shall mean WQCC groundwater quality standards or the standards set by the New Mexico Environment Department in approving the Corrective Measures Proposal for Person Station under RCRA Permit No. NMT360010342 following completion of the risk assessment provided for in that document.

"UNM Property" shall mean real property owned or leased by UNM or otherwise under the control of UNM, and includes the Golf Course.

"Water" shall mean treated groundwater pumped from wells at Person Station.

2. **CONSTRUCTION OF PIPELINE.** PNM agrees to construct, at its sole cost and expense, the Pipeline on and over UNM Property along the proposed alignment shown on Exhibit "A" attached hereto and made a part hereof. PNM shall, in coordination with UNM, use its best efforts to construct the Pipeline on UNM Property in a manner which minimizes damage to or interruption of play at the Golf Course. Upon completion of construction of the Pipeline, the actual route of the Pipeline on and over UNM Property will be surveyed by PNM for the benefit of UNM. That portion of the pipeline not located on UNM Property shall be constructed at PNM's sole cost and expense, and PNM shall obtain all rights of way and highway crossing permits required for such portion.

3. **GRANT OF RIGHT OF WAY.** UNM agrees to grant PNM all necessary rights of way and easements on and across UNM Property, with free access thereto, required to construct, operate, maintain, inspect and repair the Pipeline. The rights of way and easements shall be granted by execution of a Right of Way Agreement in the form attached hereto as Exhibit "B".

4. **DELIVERY AND ACCEPTANCE OF WATER.** PNM shall provide UNM with prior written notice of the day on which PNM will commence delivery of Water through the Pipeline to the Delivery Point, and UNM shall acknowledge receipt of such notice by signing the notice and returning it to PNM. PNM agrees to transport and deliver Water from Person Station through the Pipeline to the Delivery Point, on the terms and conditions herein, and UNM agrees to accept the Water transported and delivered by PNM through the Pipeline, on the terms and conditions herein. PNM and UNM agree that the water rights being used for purposes of this Agreement are those owned or controlled by PNM.

5. **CONSTRUCTION SPECIFICATIONS.** PNM shall construct the Pipeline on and over UNM Property in accordance with the construction specifications set forth below and in Exhibit "C". The construction specifications, and any revisions thereto, shall be subject to the approval of UNM prior to commencement of construction.

(a) The bottom of the pipe elevation will not exceed a depth of 24 inches and will be nominally designed at a bottom depth of 18 inches.

(b) The pipe will be "pulled" through all turf rather than using traditional trenching methods. Pulling consists of plowing the previously assembled pipe through sandy soil into a furrow that is simultaneously created and backfilled as the tractor moves forward. A mechanical tamper shall follow the tractor to tamp back down the soil and turf. Pulling will minimize turf damage and the amount of time that construction equipment would interfere with golf play.

(c) Adequate control wiring will be pulled with the pipe. Pond level sensing and hi-level pump automatic shutoff are minimum requirements.

(d) PNM will provide, at a minimum, two isolation valves in the Pipeline on UNM Property which will allow UNM to shut off the flow of water in the event of an emergency or if emergency conditions exist. One valve will be just inside the Pipeline entrance to the Golf Course. Valves will be below grade in accessible valve boxes.

(e) PNM will be responsible for repairs to any existing water lines or other utilities damaged by the construction activities. PNM will hand excavate in the anticipated vicinities of asbestos-cement water headers to minimize the possibility of damage to the headers. PNM will make all reasonable efforts to avoid damage to existing pipe and will work jointly with UNM in tracing existing pipe locations.

(f) PNM will be responsible for any damage whatsoever caused by PNM, its employees, contractors, subcontractors and agents to the Golf Course during the construction of the Pipeline.

6. INSTALLATION OF GAC FILTER; OPERATION OF REMEDIATION SYSTEM.

Prior to the first delivery of Water, PNM shall install a liquid phase granular activated carbon ("GAC") filter on the effluent stream from the Person Station. During the Remediation Program, PNM shall operate and maintain the remediation system, including but not limited to the GAC filter, in accordance with good industry practices.

