COLORADO
Colorado Water Conservation Board
Department of Natural Resources

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John Hickenlooper, Governor

Mike King, DNR Executive Director

James Eklund, CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Tom Browning, P.E.
Deputy Director – Integrated Water Resources

DATE: January 15, 2015

AGENDA ITEM #15: Catlin Canal Fallowing-Leasing Pilot Project

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Background:
The Lower Arkansas Valley Water Conservancy District (Lower Ark) and the Lower Arkansas Valley Super Ditch Company, Inc. (Super Ditch) submitted a formal application to CWCB staff for a fallowing-leasing pilot project. The application followed a selection and approval process by the Board at its September 2014 meeting in Glenwood Springs. The project application falls under the umbrella of House Bill 13-1248 and the CWCB's *Criteria and Guidelines for the Fallowing-Leasing Pilot Program in Colorado*.

The application involves transfers from certain shares of agricultural water from farmland irrigated by the Catlin Canal, within Otero County, for temporary municipal uses by the Town of Fowler, City of Fountain, and the Security Water District. The project proponents would like to begin implementing the pilot project for the 2015 irrigation season.

Lower Ark and Super Ditch have been attempting to launch a pilot project to demonstrate benefits and learn from rotational fallowing practices. Their overall goal is to meet municipal water needs in a way that reduces permanent agricultural dry-up, or "buy and dry." This goal is consistent with strategies included as part of Colorado's Water Plan.

Casey Shpall will facilitate this action item before the Board. An agenda will be posted prior to the meeting.

Staff recommendation:
Staff recommends that the Board approve the Catlin Canal Pilot Project based on the State Engineer's written determination, including terms and conditions necessary for project operation and administration, that the pilot project can operate without causing injury and without impairing compliance with any interstate compact.

Note: All of the materials contained in the comprehensive record for this agenda item are available electronically on CWCB's website, and the digital version of the CWCB Board notebook. Hard copy notebooks include the board memo and State Engineer's written determination.

COLORADO
Division of Water Resources
Department of Natural Resources

1313 Sherman Street, Room 821
Denver, CO 80203

January 16, 2015

To: Colorado Water Conservation Board Members

From: Dick Wolfe, P.E.
State Engineer/Director, Division of Water Resources

Subject: Written Determination of the State Engineer, HB13-1248 Catlin Fallowing-Leasing Pilot Project

Section 37-60-115(8)(f) allows the Colorado Water Conservation Board (CWCB) to approve a pilot project application if the State Engineer has made a written determination (Determination) that the operation and administration of the pilot project will not cause injury and will not impair compliance with any interstate compact. As the State Engineer, I have worked with my staff (Staff) to complete the Determination for the Catlin Fallowing-Leasing Pilot Project and submit it as an attachment to this letter.

In the attached Determination, I find that the operation and administration of the HB13-1248 Catlin Fallowing-Leasing Pilot Project will meet the standards of Section 37-80-115(8)(f) if operated according to the terms and conditions included in the Determination. Section I of the determination briefly describes the process by which the Staff completed the Determination. One component of that process was a statutorily-required conference and the subsequent submittal of a joint report (Report) by the conference participants. The Report included a listing of agreed-upon terms and conditions for the proposed pilot project. The Report further identified areas of disagreement between the conference participants.

The terms and conditions in the Determination are based upon the agreed-upon terms and conditions from the Report as well as the Staff's imposed terms and conditions in areas where the conference participants did not reach agreement. Those areas of disagreement, along with the Staff's description of how the imposed terms and conditions are intended to resolve the areas of disagreement are described below.

The terms and conditions in the Determination are numbered 1 through 59. The terms and conditions that represent an effort to resolve disagreement are numbers 10, 19, 21, 22, 31, 27, 28, 29, 30, 33, 34, 46, and 48. All other terms and conditions may be regarded as agreed-upon terms and conditions. I believe that through the agreed-upon terms and conditions, along with the terms and conditions used to resolve disagreement, the concerns of all parties have been reasonably addressed, allowing plan operation without injury and no impairment to the interstate compact.

Unresolved Term and Conditions from the Report:

1. **How the revised Lease-Fallow Tool run contained in term and condition 10 of the Determination, should be applied to the total irrigated acreage for each year.**

   The disputed issue was how the average share-per-acre ratio from the historical consumptive use analysis using the Lease-Fallow Tool (LFT) should be applied to Project farms during the project. Staff adopted the recommendation of Tri-State in this instance as applied specifically in term and condition 10-c because the Staff believed this more accurately applied the basis for the historical analysis to farm conditions under the duration of the Project and still met the intent of the other commenting party who offered a comparable change.

2. **Whether the Catlin Pilot Project should be operated using a projection or a "pay as you go" methodology for lagged return flows.**

   A "pay as you go" methodology would require that consumptive use credits could only be taken in a year of operation if all return flow obligations associated with those credits would be met by accretions from water placed into recharge that same year. The proposal by Tri-State that the applicants operate the plan using a "pay as you go" approach was an offered compromise in lieu of stricter terms and conditions related to using a projection tool and firm commitment of replacement sources for any post-Project return flow obligations created by operation of the Project. The Applicants stated that Tri-State's proposal had merit but expressed concerns that the proposal was made too late in the process to allow review by other parties.

   Staff recognized that the "pay as you go" approach had merit, but required some additional work by the Applicants and review by other parties to ensure success. Term and conditions were included that allow the Applicants to choose this approach if desirable as compared to the terms and conditions necessary to operate using a projection and commitment of firm replacement sources. Specific terms and conditions that address this issue are 21 and 31.

3. **What are the appropriate requirements of projecting future return flow obligations and how they will be met, specifically, whether firm sources of supply need to be dedicated prior to any Pilot Project operations to meet only the upcoming Plan Year return flow obligations or to meet return flow obligations for as long as they occur.**

   Staff generally agreed with the Applicants' proposed terms and conditions, but added that the projection should be extended through the end of the lagging period as suggested by Tri-State. These terms and conditions are 27 and 28.

4. **Whether sources of replacement water may be approved for such use through substitute water supply plan ("SWSP") approval pursuant to C.R.S. §37-92-308(5) or are limited to SWSP approval pursuant to C.R.S. § 37-92-308(4), requiring a pending application for such change be filed with the water court.**

   Staff adopted the proposed term and condition by Tri-State in this circumstance as shown in term and condition 29. Staff does not believe that this will cause an undue hardship for the Applicants.

