



SOUTHEASTERN COLORADO

Water Conservancy District

"Your investment in water"

March 22, 2016

TO: Agricultural Water Entities within the confines of the Southeastern Colorado Water Conservancy District

FROM: Garrett Markus, Water Resources Specialist/Engineer

SUBJECT: Allocation of 2016 Agricultural Fryingpan-Arkansas Project Water Return Flows

In accordance with the District's Water Allocation Principles, contract with the United States Bureau of Reclamation (BOR) including the Reclamation Reform Act ("RRA"), Operating Principles, the Policy Concerning the Sale of Return Flows from Project Water, and appropriate Colorado water laws, the Colorado Water Conservancy Act, and Water Activity Enterprise Act, the Board of the Southeastern Colorado Water Conservancy District, by and through its Water Activity Enterprise ("District") does hereby notify you of your opportunity to apply to purchase Project water return flows (Return Flows). Return Flows are required to be supplemental only to adjudicated waters used within the confines of the District boundaries.

Requests to purchase Return Flows must be received by 4:30 p.m. Friday, April 15, 2016.

Purchase and payment for Return Flows will be made in accordance with the enclosed **2016 AGRICULTURAL RETURN FLOW SALES PROCESS**.

Delivery of Return Flows will be made in accordance with your approved plan for augmentation or substitute supply plan, and the **2016 AGRICULTURAL RETURN FLOW SALES PROCESS**.

Any and all waters purchased are subject to all terms and conditions of the Contract between the Southeastern Colorado Water Conservancy District and the United States, Reclamation law, including the Reclamation Reform Act (RRA), and any applicable Reclamation policies, including any policy regarding the use of Reclamation water or facilities for activities prohibited by the Controlled Substance Act of 1970, in effect for 2016. Submission of an application for Return Flows constitutes acceptance of the price for Return Flows set forth in the **2016 AGRICULTURAL RETURN FLOW SALES PROCESS**, and of all the terms and conditions of the "Policy Concerning Sale of Return Flows from Fryingpan-Arkansas Project Water." During the March 2015 Board meeting, the Board of Directors decided that the rights of first refusal for agricultural entities referenced in the policy would only be applied to requests made for use in the Fort Lyon Pilot Project. If you need to review a copy of any of these documents, please contact the District at (719) 948-2400 or go to www.secwcd.org, click on "Water Management", then "The Allocation of Fryingpan-Arkansas Project Water & Project Water Return Flows", and select "Project Water Return Flow Allocation" at the bottom of the page.

It is the intent of the Board of Directors that entities which do not buy Return Flows in any single year will not be precluded from doing so in the future, and will not be subject to prejudice thereby in the Board's review of the applications.

APPLICATIONS MUST BE RECEIVED BY 4:30 P.M. FRIDAY, APRIL 15, 2016.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
2016 AGRICULTURAL RETURN FLOW SALES PROCESS**

Applicants will submit to the Southeastern Colorado Water Conservancy District, acting by and through its Water Activity Enterprise (“District”) their total annual request for Fryingpan-Arkansas Project Water return flows (Return Flows) to be used for replacement. The request must also contain monthly estimates of amounts of Return Flows required.

The District will estimate the total Return Flows available from the 2016 Project water allocation, and determine the maximum amount of Return Flows available for sale to each plan. Allocations will be made based on the District’s “Allocation Principles” and the “Policy Concerning the Sale of Return Flows from Project Water.”

Agricultural Return Flows allocated by the District are allocated on a time forward basis. This means that the District’s allocation of Return Flows is based upon projected Project water deliveries to agricultural entities. The lagged Return Flows from the application of agricultural Project water in a given year will be similar to the lagged depletions created by agricultural well pumping in that same year. Therefore, the post-plan depletions from well pumping will be replaced by the lagged return flows from ditch irrigation with Project water in the same year as the pumping depletions.

Purchasers are required to pay for the first half (½) of their total purchase upon notification by the District of the amount of Return Flows approved. The rate for Return Flows is \$7.25 per acre-foot, which includes \$6.00 per acre-foot for Project water Return Flows, a \$0.50 per acre-foot for the Safety of Dams (SOD) surcharge and \$0.75 per acre-foot Environmental Stewardship Surcharge (ESS). On or before July 15, 2016 purchasers must pay for the second half (½) of their total purchase, or any portion of the remaining amount required by their plan. Monthly maximum amounts of Return Flows available for plans that choose to pay for only a portion of their remaining Return Flows shall be reduced proportionally. Return Flows not paid for on or before July 15, 2016 will become available for sale to other users.

Purchasers may deviate from their estimated monthly Return Flow requirements. However, plans may not exceed the monthly maximum amount of Return Flows available for their plan as determined by the District, unless otherwise approved by the District. Return Flow purchases may not exceed the monthly maximums as set by the District unless additional Return Flows are available as determined by the District. Any additional Return Flows needed above the initial allocation must be purchased and paid for in full before being credited to the purchaser. Purchasers assume all risk associated when deviations from estimated monthly requirements for Return Flows by a plan result in such plan not being able to use all of their Return Flows purchased. The District does not guarantee to make up Return Flow shortfalls.