7. PIPELINE OPERATION AND MAINTENANCE. PNM shall operate the Pipeline for the purpose intended, at its sole cost and expense. PNM shall, at its sole cost and expense, maintain and carry out all necessary repairs required to keep the Pipeline in good operating condition and repair; any repairs necessitated by the acts or omissions of UNM, its employees, contractors, subcontractors, agents or representatives shall be paid for by UNM. In the event that it is necessary at any time to suspend or interrupt the operation of the Pipeline in order to perform maintenance or repairs, PNM shall provide UNM with at least twenty-four (24) hours prior notice. PNM may, upon providing UNM with such prior notice as possible under the circumstances, suspend the operation of the Pipeline or the remediation system for scientific, engineering or operational purposes. Notwithstanding the foregoing, if the suspension or interruption is necessitated or caused by an emergency or emergency conditions, PNM may immediately suspend or interrupt the operation of the Pipeline and thereafter, as soon as reasonably possible, provide UNM with notice of the suspension or interruption. If the delivery of Water is suspended or interrupted for any reason, including but not limited to repair and maintenance, PNM shall use its best efforts to recommence delivery of Water in the shortest time practicable, taking into consideration the reason for the suspension or interruption. PNM shall use its best efforts to conduct maintenance or repair of the Pipeline on UNM Property in a manner which minimizes damage to or interruption of play at the Golf Course. During any period of suspension or interruption of the operation of the Pipeline, UNM shall be responsible for satisfying its requirements for water, at its sole cost and expense, from other sources.

8. **WATER QUANTITY.** PNM and UNM shall cooperate with each other in controlling the quantity and flow rate of Water transported through the Pipeline and delivered to and accepted by UNM. It is understood that this Agreement is beneficial for both UNM and PNM and accordingly it is the intent that as much Water as reasonably possible shall be delivered by PNM and accepted by UNM. However, PNM and UNM agree and acknowledge as follows:

(a) PNM does not guarantee any minimum or maximum quantity of Water for delivery to UNM, and PNM shall not be required to deliver to UNM any minimum or maximum quantity of Water during the term of this Agreement or any other period of time; and

(b) UNM shall not be required to accept from PNM any minimum or maximum quantity of Water during the term of this Agreement or any other period of time.

9. **WATER QUALITY.** UNM acknowledges that the Water is groundwater that is treated by PNM prior to delivery to UNM. PNM shall be responsible for obtaining any permits required from the New Mexico Environment Department required in connection with the discharge of the Water or its use for irrigation purposes. Water delivered to the Delivery Point shall comply with the stricter of the then-applicable Standards. PNM shall immediately cease delivery of Water if the Standards are exceeded. PNM's failure to cease delivery of Water shall be deemed an emergency, and UNM shall have the right to shut off the flow of Water until such time as the Water meets the Standards. PNM shall sample the Water at the exit point from the GAC filter at least once every two weeks during the term of this Agreement, provided, however, that if after a period of six months the sampling data reasonably demonstrates the reliability of the remediation system, PNM shall sample at least monthly during the remaining term of this Agreement. PNM will analyze all samples using USEPA Method 601/8010 or other method approved by the United States Environmental Protection Agency. Analytical reports will be provided to UNM concurrently with reports provided to the New Mexico Environment Department.

10. **REMEDATION DOCUMENTATION.** PNM shall provide the Director of Real Estate for UNM with copies of all correspondence, reports and documents relating to the results and progress of the Remediation Program at Person Station which are sent to and received from the New Mexico Environment Department and the U.S. EPA.

11. **RIGHT TO INSPECT AND SAMPLE.** UNM shall have the right, but not the obligation, to (i) inspect the remediation equipment at Person Station, and (ii) sample the Water at the Delivery Point for compliance with the Standards, at such times and with such frequency as UNM in its discretion may determine. An independent laboratory which is mutually agreed upon by UNM and PNM shall analyze the samples using USEPA Method 601/8010 or other method approved by the United States Environmental Protection Agency. PNM will pay the cost

of a maximum of twelve (12) sample analyses conducted by UNM during any calendar year commencing after December 31, 1994, which costs shall be billed directly to PNM by the independent laboratory used; any additional sample analyses shall be at the sole cost of UNM. UNM shall provide the analytical results of all sampling to PNM. It is understood that UNM personnel shall be accompanied by PNM personnel while present on the premises of Person Station. PNM shall have the right, but not the obligation, to sample water from the Reservoir Pond for compliance with the Standards, at such times and with such frequency as PNM in its sole discretion may determine. PNM shall conduct such sampling at its sole cost and expense. PNM shall provide the analytical results of such sampling to UNM. It is understood that PNM personnel shall be accompanied by UNM personnel while present at the Reservoir Pond for sampling.