5. **Whether a "firm source" of water requires a binding agreement for the term of that source's inclusion in a future return flow projection, including agreements for use of structures.**

   Staff attempted to provide resolution of this issue in term and condition 30. This term and condition requires Applicants, if they choose to not use a "pay as you go" approach, to provide an annual report by January 1st following the end of each Project plan year one through nine that projects any post-Project return flow obligations incurred from operations through the prior year and requires a commitment of specific replacement sources capable of meeting this need. Applicants have the flexibility to update or change the source of replacement for post-Project return flow obligations with each January 1st update until the final report is provided following the last year of operation. At that point the Applicants have a higher burden for firm commitment of a source or sources and a responsibility to document that all necessary agreements are in place to replace post-Project return flow obligations. This term and condition also requires the Applicants to designate the legal method to be used to meet the post-Project return flow obligations. While not meeting all of Tri-State's desired term and condition wording, Staff believes this condition will provide the necessary protection for other water rights.

6. **What is the appropriate timing and method of sources for replacement of tailwater and lagged deep percolation return flows.**

   Staff adopted the recommended condition by Tri-State regarding tailwater as term and condition 19. The recommended alteration of this condition by the Applicants was not accepted due to the importance of ensuring the tailwater component is consistently delivered out the augmentation stations and is not retained within the Catlin Canal system to potentially be used by other shareholders.

   Staff adopted the recommended condition by Tri-state for deep percolation return flows as term and condition number 22 and believes that this term and condition does not cause the Applicants undue hardship and is protective of other water rights and compact obligations.

7. **Whether or not excess recharge accretions may be used to meet tailwater return flow obligations.**

   Staff adopted the Applicants' proposed term and condition as term and condition number 33 and did not agree with Tri-State's recommended alternative because Staff believed that Tri-State's concerns were predominantly addressed as described under issue 6 above.

8. **Whether or not water available pursuant to operations of the Pilot Project may be traded and/or exchanged with Rule 10 and/or 14 Plans.**

   Staff disagreed with Tri-State's contention that water could not be traded or exchanged with Rule 10 and/or Rule 14 Plans and adopted Applicant's term and condition as generally modified by Kansas as term and condition number 34. Staff did add the daily accounting provision suggested by Tri-State and did provide a mechanism for providing comments and concerns about trades or exchanges with Rule 10 or Rule 14 Plans in this term and condition.

9. **Whether or not it is necessary to require weekly accounting during the first year of Pilot Project operations.**

   Staff did not fully adopt Tri-State's recommendation that weekly accounting be provided during the first year of operation, but did required in term and condition number 48 that daily accounting elements be provided weekly for the first 75 days of operation in the initial plan year in addition to monthly accounting to ensure that Applicants are not missing any required daily information that will be necessary for successful monthly accounting and to highlight early operation of augmentation station and recharge pond deliveries. Staff does not believe that this represents an undue hardship for the Applicant, rather, this initial weekly accounting allows a good "shake down" period at the start of the plan.

10. **Whether or not the following term and condition regarding development of accounting forms should be included in any Pilot Project approval:**

    Staff crafted term and condition number 46 that includes recommendations by both the Applicants and Tri-State regarding the review and approval of accounting forms.

11. **Whether or not the term and condition regarding comparison of historical use analysis with projected operations should be included in any Pilot Project approval:**

    Tri-State recommended removal of a term and condition originally included in the draft proposal related to the above topic. The Applicants agreed that this term was confusing. Staff determined that the term and condition was not necessary.

12. **Whether agreements and approvals necessary to meet return flow obligations must be in place only for the upcoming plan year or whether such agreements and approvals must be in place for all future return flow obligations.**

    Staff adopted Applicant's proposed term and condition in term and condition number 27 because this term and condition was reasonable for annual operations. The tightened term and condition number 30 is intended to help address most of Tri-State's concerns related to replacement security as described under issue 5 above.

Attachment: Determination of the State Engineer

COLORADO
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1313 Sherman Street, Room 821
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Determination of the State Engineer

HB 13-1248 Catlin (Fallowing-Leasing) Pilot Project

Use of Catlin Canal Shares by Town of Fowler, City of Fountain,

and Security Water District

January 16, 2015

I. Introduction

This document serves to fulfill the State Engineer's obligations pursuant to the provisions of HB13-1248, enacted by the signature of the governor on May 13, 2013, specifically related to evaluation and review of the Catlin (Fallowing-Leasing) Pilot Project. A pilot project proposal for the Catlin Pilot Project was submitted to the Colorado Water Conservation Board (CWCB), James Eklund, Director, on September 25, 2014 by the Applicants (Lower Arkansas Valley Water Conservancy District and the Lower Arkansas Valley Super Ditch Company, Inc.). The CWCB approved the selection of the pilot proposal occurred at the September CWCB Meeting in Glenwood Springs, Colorado.

A 75-day comment period followed project selection and ended on December 9, 2014. A Conference Committee Meeting was conducted on December 18, 2014 in Denver. The Conference Committee Meeting continued with a brief conference call meeting on December 22, 2014 and was concluded at the end of that meeting. A Joint Conference Report was prepared and submitted to the State Engineer and CWCB on January 6, 2015.

This Determination of the State Engineer was prepared following review of all documents from the project application, comments received from the interested parties, and particularly, the Joint Conference Report which identified a large number of agreed upon terms and conditions as well as some terms and conditions where some disagreement remained. This report has also been prepared with recommendations to ensure that the two fundamental objectives identified in C.R.S. 37-60-115 (f)(I) and 37-60-115 (f)(II) have will have been met if the project is approved with the recommended terms and conditions. These two objectives were:

1. The project will effect only a temporary change in the historical consumptive use of the water right in a manner that will not cause injury to other water rights, decreed conditional water rights, or contract rights to water;
2. The project will not impair compliance with the Arkansas River Interstate compact.

II. Project Overview

The intent of the Catlin Pilot Project for 2015 is to utilize water available from approximately 311 Catlin Canal shares from six different participating farms (five owners) to generate an estimated 470 acre-feet of consumable water (based on an average supply) to be used for municipal purposes, either directly or through augmentation of wells, for the Town of Fowler, City of Fountain and Security Water District.

The water from the Catlin Canal shares will be physically available just downstream of Town of Fowler's augmentation needs and will be available for use by City of Fountain and Security Water District to the extent it can be exchanged into Pueblo Reservoir and delivered to those municipalities via the Fountain Valley Conduit or the Southern Delivery System pipeline.

