

FRENCHMAN GROUNDWATER MANAGEMENT DISTRICT

103 East Emerson ■ Holyoke, Colorado 80734 ■ (970) 854 - 3484

September 11, 2014

RD & Roger
Schraderauction.com

RE: Irrigation wells with Final Permit Number 14840-FP, 11779-FP, 12147-FP, & 12148-FP

Dear RD & Roger:

Here is a summary of what we discussed on the phone conference yesterday September 10, 2014. I have attached the well permits as part of the email as an attachment. I have also spoken with Chris Grimes at the State Engineers office for more clarity on the permits. With that in mind, I will describe each permit and give some options and explanations for each.

Well 14840-FP: Well Location SW of the NW of 22 7N 45W: Acres 216: Appropriation 400 AF: Use None.

- 14840 is not currently producing water and has an inactive status at the Colorado Division of Water Resources. Therefore its commingled status with 11779-FP is not valid. Commingled water in Colorado means that each well must be producing in equal amounts.
- You may try and find water for a re-drill of 14840-FP and then put this water into use with 11779-FP. If water would be found in sufficient quantity for production, the Commingled available irrigation acres would be 640. However because it is not currently producing the available acres for 11779-FP is 424 Acres.
- You can sell the water permit and its current inactive status, the buyer assumes the risk.

Well 11779-FP: Well Location SW of the NW of Sec 23 7N 45W: Acres 424: Appropriation 400 AF: Use Any part of Section 22 7N 45W.

- 11779 has a valid expanded acres authorization dated 9-8-74, this allows it to irrigate 424 acres with 400 Acre Feet, because 14840-FP is not producing, the Commingled authorization for 11779 is not valid.
- Even though 11779 is located in section 23, it is irrigating in section 22. If you want to offer an individual parcel it is recommended that a 400 foot easement in every direction from the original permitted location be given, because the State and the Frenchman GWMD will allow a re-drill of the permit a distance not to exceed 300 Feet. I recommend a 400 Feet easement because of well drilling equipment and other farming practices.

My recommendation would be to sell this parcel as all of Section 22 with 2 permitted wells, 1 producing well that has 424 Acres with 400 Acre Feet with a 400 Ft easement in Section 23, and 1 non producing well 216 Acres with 400 Acre Feet at buyers risk.

Well 12147-FP & 12148-FP are similar and I will describe these permits together.

12147-FP Well Location NW of the SW of 23 7N 45W, Acres 240, Appropriation 600 AF, Use Rotation in either the N1/2 or the S1/2 of Section 15 and 23, 7N 45W.

12148-FP Well Location NW of the SE of 23 7N 45W, Acres 240, Appropriation 600 AF, Use Rotation in either the N1/2 or the S1/2 of Section 15 and 23, 7N 45W.

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- We will describe these wells as Commingled first. The Commingled findings and order also has a Rotation permit (very rare) as part of the order. This Rotation Authorization is only valid if the wells are Commingled. Simply stated the well owner must notify the Frenchman GWMD every fall of the intent to "rotate the acres". As described in the permit the well owner may either irrigate the N1/2 or the S1/2 of both Section 15 and 23 with no more than 480 Acres irrigated in one season. Failure to notify the district (I believe it to be December 1) results in the Owner using the same ground as the previous year. It is the owners burden to notify the District.
- Together the wells may irrigate up to 480 Acres with an appropriation of up to 1200 Acre Feet (600 AF out of each permit).
- The challenge of these permits will be if you want to sell them in individual parcels.
Many things may happen, I will try and address each.
 - The well owners may agree in writing to operate the wells as commingled (not recommended) nothing would change the operation as stated above. This gets very messy down the road because of these types of agreements.
 - The well owners separate the permits (recommended) but separation comes with some legal work.

The wells would go back to their original declarations, however we could do change of description of acres for each permit (\$100, 6-8 week time frame).

12147-FP would Irrigate 240 Acres in the W1/2 of Section 23, 600 AF

12148-FP would Irrigate 240 Acres in the E1/2 of Section 23, 600 AF

You could Change the Description of Acres for each well leaving one to irrigate in 23 and one to irrigate in 15, the time frame of 6-8 weeks (minimum) is because the change has to be published. I have done many of these changes in my tenure as District Manager and even the problem permits have been approved.

The Rotation of acres would then be invalid because the rotation was granted as part of the Commingle authorization.

I have two recommendations for this set of wells, neither of which is better than the other.

- **You can sell the commingled wells as one parcel, 2 well permits Commingled and Rotational to Irrigate 480 Acres with 1200 Acre Feet, either the N1/2 of the S1/2 of Sections 15 and 23. This method would be simple and straight to the point, no legal work would be needed for the permitting process.**
- **You can sell them in individual parcels:**
 - 12147-FP irrigating 240 Acres with 600 AF in section 15 with a 400 Ft easement in Section 23 for re-drill purposes as described above for 11779. As well, this will require a change of description of acres because the rotation of acres and the commingle authorization will be invalid.**
 - 12148-FP irrigating 240 Acres with 600 AF in Section 23. As well, this will require a change of description of acres because the rotation of acres and the commingle authorization will be invalid.**

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Hope this helps, you can reach me anytime on my cell at (970)467-7625

Nate Midcap
District Manager