12. TERMINATION. This Agreement may be terminated by either PNM or UNM at any time, with or without cause, upon at least 240 days advance notice, in writing, to the other party of the decision to terminate. The date of termination shall be set forth in the notice. This Agreement shall terminate at 12:00 a.m. on the stated date of termination and, thereafter, be of no further force or effect, provided, however, that:

(a) if PNM elects to terminate this Agreement prior to completion of the Remediation Program or if this Agreement is terminated because the Remediation Program has been completed, the obligations of PNM under paragraphs 13 and 20 (Lease of Water and Indemnification) shall survive the termination of this Agreement; and

(b) if UNM elects to terminate this Agreement prior to completion of the Remediation Program, the obligations of PNM under paragraph 20 (Indemnification) shall survive the termination of this Agreement.

13. LEASE OF WATER. It is the intention of PNM to lease to UNM a portion of the water-use due PNM under its water rights for a minimum period of time (hereinafter referred to as the "Initial Lease Term") equal to fifteen (15) years less the length of the Remediation Program, provided that, if the length of the Remediation Program exceeds fifteen (15) years, the Initial Lease Term shall be one hundred and eighty (180) days. The length of the Remediation Program shall be that period of time commencing on the date of first delivery of Water to the Delivery Point and ending on the date of completion of the Remediation Program or the date of earlier termination of this Agreement, whichever shall first occur. Accordingly, upon completion of the Remediation Program or earlier termination of this Agreement by PNM, whichever shall first occur, PNM shall lease to UNM, for One Dollar (\$1.00) per year, a portion of the water-use due PNM under its water rights for the Initial Lease Term. The quantity of water-use leased (hereinafter referred to as "Leased Water Rights") shall be the greater of (i) one hundred sixty (160) acre feet per year or (ii) the maximum annual delivery rate of water through the Pipeline to the Delivery Point.

At the end of the Initial Lease Term, UNM shall have the right to renew the lease for a term of five (5) years (hereinafter referred to as the "First Renewal Term") at an annual lease rate equal to eight percent (8%) of the Water Fair Market Value in effect at the start of the First Renewal Term, provided UNM has notified PNM of its intent to renew at least sixty (60) days prior to the end of the Initial Lease Term, unless the Initial Lease Term is less than sixty (60) days, in which event UNM shall notify PNM of its intent to renew prior to the end of the Initial Lease Term.

At the end of the First Renewal Term, if PNM is prepared to sell the Leased Water Rights, UNM shall have the option to purchase the Leased Water Rights at the then Water Fair Market Value. If UNM desires to purchase the Leased Water Rights, it shall contact PNM in writing at least one hundred and eighty (180) days prior to the end of the First Renewal Term to determine the willingness of PNM to sell. PNM shall advise UNM in writing of its decision to either sell or retain the Leased Water Rights. If PNM is not prepared to sell, PNM shall be required to lease the Leased Water Rights to UNM, if UNM so elects, for an additional five (5) year period at an annual lease rate equal to eight percent (8%) of the Water Fair Market Value in effect at the start of each renewal period.

It is the intent of the parties that, at the expiration of the Second Renewal Term, if UNM desires to continue to lease the Leased Water Rights and PNM is willing to continue to lease the Leased Water Rights to UNM, the parties may agree to renew the lease of the Leased Water Rights for subsequent, consecutive five (5) year periods on such terms as agreed upon by the parties. It is agreed, however, that the total period over which UNM may lease the Leased Water Rights from PNM shall not exceed 100 years.

14. CONDITION PRECEDENT FOR UNM. The obligations of UNM under this Agreement, except for allowing PNM to commence construction of the Pipeline as soon as reasonably possible following execution of this Agreement, are subject to and conditioned upon PNM obtaining the approval of the New Mexico state engineer to the change in use of the water rights for the purposes of this Agreement, to the lease of the water rights and to the change in location of use of the water rights to Person Station. UNM shall use its best efforts to assist PNM in obtaining approval of its application. If the application is unsuccessful, this Agreement shall terminate and the parties shall have no further obligations or liabilities hereunder, except that the obligations of PNM under paragraphs 16 and 20 (Transfer of Ownership Upon Termination and Indemnification) shall survive the termination of this Agreement.

15. CONDITION PRECEDENT FOR PNM. The obligations of PNM under this Agreement, except for commencing construction of the Pipeline as soon as reasonably possible following execution of this Agreement and as otherwise provided in this paragraph, are subject to and conditioned upon the approval of the New Mexico Environment Department to the discharge of Water onto the Golf Course, and any necessary approval of the New Mexico Public

Utility Commission. If the necessary approvals are not granted, this Agreement shall terminate and the parties shall have no further obligations or liabilities hereunder, except that the obligations of PNM under paragraphs 16 and 20 (Transfer of Ownership Upon Termination and Indemnification) shall survive the termination of this Agreement.