III. Terms and Conditions to Prevent Injury and Compact Impairment

The following terms and conditions are recommended for adoption by the Colorado Water Conservation Board if this project is approved.

1. All water used in the Catlin Pilot Project will be delivered to the headgate of the Catlin Canal, and only lands irrigated under the Catlin Canal will be used in the leasing-fallowing operations of the Pilot Project. A plan year for the Pilot Project extends from March 15 through March 14 of the following year. Project duration is from March 15, 2015 through March 14, 2025.
2. No lands shall be fallowed for more than three years during the ten-year period of the Catlin Pilot Project nor shall more than 30% of the parcels on each participating farm be fallowed during the consecutive ten-year Catlin Pilot Project. For lands located in Otero County, no more than two of the three years of fallowing during the Pilot Project term will be consecutive unless applicable provisions of Otero County Code - Chapter 5 are complied with.
3. All submittals by Applicants to the Division of Water Resources pursuant to these Terms and Conditions shall be posted to the Division of Water Resources website, FTP site or other publically available media within a reasonable time, not to exceed ten days, after submittal and shall remain publically available until all lagged return flow obligations from the Pilot Project have been replaced. The Division of Water Resources shall establish a list of parties participating in the project application to be used to provide notice to the parties when documents have posted.
4. By March 1 of each plan year, Applicants shall notify and provide mapping to the Division Engineer of (a) those parcels to be fallowed and the associated shares for the upcoming plan year, (b) how and where the non-fallowed Catlin Pilot Project Subject Shares will be used for the upcoming plan year (i.e. surface irrigation, dry-up under Rule 14 Plan, etc.) including the location of irrigated lands and (c) the water supplies that will be used on the non-fallowed portions of the Catlin Pilot Project farms. Lands and shares fallowed as part of the Catlin Pilot Project shall be limited to those identified in the September 25, 2014 Application.

5. Fallowed parcels must be at least ten acres in size unless they comprise all of an existing CDSS parcel that is already less than ten acres. Parcels that represent a portion of an existing field shall only be split in the same direction of historic irrigation. A physical separation shall exist between any irrigated portion of a parcel and the dry-up portion. For dry-up fields left fallow or with a dry-land cover crop without permanent root system (that is, not alfalfa or pasture grass for example), the separation shall be a ditch or tilled strip at least ten feet in width that prevents irrigation application from reaching the dry-up parcel. For partial fields containing deep-rooted crops such as alfalfa or pasture grass, a deep tilled separation of at least 25 feet shall be maintained along with any ditches necessary to ensure no irrigation application to the dry-up portion. For any dry-up parcel that is planted with a dry-land crop (haygrazer, milo, millet, etc.), the crop should either be drilled at an angle to normal irrigation direction or a tilled strip maintained at the top of the field that clearly separates the crop from any possible irrigation source (preferably both).
6. Dry-up of the fallowed fields shall comply with the "Operating Procedures for Administration of Parcels Claimed for Augmentation Credits" of the State Engineer's Office, except that signs shall be installed by March 1 of each plan year on all parcels identified in that notice provided pursuant to term and condition 4, above. Re-irrigation of dry-up parcels shall not be allowed by any other source of water including other surface water, Catlin shares, or ground water during the year in which such parcel is fallowed in Pilot Project operations. No partial year dry-up shall be permitted.
7. Applicants shall notify the Division Engineer of the status (dry land crop (must specify type), tilled and fallow, not tilled and fallow, stubble of past crop left on field, etc.) of each fallowed field in the Catlin Pilot Project by May 15 of each year of operations.
8. Applicants shall monitor fallowed parcels on a periodic basis to confirm the adequacy of dry-up in conformance with the terms and conditions of this approval. Should non-compliance with the dry-requirements of this approval be discovered, Applicants shall immediately notify the Division Engineer and take such corrective action as is required by the Division Engineer. These fallowed parcels are also subject to inspection by the Division Engineer who shall inform the Applicants if non-compliance is found.
9. Prior to any Pilot Project operations, Applicants shall ensure that all participating farmers are contractually bound to provide for weed control and erosion protection for the lands removed from irrigation as a part of the Catlin Pilot Project. This will include the acknowledgement of, and agreement to comply with applicable County code noxious weed management requirements, including the Otero County Noxious Weed Management Plan, Otero County Code, Chapter 12 – Vegetation.
10. Prior to February 15, 2015, Applicants shall make the following adjustments to the Leasing-Fallowing Tool ("LFT") run for the Catlin Pilot Project and the associated historical consumptive use analysis and submit the same to the State and Division Engineer:
    a) The study period used in the LFT analysis shall be revised to exclude years where the Subject Shares were used in a Rule 14 Plan.
    b) To the extent consistent with item (d) below, the irrigated acreage of the Diamond A East farm, in Table 3 shall be corrected to 272.1 acres, as shown on Figure 21 in Appendix A, with a corresponding change in the total if appropriate. The 2010 acreage in the LFT analysis shall also incorporate this correction.

c) The results from the revised LFT run shall be applied to the irrigated acreage for each year. The Applicants shall report the average number of irrigated acres on each farm for the revised LFT run and the average shares per acre ratio for each farm during the revised LFT run shall be applied to the Catlin Pilot Project going forward. The number of fallowed Catlin Canal shares each year shall be equal to the number of fallowed acres on each farm multiplied by the average share per acre ratio for that farm.

d) The LFT run shall be conducted with a limitation on the maximum allowed irrigated acres to be no more than the 1985 irrigated acreage mapped by Colorado and agreed by Kansas as a part of the Kansas v. Colorado litigation.

11. Prior to the commencement of any Pilot Project operations for 2015, Applicants and Colorado Division of Parks and Wildlife ("CPW") shall work cooperatively to determine whether and the extent to which lands included in the Catlin Pilot Project have historically been irrigated with Catlin Canal Company shares that were leased from CPW during the applicable study period. Based on the results of that work, Applicants shall then make such adjustments to the historical consumptive use analysis based on the use of leased water by excluding a prorated amount of acreage, corresponding to acres irrigated by shares leased from CPW in any year, from such years in the historical use analysis, which adjustments shall be mutually agreed to by Applicants and CPW. This revised analysis shall be provided to the State and Division Engineer for approval and incorporated into the LFT run referenced in term and condition 10.

12. The Catlin Pilot Project shall not be operated until the Division Engineer has approved the foregoing adjustments in term and conditions 10 and 11.