APPLICATIONS MUST BE RECEIVED BY 4:30 P.M. FRIDAY, APRIL 15, 2016.

**SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT
APPLICATION FOR 2016 AGRICULTURAL FRYINGPAN-ARKANSAS PROJECT
WATER RETURN FLOWS**

TO: Southeastern Colorado Water Conservancy District Board of Directors, acting by and through its Water Activity Enterprise (“District”):

We/I, the _____, hereby request _____ acre-feet of Fryingpan-Arkansas Project water return flows (Return Flows) in the May 2016 allocation. We/I understand the Board of Directors of the District will allocate and sell available Return Flows as equitably as possible, based upon the merits of each application. Return Flows will be delivered in accordance with, and we accept the terms and conditions of the District “Policy Concerning Sale of Return Flows from Project Water,” and the letter from the District dated March 22, 2016, which accompanied this application.

In support of our request, and to comply with the need for information by the Board to meet the terms and conditions of their contract with the BOR (including the Reclamation Reform Act), Operating Principles, the District “Policy Concerning Sale of Return Flows from Project Water,” and we/I acknowledge that Return Flows are required to be supplemental only to adjudicated waters and used only within the confines of the District boundaries. We submit the following information:

We/I request an allocation of _____ acre-feet from the RETURN FLOW ACCOUNT. For Return Flows allocated, we/I agree to pay \$7.25 per acre-foot, which includes \$6.00 per acre-foot for Project water Return Flows, a \$0.50 per acre-foot for the Safety of Dams (SOD) surcharge and a \$0.75 per acre-foot Environmental Stewardship Surcharge (ESS). We/I will pay in accordance with the terms of the District’s letter dated March 22, 2016, which accompanied this application, and before use. This request to purchase Return Flows may be in addition to our 2016 request for Project water, as provided in Paragraph (11) ALLOCATION PRINCIPLES-FINDINGS, DETERMINATIONS, AND RESOLUTIONS.

If supplementary information, including compliance forms for the Reclamation Reform Act (RRA), is required regarding our request, we agree to supply any additional information as requested by the District. We acknowledge that not delivering Project water in accordance with the entity’s Commingling Plan may result in a requirement by the Bureau of Reclamation that the entity pay an Administrative Fee Bill and/or the Full Cost Rate for Fryingpan-Arkansas Project water delivered to ineligible lands.

By signing this application, we acknowledge the District, owns the Return Flows from Fryingpan-Arkansas Project water, and that the District has maintained dominion and control over these Return Flows and has the right to sell these Return Flows. We acknowledge the District has not abandoned its rights to use and sell return flows from Fryingpan-Arkansas Project water. We agree not to assert the District has lost dominion or control over, or has abandoned or surrendered, the return flows from Fryingpan-Arkansas Project water.

APPLICATIONS MUST BE RECEIVED BY 4:30 P.M. FRIDAY, APRIL 15, 2016

The District Board will estimate the amount of Return Flows available for sale in a given year. The District Board may request a purchaser to provide accurate information from which to estimate the amount, timing, and location of Return Flows of the request.

Please do *not* send payment until notified of the amount of water approved by the District.

PLEASE ANSWER ALL APPROPRIATE BLANKS

Did you provide a list of your Members/Shareholders to the District when requested in August 2015? YES _____ NO _____

Where applicable, please fill in the correct acreages **within District Boundaries**.

Below Pueblo Reservoir, in 2016, we will irrigate the following:

With Supplemental Wells	SECWCD Acres	River Depletion	With Sole Source Wells	SECWCD Acres	River Depletion
HI Model Reach 1			HI Model Reach 1		
HI Model Reach 2			HI Model Reach 2		
HI Model Reach 3			HI Model Reach 3		
HI Model Reach 4			HI Model Reach 4		
HI Model Reach 5			HI Model Reach 5		
HI Model Reach 6			HI Model Reach 6		
HI Model Reach 7			HI Model Reach 7		
HI Model Reach 8			HI Model Reach 8		
HI Model Reach 9			HI Model Reach 9		
HI Model Reach 10			HI Model Reach 10		
HI Model Reach 11			HI Model Reach 11		
HI Model Reach 12			HI Model Reach 12		
HI Model Reach 13			HI Model Reach 13		
HI Model Reach 14			HI Model Reach 14		
Total Supplemental Well Acres			Total Sole Source Well Acres		

Above Pueblo Reservoir, in 2016, we will irrigate the following:

With Supplemental Wells	SECWCD Acres	River Depletion	With Sole Source Wells	SECWCD Acres	River Depletion
Total Supplemental Well Acres			Total Sole Source Well Acres		

On Fountain Creek, in 2016, we will irrigate the following:

With Supplemental Wells	SECWCD Acres	River Depletion	With Sole Source Wells	SECWCD Acres	River Depletion
Total Supplemental Well Acres			Total Sole Source Well Acres		

The following is information we feel should be considered by the Board of Directors in their evaluation of our request, and to set out our unusual circumstances involving our entity in 2016 (attach additional pages, if necessary).

Authorized Agent	Address	City	State	Zip
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Authorized Agent, Title	email	Phone
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Billing Contact <i>(if different from authorized agent)</i>	email	Phone
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