16. TRANSFER OF OWNERSHIP UPON TERMINATION. Upon termination of this Agreement or the completion of the Remediation Program, whichever shall first occur, PNM shall, at the sole election of UNM but at the sole expense of PNM, either cap and abandon the Pipeline in place, or plug the Pipeline with grout and abandon the Pipeline in place. The transfer and assignment of the Pipeline shall not give, and shall not be deemed or construed to give UNM any right, title or interest in any easement, right of way, pipe, tubing, valve or other equipment, not located on UNM Property and that is or may have been attached to or connected in some manner to the Pipeline for the purpose of allowing PNM to transport Water from Person Station to the Delivery Point.

17. REGULATORY APPROVALS. This Agreement and the rights and obligations of the parties hereunder shall be subject to and conditioned upon any approvals or consents required from, or notifications required to be submitted to or the approval of any discharge plan or the issuance of any exemption letter by the New Mexico Environment Department, the United States Environmental Protection Agency, the New Mexico state engineer's Office, the New Mexico Public Utility Commission and any other similar agencies, commissions, boards or departments of the federal and any state, municipal or other local government.

18. TERM. This Agreement shall be effective from the day and year first above written and continue thereafter until terminated as provided herein.

19. ASSIGNMENT. Neither UNM nor PNM may transfer, assign, sell or otherwise dispose of its rights or obligations under this Agreement without first obtaining the written consent thereto of the other party, which consent may be withheld if such transfer, assignment, sale or disposition is contrary to the original intention of the parties in entering into this Agreement. Notwithstanding the foregoing, PNM may transfer or assign its rights and obligations under this Agreement without the consent of UNM only to an entity which is a successor in interest to all or substantially all of PNM's business operations.

20. INDEMNIFICATION. PNM shall protect, indemnify and hold UNM and all of its regents, officers, employees, servants, attorneys and agents, present and future and each of them, harmless for, from, against, and with respect to, any and all loss, damage, expense, or liability for violation of any Laws, of any kind or nature whatsoever, including but not limited to removal or remediation costs and reasonable attorney fees, arising out of (i) the construction, operation, maintenance or repair of the Pipeline on UNM Property; (ii) the delivery of Water to the Delivery Point; or (iii) the fact that the Water is discharged onto the Golf Course. For

purposes of this section, Laws means common law and any present or future federal, state, county or municipal laws, ordinances, rules, or regulations including, without limitation, those relating to the environment, health and safety, public nuisance, emergency planning and community right-to-know, the release, disposal or discharge of any hazardous substances, wastes, pollutants or contaminants, toxic torts or the environmental conditions on, under, or from any portion of UNM Property, including, without limitation, soil, surface water, vadose zone water and ground water. PNM's obligation to indemnify UNM under this paragraph shall survive the termination of this Agreement. PNM's obligation to indemnify UNM under this paragraph shall not extend to indemnification for loss, damage, expense or liability resulting from the violation of any Laws by, or the negligent, intentional or wilful acts or omissions of, UNM, its regents, officers, employees, servants, attorneys, agents, contractors or subcontractors. Further, PNM's obligation to indemnify UNM under this paragraph shall not extend to indemnification for loss, damage, expense or liability from the violation of any Laws by, or the negligent, intentional or wilful acts of, any other person or entity that is now or may in the future deliver or be permitted by UNM to deliver water to the Reservoir Pond or the Delivery Point or to discharge or be permitted by UNM to discharge water onto UNM Property.

To the extent, if at all, that NMSA § 56-7-1 is applicable hereto, any undertaking to indemnify herein will not extend to liability, claims, damages, losses or expenses, including attorneys' fees, arising out of (i) the preparation or approval of maps, drawings, opinions, reports, surveys, change orders, designs or specifications by UNM, or the agents or employees of UNM; or (ii) the giving of or the failure to give direction or instructions by UNM, or the agents or employees of UNM, where such giving or failure to give directions or instructions is the primary cause of bodily injury to persons or damage to property.

To the extent, if at all, that NMSA § 56-7-2 is applicable hereto, any undertaking to indemnify herein does not purport to indemnify UNM against loss or liability for damages, for: (i) death or bodily injury to persons; (ii) injury to property; (iii) any other loss, damage or expense arising under either the foregoing clauses (i) or (ii), or both; or (iv) any combination of the foregoing, arising from the sole or concurrent negligence of UNM or the agents or employees of UNM or any independent contractor who is directly responsible to UNM, or from any accident which occurs in operations carried on at the direction or under the supervision of UNM, including any other person or entity that is now or may in the future deliver or be permitted by UNM to deliver water to the Reservoir Pond or the Delivery Point or to discharge or be permitted by UNM to discharge water onto the UNM Property.