13. To the extent it is determined that the Subject Shares and the associated lands available for fallow have been included in a Rule 14 Plan(s) such that they are no longer legally available for use to provide replacement water for Fowler's well depletions via CWPDA's Rule 14 pursuant to the terms of Amended Rules and Regulations Governing the Diversion and Use of Tributary Ground Water in the Arkansas River Basin, Colorado and the Amended Agreement Regarding the Colorado Use Rules, PDF Evaluation, Implementation of Processes, and Related Matters, and Not to Terminate Offset Account Resolution (June 2009), which is Appendix A.4 to the Kansas v. Colorado decree, any use of depletion credits available from the dry-up of those lands shall not be permitted to provide a source of replacement water for Fowler's well depletions. This shall be appropriately reflected in Pilot Project accounting. Applicants shall provide with the March 1 dry-up notice to the Division Engineer, and all commenting parties, whether the fallowed parcels are included in a pending or approved Water Court case adding augmentation as a decreed use.

14. The following monthly factors will be applied to augmentation station deliveries and deliveries at the farm headgate for recharge to determine monthly consumptive use. However, in the event of a current (as opposed to projected) return flow obligation deficit, the Applicant shall replace the return flow obligation deficit prior to receiving further consumptive use credits. These factors shall be modified to reflect changes in the LFT run per term and conditions 10 and 11.

Consumptive Use Factors

Farm	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Schweizer	-	0.000	0.063	0.155	0.377	0.531	0.537	0.538	0.445	0.250	0.179	-

Diamond A West	-	0.000	0.032	0.129	0.314	0.468	0.484	0.460	0.311	0.136	0.032	-
Hirakata Farms	-	0.000	0.062	0.153	0.373	0.528	0.533	0.532	0.425	0.244	0.174	-
Hancock	-	0.000	0.062	0.133	0.329	0.525	0.539	0.545	0.472	0.260	0.209	-
Diamond A East	-	0.000	0.065	0.157	0.380	0.533	0.540	0.541	0.463	0.264	0.162	-
Hanagan	-	0.000	0.030	0.113	0.274	0.408	0.428	0.381	0.259	0.097	0.020	-

15. The portion of all available Pilot Project augmentation station and recharge deliveries that is not credited as consumptive use shall be attributed to be return flow obligations. The following calculations shall be used to determine the return flow obligations where "deliveries" refers to all Pilot Project augmentation station and recharge deliveries:

    Tailwater Return Flow Obligation = 20% x (Deliveries – Consumptive Use);

    Deep Percolation Return Flow Obligations = Deliveries – (Consumptive Use + Tailwater Return Flow Obligations);

    For the first half of November and the second half of March the return flow obligation should equal the daily surface water return flow plus half of the monthly lagged groundwater return flow. For the second half of November and first half of March the return flow obligation should be half of the monthly lagged ground water return flow. An exception to the preceding March and November requirements are that no return flows are required prior to operation of the project. As such, return flows in the first month of the project will be distributed from the project start date through the remainder of the month. Return flow obligation that accrues from November 15 through March 14 shall be replaced to the Pueblo Winter Water Program and Conservation Storage in John Martin Reservoir as determined by the Division Engineer. Return flow obligation that accrues March 15 through November 14 shall be replaced at the time and place of depletion so as to not injure vested water rights.

16. The monthly and annual consumptive use will be limited to the following maximum values which are the averages of the three greatest years of the study period. The values in the table are for all of the shares on each farm. Therefore, the values for each farm must be multiplied by the percentage of share dry-up for each farm to estimate the appropriate limits for each year of the pilot project. These values shall be modified to reflect changes in the LFT run per term and conditions 10 and 11, above.

Farm	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Annual**
Schweizer	0.0	0.0	3.1	13.7	56.2	80.8	80.3	65.2	51.0	37.3	10.5	0.0	398.0
Diamond A West	0.0	0.0	1.9	9.5	43.3	84.1	70.8	66.5	50.5	49.9	0.4	0.0	377.0
Hirakata	0.0	0.0	2.3	10.7	43.7	62.9	62.5	50.8	39.7	28.8	8.1	0.0	309.3
Hancock	0.0	0.0	1.1	5.4	22.0	30.2	30.6	27.1	15.8	16.9	6.6	0.0	155.6
Diamond A East	0.0	0.0	4.1	19.4	79.1	115.1	115.2	93.7	73.2	49.3	12.0	0.0	561.2
Hanagan	0.0	0.0	1.4	10.7	35.8	59.3	53.8	47.0	28.5	17.8	0.0	0.0	254.4

17. The annual augmentation station and recharge diversions will be further limited by an annual volumetric limit based on the historical diversions. The annual volumetric limit shall be calculated as the average of the three greatest years of farm headgate diversions over the study period. The annual volumetric limit in the table reflects the use of all of the shares on each farm. In any one year, the volumetric limit on farm headgate diversions for delivery of share water in the pilot project will be calculated to be the annual volumetric limit for the farm, presented in the table below, multiplied by the percentage of dry-up for each farm. Values will be based upon the LFT run per term and conditions 10 and 11, above. Deliveries of share water not included in the pilot project for any given plan year shall be limited to delivery and use on that portion of the farm that is not fallowed as a part of pilot project operations for that plan year.

Farm	**Annual Volumetric Limit (a/f)**
Schweizer	
Diamond A West	
Hirakata	
Hancock	
Diamond A East	
Hanagan	

18. Any water attributable to the Subject Shares that would otherwise be available to the Applicants (after accounting for ditch loss) which the Applicants are not able to divert or use because of operation of any volumetric limit shall be returned to the Arkansas River through one or more augmentation stations on the Catlin Canal following diversion at the Catlin Canal headgate and shall not be available for irrigation, augmentation or any other use until such time as use of such water is again allowed in accordance with the volumetric limits of this approval.

19. Tailwater return flow obligations shall be calculated daily and shall be replaced by delivery of the Pilot Project Catlin Canal shares at the augmentation station(s). On a daily basis, Applicants shall endeavor to replace the calculated amount of tailwater return flow obligation. On a monthly basis, Applicants shall demonstrate that all tailwater return flow obligations have been replaced.

