

STATE OF COLORADO

Water Division 2

OFFICE OF THE STATE ENGINEER

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Division Engineer

March 28, 2007

Grand West Estates Owners Association
P. O. Box 1342
Leadville, CO 80461

Grand West Village Resort
P. O. Box 957
Leadville, CO 80461

Dear Property Owners:

On March 28, 2007, Messrs. Pete Day and John McCarty, both representing the Grand West Estates Owners Association, visited the Division 2 Water Resources office in Pueblo and met with Assistant Division Engineer Steve Kastner, District 11 Water Commissioner Bruce Smith and me concerning terms and conditions of water court cases 90CW0018 and 92CW0067. This letter will confirm our discussions.

Division 2 Water Court cases 90CW0018 and 92CW0067 provide a plan of augmentation for out-of-priority depletions caused by ground water diversions for Grand West Properties Inc. The first plan, 90CW0018 provides consumptive use calculations for full time single family residences, vacation (part time) single family residences, recreation vehicle spaces and a bathhouse-laundry facility. Depletions from these uses are replaced to the Arkansas with three (3) shares of fully consumable water from the Twin Lakes Reservoir and Canal Company. The plan was subsequently amended by Water Court case 92CW0067 which added additional uses of overnight accommodations and lawn irrigation and those respective consumptive use calculations. The additional depletions are replaced by the same three Twin Lakes shares, with provisions made for additional shares to be added at a later date.

92CW0067 also provided for Grand West Properties to award Grand West Estates Owners Association (GWEOA) one (1) share of the three Twin Lakes shares for the single family residence component of 90CW0018. This passage was a particular point of discussion for, as McCarty and Day pointed out, GWEOA is close to their limit of depletions if their replacement source is the yield of one Twin Lakes share. And, their portion of this plan, the full time and part time single family residences, is at only 65% build-out. It is the opinion of Messrs. Kastner, Smith and I that the entire plan is protected by three shares of Twin Lakes and that the one share dedicated to GWEOA is an internal limit. This opinion is consistent with the language of paragraph 13, page 9, of 92CW0067. We agree with GWEOA that at some point in time, they will need to exercise the provisions for additional shares, but in the interim, they and the other user, Grand West Village Resort, are commonly protected by all three existing Twin Lakes shares.

The yield of a Twin Lakes share was also discussed and McCarty and Day were provided a summary of yearly Twin Lakes yields from 1972 through 2005. A discussion was also held on how the Twin Lakes accounts are managed and how a balance in

an account from a good year might help a plan survive a subsequent bad year. It was suggested that GWEOA contact the Twin Lakes Reservoir and Canal Company for a current account balance and further discussion on this process.

An important part of the plans operation is accounting and the reporting of use and subsequent depletions to the Division Engineer. Case 90CW0018 provided an acceptable reporting form and 92CW0067 amended that form to include the additional uses. The amended form was used to report uses through the 1999 water year, but in 2000 the reporting format was changed by the individual entities. Grand West Village Resort (GWVR) has marked its report as case 90CW0018, but that decree did not replace depletions for the overnight accommodations and lawn irrigation. Those uses were decreed in 92CW0067. Nonetheless, after discussing the reporting methods and reviewing the decree, the Division 2 Engineer's Office recommends that the reporting of both GWEOA and GWVR be consolidated once again on the report form that is attached to 92CW0067. I have attached a copy of that report for your use. Messrs. McCarty and Day suggested they would discuss this reporting with representatives of GWVR to work out details of combining the information.

Should anyone have questions concerning this meeting and discussions or Court cases 90CW0018 or 92CW0067, please contact the undersigned.

Sincerely,



Bill Richie
Decreed Augmentation Plan Coordinator
Division 2 Water Resources
719 542-3368 ext.2124
bill.richie@state.co.us

cc: Bruce Smith, WD 11 Commissioner
Salida, CO.
719 539-3833

File: 92CW0067

EXHIBIT "A"

**GRAND WEST PROPERTIES
P.O. Box 957
Leadville, CO 80461
(719) 486-0702**

Augmentation Plan Accounting Form for Case No. 90CW18 and 92CW67.

Water Accounting for Year _____ By NAME: _____

CONSUMPTIVE DEMAND:

ADDRESS:
PHONE:

	<u>Current Year Computed CU</u>	<u>Projected Year</u>
Single Family Residence: (Units x 0.0534 = AFCU)	_____	_____
Vacation Residences: (Units x 0.0183 = AFCU)	_____	_____
Recreational Vehicle Spaces: (Units x 0.0037 = AFCU)	_____	_____
Bathhouse/Laundry Facilities: (Units x 0.0672 = AFCU)	_____	_____
Overnight Accommodations: (Units x 0.0314 = AFCU)	_____	_____
Lawn Irrigation (Acres x 1.49 AFCU)	_____	_____
TOTAL ANNUAL CONSUMPTIVE USE:	_____	_____

AUGMENTATION WATER:

Total Number of Twin Lakes Shares:

3 shares @ 1 AF/Yr replacement credit (90CW18) =	_____ 3	_____ 3
___ shares @ ___ AF/Yr replacement credit (92CW67) =	_____	_____
Total replacement credit available	_____	_____

NOTE: NEITHER THE PROJECTED NOR COMPUTED CONSUMPTIVE USE (AFCU) SHALL EXCEED AMOUNT OF AUGMENTATION WATER AVAILABLE (TWIN LAKES SHARES DEDICATED TO DIVISION ENGINEER)

THIS FORM SHOULD BE MAILED TO:

**DIVISION ENGINEER
P.O. Box 5728
Pueblo, CO 81003**