UNM shall provide PNM with written notice prior to allowing any other person or entity to deliver water to the Reservoir Pond or to the Delivery Point or to discharge water onto the Golf Course. PNM shall have the right to perform such sampling of said water prior to delivery or discharge, and so long as said water is being delivered or discharged to check for

contaminants. If UNM shall fail to provide such written notice to PNM or shall refuse to allow PNM to freely exercise its right to sample, this indemnification provision shall be void ab initio.

21. NOTICES. Except where expressly otherwise allowed by the provisions of this Agreement, all notices, demands or requests allowed or required under this Agreement shall be in writing and shall be delivered in person or sent by certified mail, postage prepaid, to the party entitled to receive the same at the address of the party set forth below, and shall be deemed received, if delivered in person, upon delivery, and if mailed, on the third business day following deposit in the U.S. mails:

If UNM: University of New Mexico
 Scholes Hall
 Room 233
 Albuquerque, NM 87131

ATTENTION: Director of Real Estate

with a copy to:

Championship Golf Course
3601 University Boulevard SE
Albuquerque, NM 87131

ATTENTION: Golf Course Manager

and a copy to:

University General Counsel
University of New Mexico
Scholes Hall
Room 152
Albuquerque, NM 87131

If PNM: Public Service Company of New Mexico
 Alvarado Square
 Albuquerque, New Mexico 87158

ATTENTION: Corporate Secretary

22. **WAIVER**. The failure of either party to insist upon the other party's compliance with its obligations under this Agreement in any one or more instances shall not operate to relieve such other party from its duty to comply with such obligations in all other instances.

23. **SEVERABILITY**. If a court or regulatory agency having jurisdiction over the parties determines that a term of this Agreement, or any part thereof, is void, illegal or unenforceable, said term or part thereof shall be deemed to have been severed from this Agreement, and the remaining terms, or parts thereof, shall be unaffected thereby and shall be enforced to the fullest extent allowed by law.

24. **BINDING EFFECT**. This Agreement and all provisions hereof shall inure to the benefit of and be binding upon the respective parties hereto, their successors, and permitted assigns.

25. **GOVERNING LAW**. This Agreement shall be governed and interpreted in accordance with the laws and statutes of the State of New Mexico.

26. **ENTIRE AGREEMENT**. This Agreement represents the entire agreement and understanding between PNM and UNM with respect to the subject matter hereof, and supersedes any prior understandings, representations or agreements, whether verbal or written, prior to the execution of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on their behalves by their duly authorized officers or representatives on the day and year first above written.

REGENTS OF THE UNIVERSITY OF NEW MEXICO

By: _____

David L. McKinney, Vice President of Business and Finance, as authorized agent of the Regents of the University of New Mexico

Approved as to form:

Brian H. Lematta
Brian H. Lematta, Esq.