20. Deep percolation return flow replacement requirements for the Schweizer, Diamond A West, Hirakata, Hancock, and Diamond A East Farms will be lagged using the URFs that shall be calculated using the x-distance to the nearest drain for each of the farms included in the December 9, 2014 Bishop Brogden Associates Inc. comment letter ("BBA Letter"). Thus, the URFs set forth in Appendix H of the Application shall be revised to reflect x-distances and corresponding w-distances for the Schweizer and Diamond A West farms to Patterson Hollow and for the Hirakata and Diamond A East farms to Timpas Creek. Deep percolation return flows for the Hanagan Farm shall be replaced by delivering all deep percolation water, plus sufficient water to offset evaporation to the Hanagan Recharge Pond, which is within ¼ mile of said farm, negating the need for lagging per the Criteria and Guidelines. Deep percolation return flows from the Schweizer, Diamond A West, Hirakata, Hancock, and Diamond A East Farms may be delivered to the Schweizer and/or Hanagan Recharge Ponds, and will be lagged using the applicable URFs.

21. On a daily basis, Applicants shall endeavor to deliver the deep percolation portion of fallowed Hanagan farm Catlin Canal share deliveries to the Hanagan Recharge Pond, as calculated in term and condition 15, plus consumptive use water to replace evaporation. On a monthly basis, Applicants shall demonstrate that the deep percolation portion of fallowed Hanagan farm Catlin Canal share deliveries are delivered to and infiltrate at the Hanagan Recharge Pond. If a "pay as you go" approach is chosen by the Applicants, delivery of the deep percolation portion of fallowed shares for each farm shall be delivered to the appropriate recharge pond consistent with Division Engineer approval of the "pay as you go" proposal and Applicants shall endeavor to deliver each farm's Catlin Canal share deliveries to the appropriate recharge pond and demonstrate that the deep percolation portion is delivered to and infiltrates at the appropriate recharge pond on a monthly basis.

22. Lagged deep percolation return flow obligations shall be calculated daily and shall be replaced exclusively through: (a) recharge accrual to the river calculated from actual infiltration of Pilot Project Catlin Canal shares delivered to recharge, (b) delivery to the Pilot Project Catlin Canal shares at the augmentation station and/or (c) other source of water decreed for augmentation or replacement or approved for augmentation or replacement by a C.R.S. 37-92-308(4) SWSP. During the irrigation season, on a monthly basis, Applicants shall demonstrate that all lagged deep percolation return flow obligations have been replaced. During November 15 to March 15, replacement of lagged deep percolation return flow obligations may be aggregated as approved by the Division Engineer so long as there is no injury to the Winter Water Storage Program, Colorado water rights, Conservation Storage in John Martin Reservoir or the Kansas-Colorado Arkansas River Compact.

23. The amount of consumptive use credits and return flow obligations and the disposition of consumptive use credit and return flow replacement water shall be calculated on a daily basis. Such consumptive use credits may be used to augment depletions from the Town of Fowler wells, exchanged to Pueblo Reservoir for use by the City of Fountain and/or the Security Water District, or stored for such uses or to replace Catlin Pilot Project return flows as necessary. Water allocated to replace deep percolation return flows and delivered through Catlin Canal augmentation stations that is in excess of the replacement requirement on a given day will be allocated as a stream depletion credit. Such depletion credits may be used to augment depletions from the Town of Fowler wells, exchanged to Pueblo Reservoir for use by the City of Fountain and/or the Security Water District, or stored for such uses or to replace Catlin Pilot Project return flows as necessary.

24. Pilot Project return flows shall be replaced at or above the historical point of accretion to the stream or above the downstream calling right. Points of accretion for tailwater and lagged depletions are as follows:

Farm	Historical Points of Accretion to Arkansas River			
	Tailwater		Deep Percolation	
Schweizer	**Stream Location**	**UTMs**	**Stream Location**	**UTMs**
Diamond A West	Confluence of Patterson Gulch & Arkansas River	Easting: 606604 Northing: 4217764	Confluence of Patterson Gulch & Arkansas River	Easting: 606604 Northing: 4217764
Hirakata, Hancock, Diamond A East	Arkansas River downstream of Patterson Gulch	Easting: 608734 Northing: 4217964	Confluence of Patterson Gulch & Arkansas River	Easting: 606604 Northing: 4217764

Hanagan	Confluence of Timpas Creek & Arkansas River	Easting: 619547 Northing: 4209161	Confluence of Timpas Creek & Arkansas River	Easting: 619547 Northing: 4209161

No return flow obligation replacement credits shall be granted for water delivered to the Crooked Arroyo augmentation station when there is a call for water at the Fort Lyon Canal headgate.

25. To the extent it is determined by the Division Engineer that the use of the Timpas Creek and/or Crooked Arroyo augmentation stations, or the use of any new or modified augmentation stations or recharge facilities authorized pursuant to term and condition 52, will interfere with the operation of decreed exchanges or decreed alternate points of diversion that are operating in the reach between historical points of accretions to the stream and the point at which augmentation station deliveries reach the river, the Division Engineer may require modifications to Pilot Project operations as may be deemed necessary to prevent material injury to water rights or contract rights to water. Such operational modifications will be identified and described in Applicants' annual report, as required by term and condition 52 and, to the extent such modifications are to take effect immediately, will be noticed pursuant to term and condition 3.

26. Prior to March 1 of each year, Applicant shall prepare and submit to the Division Engineer a monthly projection for the replacement of surface and lagged return flow obligations owed for deliveries to date and projected for the upcoming plan year and for total future monthly obligations over the lagged return flow period. To the extent that this projection shows that lagged and surface return flow obligations that will be owed during the upcoming plan year operation cannot be met through calculated recharge accretions from actual infiltration of water delivered to fallowed Subject Shares and projected delivery of HCU water to fallowed Subject Shares during the plan year based upon the minimum monthly delivery during the historical water budget study period, Applicant shall identify to the Division Engineer such other firm source(s) of water that will be dedicated to the Pilot Project for that plan year and for future monthly obligations, along with a calculation of the dry-year yield of such source(s) and accounting for evaporation, transit, or other losses that may be incurred prior to and/or during delivery. If the Division Engineer determines that such source(s) is(are) inadequate or otherwise unavailable to meet return flow obligations owed for the upcoming plan year, the Division Engineer may deny use of that source for such purpose and require Applicants to dedicate an acceptable firm source of water prior to commencement of operations for that plan year. This shall also include information regarding Applicants' anticipated method(s) and source(s) of water anticipated to be used to meet return flow obligations beyond the upcoming plan year such that the Division Engineer can evaluate the likelihood that Applicants will continue to be able to meet return flow obligations in upcoming years and to take such action(s) as may be necessary to proactively address potential shortfalls in meeting long-term return flow obligations. This projection shall be available to all interested parties through the posting to an FTP site or other accessible web site within a reasonable time of submittal to the Division Engineer.

