

EXHIBIT H

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Conditions Precedent and Limitations Applicable to Grant of Conditional Domestic Allocation to Del Norte Water Company

The grant of Domestic Allocation to Del Norte Water Company (“**Del Norte**”) at Section 4.5.3.10 of the Judgment is conditioned on the following conditions precedent and limitations:

1. Separate from the Domestic Allocation granted to Del Norte for those parcels identified in Exhibit F that presently receive domestic water service from the company, there are other parcels benefited by Del Norte shares that may be developed to a Domestic Use in the near future. Those parcels are identified in Section 9 of this Exhibit H (each a “**Developable Parcel**”). Del Norte is conditionally granted one acre-foot of Allocation Basis, as Conditional Domestic Allocation, per Developable Parcel, for a total of 25 AFY of Conditional Domestic Allocation .
2. The Conditional Domestic Allocation shall accrue to each Developable Parcel upon the issuance of a residential occupancy permit on each Developable Parcel and will be granted for the sole purpose of serving domestic water supply to the Developable Parcels. The Conditional Domestic Allocation is capped at one acre-foot of Allocation Basis per Developable Parcel. The Conditional Domestic Allocation is not subject to future expansion or increase regardless of the actual number of parcels, residences, final lot configurations, number of dwelling units per parcel, etc. that may be eligible for domestic water service from Del Norte. Upon accrual, the Conditional Domestic Allocation will be treated as Domestic Allocation.
3. All Conditional Domestic Allocation that does not accrue within seven years from the first date of entry of the Judgment by the trial court, regardless of whether the Judgment is final or appealed, shall expire automatically without further notice (“**Expiration Date**”). The Expiration Date shall not be extended for any reason, including, without limitation, any circumstance beyond the control of Del Norte, the Developable Parcel owners, and their respective lenders and successors in interest.
4. The Conditional Domestic Allocation is granted only on a parcel-by-parcel basis and not as a lump sum. The total accrued Domestic Allocation granted to Del Norte for the Developable Parcels equals one acre-foot of Allocation Basis multiplied by the number of Developable Parcels having a completed residence and having been issued an occupancy permit before the Expiration Date.
5. Any Domestic Allocation that accrues before the Expiration Date shall not be aggregated and shall only be used on each Developable Parcel, and for no other purpose. The accrued Domestic Allocation may not be transferred for use outside of the boundary of Del Norte.
6. The amount of Annual Allocation that Del Norte can use in any Water Year pursuant to any accrued Domestic Allocation will be calculated in the same manner as applied to other recipients of Allocation Basis. (See Judgment § 4.2 and Exhibit D.) The Annual Allocation is therefore subject to reductions resulting from reductions in the Operating Yield for such Water Year on the same terms as applied to other grants of Annual

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Allocation in such Water Year (excepting the division of the burden of reduction among Agricultural Landowners as provided for in Section 4.5.1 of the Judgment).

7. The Annual Allocation is also limited to the amount needed for Domestic Use during each Water Year, and therefore unused Annual Allocation may not be carried over for use in subsequent Water Years as Carryover. Any portion of the unused Annual Allocation during a Water Year will be treated as in-lieu replenishment (i.e., unused Allocation that need not be replenished through the Physical Solution).
8. All accrued Domestic Allocation will be subject to a Basin Assessment. (*See* Judgment § 7.2.)
9. The Developable Parcels are:

	APN
1	107-0-110-050
2	107-0-120-215
3	107-0-130-045
4	107-0-130-080
5	107-0-130-145
6	107-0-130-205
7	107-0-130-235
8	109-0-031-155
9	109-0-032-145
10	109-0-032-150
11	109-0-042-100
12	110-0-091-010
13	110-0-091-020
14	110-0-091-030
15	110-0-091-040
16	110-0-092-135
17	110-0-092-170
18	110-0-092-260
19	110-0-100-025
20	110-0-100-160
21	110-0-100-215
22	110-0-100-255
23	110-0-110-075
24	110-0-110-180
25	110-0-110-230