u. Counsel

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: _____

Its: _____

Vice-President, Power Production

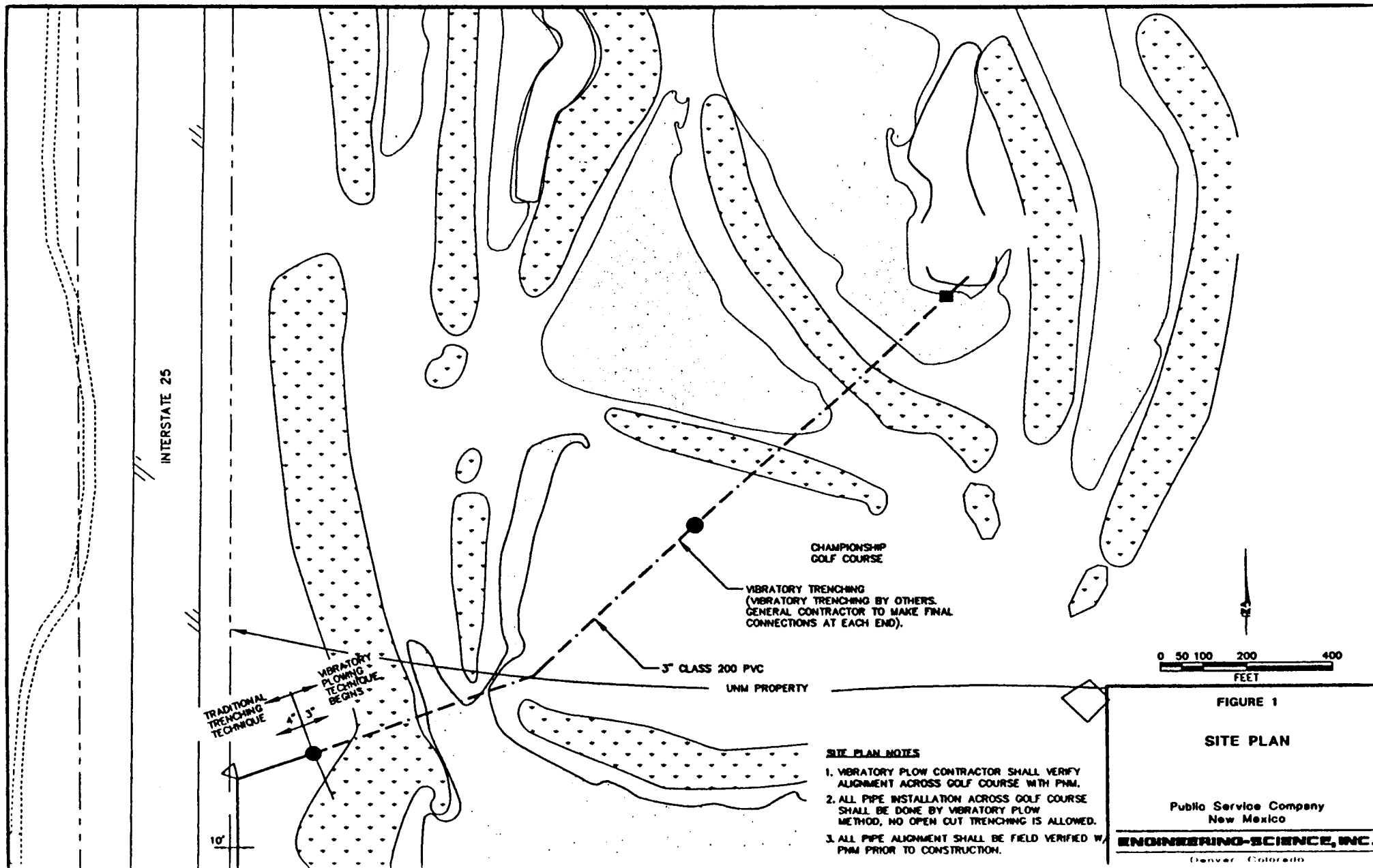


EXHIBIT "B"

EASEMENT FOR WATERLINE

THIS EASEMENT made this _____ day of _____, 1994, by The Regents of the University of New Mexico, a corporation of the State of New Mexico (hereinafter called the "Grantor") in favor of PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico corporation (hereinafter called the "Grantee"), its successors and assigns.

WITNESSETH:

Grantor, for and in consideration of the sum of One Dollar (\$1.00) in hand paid and other valuable consideration, the receipt of which is acknowledged, does hereby give, bargain, sell, grant and convey unto Grantee, its successors and assigns, an easement to build, construct, operate and maintain a water line, including pipes, drains, conduits, valves, fittings, and other associated devices and facilities, beneath and across the easement hereinafter described, together with reasonable and necessary access to, from, and over said easement for the purposes and in the manner set forth in that certain Pipeline Construction and Water Supply Agreement made the _____ day of _____, 1994 by and between Grantor and Grantee (hereinafter called the "Pipeline Agreement"). The easement granted herein is within lands situate in Bernalillo County, New Mexico, and is more particularly described as follows, to wit:

The provisions hereof shall inure to the benefit of and bind the heirs, executors, mortgagees, lessees, tenants, successors and assigns of the parties to the Pipeline Agreement.

This easement shall terminate upon the termination of the Pipeline Agreement.

WITNESS _____ hand__ and seal__ this _____ day of _____, 1994.

REGENTS OF THE UNIVERSITY OF NEW MEXICO

By: _____
David L. McKinney, Vice President of Business and Finance,
as authorized agent of the Regents of the University of New Mexico