27. Prior to March 1 of each plan year, Applicants shall have in place all approvals, and/or agreements that are necessary for operation of the Catlin Pilot Project for that plan year. Copies of these approvals/agreements shall be provided to the Division Engineer, which shall be made available to other parties upon request. Any use of intermediate storage locations in the operation of any exchange for the pilot project shall only occur to the extent that Applicants have obtained the necessary approvals and/or complied with applicable bylaw requirements associated with the use of such storage locations.

28. Throughout operation of the Pilot Project, the projection of the firm sources of water that will be used to replace plan year lagged and surface return flow obligations from deliveries to date shall be updated weekly during the irrigation season. This shall include actual infiltration at the recharge facilities. If at any time a plan year monthly lagged return flow obligation exceeds the firm sources of water that will be used for replacement, no water shall be delivered to Lessees until all return flow obligations are made and the projection shows that a firm source of water is available to replace plan year return flow obligations.

29. For the purpose of the projection, firm sources of water shall include, exclusively, (a) calculated recharge accretions from actual infiltration of water delivered to fallowed Subject Shares, (b) projected delivery of HCU water to fallowed Subject Shares during the plan year based upon the minimum monthly delivery during the historical water budget study period, and (c) other fully consumable firm replacement supplies either previously stored and dedicated to the Pilot Project or projected to be available in the upcoming plan year based on the dry-year yield of direct-flow water rights approved for replacement use by water court decree or C.R.S. 37-92-308(4) SWSP approval. The Applicant must account for applicable seepage, evaporation and transit losses associated with the use of such replacement supplies.

30. Prior to January 1 of each year following the initial year of operation, Applicants shall prepare and submit to the State and Division Engineer a report identifying the source(s) of water that will be used to meet post-project lagged depletions that will not be met through accretions from recharge. This report shall include a calculation of the dry-year yield of such sources and provide evidence that Applicants have the right to use such source(s) and shall also include a commitment from Applicants that such source(s) will be dedicated to meet such post-project depletions and will not be used for any other purpose. The identified source of post-project return flow water must be approved by the State and Division Engineer. Source(s) dedicated to post-project depletions may be updated annually with approval of the Division Engineer. Prior to January 1 following the final plan year of pilot project operation, Applicants shall prepare and submit to the State and Division Engineer a report identifying the final firm source(s) of water that will be used to meet post-project lagged depletions that will not have been met through accretions from recharge and shall designate the type of plan to be used to lawfully provide for replacement of the lagged depletions. This source or these sources shall be solely committed for use in each year that a remaining post-project depletion obligation exists by the Applicants, to the extent of the obligation. A replacement water source is considered firm in this context to the extent the water is guaranteed by binding agreement for the term of its inclusion in the post-project projection period and fully executed contracts to use structures not owned by the Applicant that are needed to store or deliver the replacement supply are provided.

31. The obligation to provide the annual March 1 and January 1 projections and commitment of sources of water in Conditions 26, 27 and 30 shall not be required if the Applicants have employed a "pay as you go" approach to return flow maintenance for all farms in the project and the Applicants can demonstrate through accounting that the difference in deep percolation return flow accretion timing does not exceed ten acre-feet in any month following project operations and can demonstrate that the full volume of deep percolation return flow accretion has been successfully recharged. The maximum ten acre-feet limitation on variance of lagged depletions shall be deemed to be reasonable as maintenance of historical flows to protect other water rights taking into consideration the reasonable accuracy of the lagged return flow modeling methods. To utilize the "pay as you go" approach, Applicants shall provide the analysis described in the comments by Tri-State that recommended this approach by February 17, 2015 to the Division Engineer for approval.

32. Unless otherwise replaced via Pilot Project operations (such as recharge), depletion credits may be exchanged to Pueblo Reservoir and stored in Lower Ark's excess capacity account to provide a replacement supply for winter return flow obligations. Waters that are stored in, and subsequently released from Pueblo Reservoir to replace lagged deep percolation return flow obligations will experience, delivery, storage and transit losses assessed by the Division Engineer between Pueblo Reservoir and the historical return flow accrual locations. Accounting of water within Lower Ark's excess capacity account shall be maintained by the Applicants to demonstrate the type of water used for historical return flow maintenance is appropriate for that use.

33. There shall be no exchange and re-diversion of any excess recharge accretions resulting from delivery of water to recharge ponds that was diverted pursuant to the Subject Shares. Such excess recharge accretions may be used for the replacement of lagged or tailwater return flow obligations and may also be used for Fowler-CWPDA Municipal Well Replacement, except that the use of such credits to replace tailwater return flow obligations may not otherwise result in the exchange of Catlin Canal headgate deliveries pursuant to the Subject Shares that are made available only as a result of the use of such credits to meet tailwater return flow obligations.

34. Water available or owed to operations of this pilot project shall only be traded or exchanged with water available or owed under a Rule 10 Compact Compliance Plan or Rule 14 Plan with the prior approval of the State Engineer. Such prior approval shall require a determination that such trade/exchange can occur without resulting in material injury to water rights or contract rights to water and is otherwise in conformance with the law. Daily accounting for such trades shall include (a) the amount of Pilot Project water used by reach for Rule 10 or Rule 14 replacement and (b) the source (location and water right) and amount of water traded from Rule 10 or Rule 14 to the Pilot Project and reports of this accounting shall be provided to the Division Engineer and made available pursuant to Condition 3. Interested parties can provide comments to the Division Engineer regarding concerns about individual trades.

35. Exchange into Pueblo Reservoir may occur only when there is at least 100 cfs of outflow (inclusive of hatchery flows) from Pueblo Reservoir. Such diversions/exchanges may not cause the outflow from Pueblo Reservoir to be less than 100 cfs. Pursuant to the terms of the 2011 Memorandum of Agreement between Lower Ark and the Southeastern Colorado Water Conservancy District ("Southeastern"), to the extent that a long-term excess capacity contract is entered into with the Bureau of Reclamation and Lower Ark enters into a sub-contract with Southeastern for use of the excess capacity space, Lower Ark (and operation of this Catlin Pilot Project) shall comply with the requirements of the Arkansas River Flow Management Project to the same extent that Southeastern is obligated to comply, which may result in additional limitations on the exchange of water into Pueblo Reservoir.
36. Pilot Project exchanges to Pueblo Reservoir from points within or downstream of the City of Pueblo's recreational in-channel diversion ("RICD") shall operate as if the Pueblo RICD water right is in effect 24-hours per day.
37. Any exchange of water as a part of this Pilot Project not operated pursuant to a court decree must be approved in advance by the Division Engineer after a determination that there is sufficient exchange potential to accomplish the requested exchange without injury to other water rights and taking into account the timing of river flows between the exchange-from point and exchange-to point.
38. Substitute supplies used for exchange must be delivered at a Catlin Canal augmentation station through a measuring device approved by the Division Engineer. The amount of substitute supply available for exchange shall be assessed transit loss by the Division Engineer between the augmentation station and Arkansas River.
39. Applicants may operate an exchange only if there is a live stream between the downstream exchange-from point and the upstream exchange-to point. The Applicants shall not operate the exchange when it would prevent any intervening water right, including exchange rights, from diverting the full amount of water from the Arkansas River to which such right would otherwise be legally and physically entitled, in the absence of the Pilot Project exchange.
40. Any excess consumptive use credits available from Pilot Project operations shall not be claimed for use as a source of replacement water for agricultural irrigation depletions in any Rule 14 Plan or substitute water supply plan.
41. All recharge ponds shall be surveyed and stage-area-capacity tables shall be approved by the Division Engineer before use.
42. Recharge pond accounting and operations shall, at a minimum, include and/or comply with the following information:
    a) Measured and recorded inflow and measured precipitation as recorded by the nearest CoAgMet weather station. Missing CoAgMet station data shall be replaced by the next closest CoAgMet weather station.
    b) Daily content by staff gage with a documented time recorded if not automated.
    c) Daily evaporation determined by daily evaporation rate by pond surface area for each day water is present in the pond. Daily evaporation will be determined based on the pan evaporation reported by the Corps of Engineers from data collected at John Martin Reservoir.

d) The recharge shall be computed from a mass balance standpoint with no credit for recharge of precipitation, and

e) The area in and around the recharge pond shall be kept clear of vegetation and shall be regularly monitored for any increased vegetative growth and/or pond seepage coming to the surface. To the extent that any vegetation exists while recharge is taking place, there shall be an appropriate reduction applied to recharge credits available at the Arkansas River.

43. Observations shall be made and recorded of any spills, seeps or overtopping of recharge ponds when recharge ponds are near full. No credit for recharge infiltration to ground water shall be allowed when spills, seeps or overtopping are observed unless the amount of such spills seeps and overtopping may be estimated with reasonable accuracy based on existing measurements and calculations and deducted from the amount delivered to recharge as approved by the Division Engineer. Fields between the recharge ponds and the river shall be monitored periodically by Division Engineer staff and Applicants to verify whether any elevated ground water tables are induced by recharge.

44. To the extent that the recharge ponds are used for purposes other than the Catlin Pilot Project, the infiltration of such water to ground water shall be considered to occur based on the percentage of the total delivery to the subject recharge pond. Recharge accounting under term and condition 42 shall similarly be adjusted to reflect the proportion of water placed into recharge for Pilot Project operations and for other purposes.

45. All diversions, deliveries for the Subject Shares, deliveries to recharge, and recharge pond stage shall be measured in a manner acceptable to the Division Engineer. The Applicant shall install and maintain measuring devices as required by the Division Engineer for operation of this Pilot Project.

46. Applicants shall submit to the Division Engineer and all commenting parties proposed accounting forms that are responsive to recommendations made by commenting parties no later than February 6, 2015. A copy of the Excel accounting forms, with formulas shall be posted on the Division of Water Resources website upon receipt from the Applicants. Commenting parties shall submit any comments on the proposed accounting forms to the Division Engineer by February 17, 2015. Operation of the Pilot Project shall not commence until after the Division Engineer has approved accounting forms that are consistent with these terms and conditions and the November 19, 2013 Criteria and Guidelines.

47. The State and Division Engineers and commenting parties may provide additional comment on the accounting forms throughout operation of the Pilot Project. Any accounting errors or deficiencies shall be immediately corrected and disclosed to all commenting parties and reflected in the annual Pilot Project operations report as provided for in term and condition 52.

48. Accounting of water in this Catlin Pilot Project must be provided to the Division Engineer on forms, at a frequency and at times acceptable to him. At a minimum, said accounting must be received by the 10th of the month following the month being reported. The name, mailing address and phone number of the contact person who is responsible for operation and accounting of this plan must be provided on the accounting forms. Accounting will be available for inspection through the posting to an FTP site or other publically accessible web site within ten days of submittal to the Division Engineer. Daily accounting elements shall be provided to the Division Engineer weekly during the first 75 days of operations, in addition to the monthly accounting, on a reporting schedule as designated by the Division Engineer.

49. In addition to daily accounting for each participating farm's contribution there shall be an accounting record that shows the disposition of the water delivered to the Arkansas River. This additional record shall identify the end user of available water, whether the water is used directly for Fowler-CWPDA Municipal Well depletion replacement or exchanged to upstream storage, and the portion of the delivery that is used for replacement of return flow obligations.

50. The Pilot Project shall incorporate (a) daily accounting, one day in arrears, of future lagged return flow obligations resulting from actual deliveries to date to the fallowed Subject Shares and (b) a projection of the firm water supplies dedicated for replacement of the future lagged return flow obligations.

51. Applicants' accounting shall comply with the following:

    a) Daily accounting shall be maintained for the measured amount of water delivered attributable to the fallowed Subject Shares at each of the augmentation stations and recharge facilities.

    b) Consumptive use and return flow factors shall be applied to daily measured deliveries at the locations where Subject Shares are delivered by the Catlin Canal Company.

    c) Daily accounting shall be maintained for the amounts of consumptive use water, tailwater and unlagged deep percolation portions of the measured amount of water delivered at each augmentation station and recharge facility for the fallowed Subject Shares.

    d) Monthly accounting shall be maintained for current and future lagged return flow obligations that have resulted from deliveries attributable to fallowed Subject Shares during the present month and all previous months.

    e) Monthly accounting shall be maintained for calculated recharge accretions to the stream system from actual infiltration at recharge ponds from delivery attributable to the fallowed Subject Shares.

    f) Monthly accounting shall be maintained for lagged return flow obligation not replaced by recharge, distributed on a daily basis.

    g) Daily accounting shall be maintained for measured Pilot Project consumptive use water and unlagged deep percolation water delivered through the augmentation stations for replacement of lagged return flow obligations that are not replaced with recharge.

h) Daily accounting shall be maintained for measured deliveries of other water supplies used to replace lagged return flow obligations that are not replaced with recharge, including location of each supply and transit losses associated with delivery of each supply to the location where the return flow obligation is owed.

i) Daily balance of the Pilot Project's net effect to the Arkansas River.

j) Daily net amount of consumptive use water and unlagged deep percolation return flow water delivered through the augmentation stations and not needed for replacement of return flow obligations.

k) Daily amount of consumptive use water and unlagged deep percolation return flow water stored to replace future lagged return flow obligations.

l) Daily amount of consumptive use water and unlagged deep percolation return flow water delivered to each Lessee.