ACKNOWLEDGEMENT

STATE OF NEW MEXICO

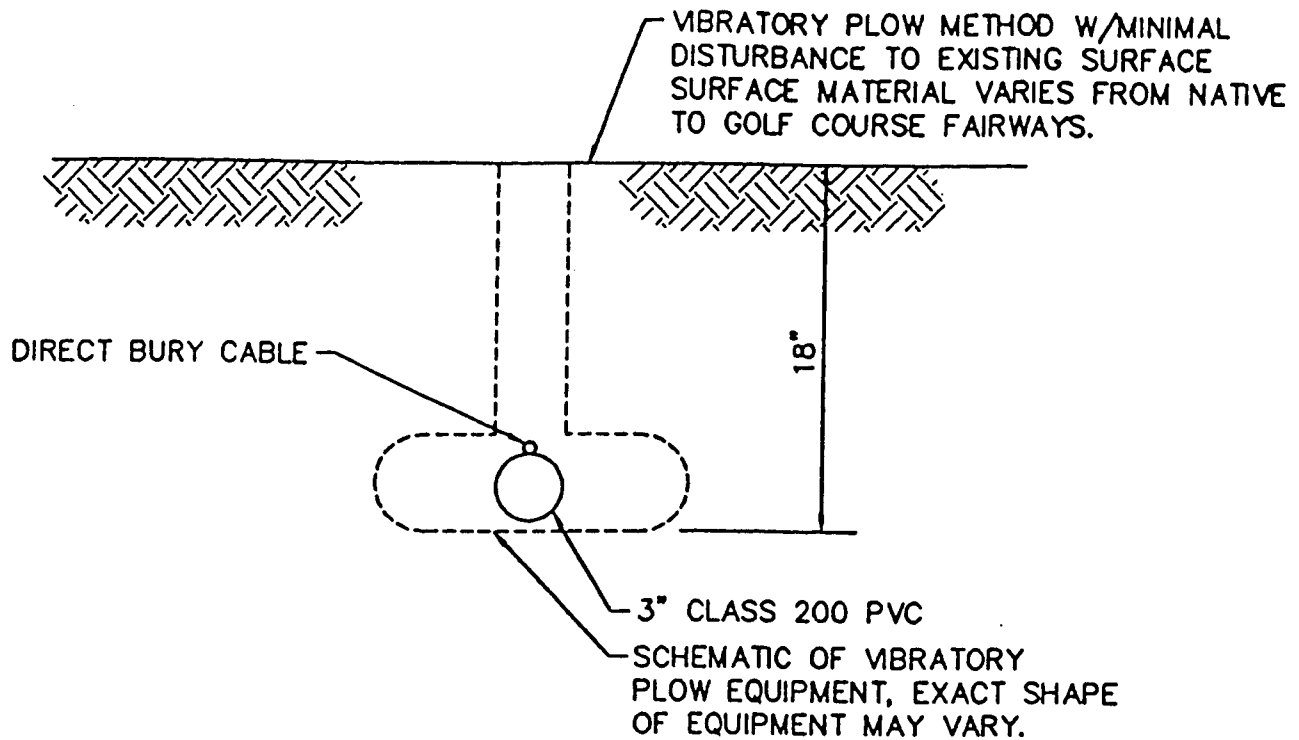
COUNTY OF BERNALILLO

The foregoing instrument was acknowledged before me this _____ day of _____, 1994, by David L. McKinney, Vice President of Business and Finance, as authorized agent of the Regents of the University of New Mexico, a corporation of the State of New Mexico.

My commission expires:

(Seal)

(Notary Public)



NOTE:
 IF VIBRATORY PLOW EQUIPMENT
 ENCOUNTERS OBSTRUCTION UNDERGROUND
 TO STOP WORK, CONTRACTOR SHALL
 CONTACT PNM FOR FURTHER INSTRUCTIONS

NOT TO SCALE

FIGURE 2

VIBRATORY PLOW DETAIL

Public Service Company
 New Mexico

ENGINEERING-SCIENCE, INC.

Denver, Colorado

This is the Technical Specification from the contract between PNM and its contractor for the construction of the Pipeline. "Contractor" as used in this Agreement refers to PNM's contractor.

STATEMENT OF WORK AND SCHEDULE

1.0 UTILITY AND UNDERGROUND INTERFERENCES

Contractor will coordinate with University of New Mexico Golf Course personnel for verification of all existing underground cables, gas mains, sewer and water lines, or other utilities or underground interferences.

2.0 EXECUTION

Construction shall be limited to the pipe line as defined on the drawing. The CONTRACTOR shall install a continuous run of pipe between the locations marked as "Vibratory Plowing Technique Begin" to the pond discharge. Valve boxes and pond discharge assembly, will be installed by others.

Piping and electrical cable to be pulled into the soil shall be 3-inch nominal Class 200 PVC pipe. Pipe shall be placed using a vibratory plow at a nominal bottom-of-pipe soil depth of 18". CONTRACTOR shall insure that the burial depth range (bottom-of-pipe depth) is not less than 15" or greater than 24". Maintain positive grade (i.e., uphill), where possible, to the pond discharge assembly. Notify PNM where low and high points are located on the pipeline.

CONTRACTOR's use of the vibratory plow shall result in a buried pipe installation without the need for trenching or backfilling. Vibratory plowing of pipe shall be accomplished at the locations as shown on the drawing. Vibratory plowing equipment will be operated downhill, where possible, to minimize damage to fairways. CONTRACTOR shall immediately notify PNM of any site conditions discovered during construction which prohibits the use of the vibratory plowing technique for installing said pipeline.

Vibratory plow shall be mounted on a rubber tire tractor or similar equipment sufficiently powerful to pull the specified pipe size at specified depth. Wherever vibratory plowing of pipe is permitted, CONTRACTOR shall insure the tractor is equipped with a turf cutter ahead of the plow and a pressure plate or skid shoe behind the plow. The turf cutter shall permit the slicing of a narrow turf swath and the turf to be subsequently and

automatically repaired as the tractor and plow pass. The plow shall be equipped with a leading edge blade of sufficient size to easily permit the laying and pulling of the specified pipe diameter. The equipment specified for plowing, including proper vibration action, shall be utilized at all times as the pipe is pulled. The equipment shall be capable of laying the specified control wire in the slit with the pipe.

CONTRACTOR shall be prepared to begin plowing in pipe promptly at daybreak on the agreed upon commencement date. The plowing shall stop at 12:00 noon and recommence at daybreak the following day.

CONTRACTOR is not permitted to store or leave construction equipment on turf areas except as is required for CONTRACTOR's immediate use as approved by PNM.

CONTRACTOR shall procure 3" PVC pipe conforming to ASTM D-1784 B which is 2,000 psi stress rated and having a standard dimension ratio (SDR) of 21 in conformance with ASTM D-2241. The pipe shall have a water pressure rating of 200 psi at 73 deg. F.

Pipe shall be assembled with heavy bodied industrial grade cement in accordance with ASTM D-2564 and purple primer in accordance with ASTM F-656. Furthermore, CONTRACTOR shall use cement and primer from the same manufacturer which shall be that as supplied by Chemtrol NIBCO or IP (Industrial Polychemical Services).

PVC pipe shall be assembled as per manufacturer's recommendations in lengths corresponding to the maximum pull distance prior to being pulled into the ground.

Electrical wire shall be procured by CONTRACTOR and installed simultaneously with pipe pulling in the same slit with the pipe. Electrical wire shall consist of TYPE UF (direct bury) cable, with 4-#12 and 1-#12 ground conductors.

The CONTRACTOR shall be responsible to repair all turf damage exceeding 2-inches total width along the pipe route as measured at the sodcutting blade's vertical cutting edge. Sod repair may include, but is not limited to, backfilling, tamping and resodding, as directed by PNM. CONTRACTOR shall also be responsible for all other turf or grounds damage caused by CONTRACTOR's activities.

The contractor is responsible to trace and mark the locations of known buried utilities and lines as identified by UNM. CONTRACTOR shall be responsible to repair utilities and lines that were marked. The CONTRACTOR shall at all times use reasonable

diligence and care when plowing, excavating, and performing similar subsurface work.

Hand excavation for pipeline burial will be required in areas marked in the field by PNM. Said locations will correspond to the anticipated vicinities of existing asbestos-cement water lines or other buried utility lines as indicated by golf course personnel.

3.0 TESTING

Pulled-in pipe shall be hydrostatic tested at one-and-one-half times design pressure for not less than 2 hours as recommended by the pipeline manufacturer. CONTRACTOR shall provide all appurtenances and equipment to pressure test the pipeline. Provide adequate protection for pipeline to successfully complete the pipeline pressure test. If the pressure test fails, CONTRACTOR shall make repairs to the piping and the surrounding soil and the line retested.

4.0 MOBILIZATION

Mobilization shall include all CONTRACTOR activities required to transport, assemble, and set up on site all CONTRACTOR equipment, personnel, and other services necessary to perform the work. Transportation and assembly of equipment necessary to perform the work during the project are also included in the mobilization item. The CONTRACTOR shall video tape the general pipe alignment before construction begins. If there is an alignment change, video tape the re-aligned section. Provide copies of the video tape to PNM. Use video camera with imprinted date and time on the tape.

5.0 DEMOBILIZATION

Demobilization includes all CONTRACTOR activities required to dismantle, package and/or transport from the site all CONTRACTOR equipment and personnel, and to complete the final site cleanup to the satisfaction of PNM. Such satisfaction generally involves restoration of the site to an equal or better condition than that which was originally encountered. This also includes removal of any CONTRACTOR temporary utilities from the job site, unless PNM approves otherwise.

6.0 REFERENCED CODES AND STANDARDS

The following ASTM (American Society for Testing and Materials) Standards are referenced within this specification:

ASTM Standard D-1784

ASTM Standard D-2241

ASTM Standard D-2564

ASTM Standard F-656