52. Applicants shall annually prepare a report of Pilot Project operations that will be submitted to the CWCB and the State and Division Engineer on or before January 15 of each year, which shall reflect a reporting year of November 16 of the prior plan year through November 15 of the current plan year for which the report is being prepared. This annual report will present: (a) a summary of plan year accounting, including the total amount of acres and Subject Shares fallowed, plan-year deliveries to the Subject Shares, HCU credits generated, water exchanged for Fowler-CWPDA Municipal Well Replacement, water exchanged to Pueblo Reservoir for Fountain and Security, water exchanged to Pueblo Reservoir for lagged return flow replacement, tail water return flow obligation replaced and unreplaced, lagged return flow obligation replaced and un-replaced, sources of water used to meet lagged return flow obligation, future lagged return flow obligation and firm yield source of water that will be used to meet lagged return flow obligation; (b) any accounting errors or deficiencies discovered during the plan year and any accounting modifications that were made during the plan year or are proposed to be made for the upcoming year; (c) the number of days, if any, when there were un-replaced return flow obligations; (d) efficacy of the LFT, temporary dry-up, prevention of erosion, blowing soils and noxious weeds and re-irrigation of temporarily fallowed lands; (e) information regarding the parcels that have been dried up to date and years of such dry up to demonstrate that the limitations contained in term and condition 2 have not been exceeded; (f) a summary of costs associated with pilot project operations, including lease payments made/received, operational costs, and to the extent available costs of erosion prevention and noxious weed management; (g) identification of any obstacles encountered in pilot project operations; (h) any additional terms and conditions that Applicants believe may be necessary to prevent future material injury to other water rights or contract rights to water; and (i) any proposed minor operational modifications for the upcoming plan year, including and limited to the addition/modification of accounting forms, projection forms, storage locations, recharge facilities, and/or augmentation stations. Any proposed operational modifications shall be accompanied by such information and analysis as is necessary for the State and Division Engineer and any interested parties to evaluate the potential for injury resulting from such proposed changes.

53. Pueblo Reservoir, Twin Lakes Reservoir and Fountain Valley Pipeline (or Conduit) are owned and operated as part of the Fryingpan-Arkansas Project by the United States Department of the Interior, Bureau of Reclamation. This Catlin Pilot Project approval does not give Applicants any rights to use of Fryingpan-Arkansas Project structures, including Pueblo Reservoir, but will not alter any existing rights Applicants may have. Applicants shall store water in Pueblo Reservoir only so long as they have a contract with the owners of that structure, and such storage and use is within the effective time period of such contract. Any use of Fryingpan-Arkansas Project facilities by Applicants, for storage, exchange or otherwise, will occur only with the written permission of the owner of said reservoir, and will be made consistent with such policies, procedures, contracts, charges, and terms as may lawfully be determined by the U.S. Bureau of Reclamation, and, where applicable Southeastern or its successors in interest, in their good faith discretion.

54. This Catlin Pilot Project approval has no effect on the authority of the United States to regulate and/or deny use of federal facilities. Applicants recognize that the consideration of and action on request for any necessary federal contracts and authorizations shall be carried out pursuant to all pertinent statutes, regulations and policies applicable to the occupancy and use of the Bureau of Reclamation facilities, including but not limited to Fryingpan-Arkansas Project authorization legislation, the National Environmental Policy Act, and the Endangered Species Act.

55. Applicants shall store or transport water in Fryingpan-Arkansas Project structures only so long as they have a contract with the owners of that structure(s), and such storage and use is within the effective time period of such contract. This Catlin Pilot Project approval does not give Applicants any rights to ownership or use of any Fryingpan-Arkansas Project structure, or any rights of ownership or rights to purchase or receive allocation of Fryingpan-Arkansas Project water, and does not alter any existing rights (including any right to renew existing contracts) Applicants may have.

56. Applicants shall not operate the Catlin Pilot Project in a manner that would interfere with the lawful operation of the Fryingpan-Arkansas Project. Any water stored in Pueblo Reservoir as a part of this Catlin Pilot Project shall be beneficially used within Southeastern's district boundaries.

57. Unless otherwise authorized by the Bureau of Reclamation and to the extent permitted by law, and consistent with all lawful rules, regulations, policies, and contract obligations of Southeastern, the portion of the water associated with shares used in this Catlin Pilot Project derived from water stored pursuant to the decree dated November 10, 1990 in Case No. 84CW179 ("Winter Storage Water") shall be stored in an excess capacity storage account in Pueblo Reservoir. Applicants shall obtain space in an excess capacity storage account to allow storage of its Winter Storage Water, and such water shall be available to the Catlin Pilot Project operations. If no excess capacity account is available in a given year, Applicants will not take delivery of their Winter Storage water associated with the Catlin Pilot Project during that year. All of Applicants' Winter Storage Water shall be delivered through the Catlin Canal during the period of March 16 through November 14 at the same time as deliveries of Winter Water Storage are made to other Catlin Canal shareholders. If the Winter Storage Program described in the decree in Case No. 84CW179 terminates, the return flows owed on the Catlin Pilot Project lease shall continue to be calculated as set forth herein.

58. Applicants' lease of shares of the Catlin Canal entitle it to a pro rata share of the Winter Water made available to the Catlin Canal that shall be accounted for as released to Applicants' account in Pueblo Reservoir. This Winter Water will be available for release at any time during the year subject to the operating rules of the Winter Water Storage Project and may be carried over until May 1 of the water year (November 1 through October 31) following the water year in which the Winter Water is stored. Any Winter Water unused by that date will be released from Pueblo Reservoir to the system as decreed in Case No. 84CW179. Delivery of that Winter Water is also subject to the rules and regulations of the Catlin Canal Company regarding orders and assessments for such deliveries.

59. To the extent that the Catlin Pilot Project stores the net depletion amount of the participating shares in Pueblo Reservoir, such water may be booked over to replace winter return flow on a monthly or weekly basis, or as otherwise required by the Division Engineer, to participants in the Winter Water Storage Program decreed in Case No. 84CW179, Water Division 2 as necessary to prevent injury to the water rights included in that Program.