

**Regular Meeting of the  
Yellow Jacket Water Conservancy District  
Thursday, May 24, 2012  
10:00 to 12:00 p.m.  
Rio Blanco County  
Commissioners' Meeting Room  
200 Main Street, Meeker, CO 81641**

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**Agenda**

1. Call Meeting to Order.
2. Approval of Meeting Minutes
3. Approval of Accounts Payable – Treasurer's Report
4. Presentation of the YJWCD Feasibility Study – Ray Tenney, Colorado River Water Conservation District, and Craig Ullman, Applegate Group
5. Status of Appeal
  - a. Executive Session: Upon the affirmative vote of two-thirds of the Commissioners, the Board will adjourn to executive session pursuant to C.R.S. §§ 24-6-402(4)(b) and (e) to confer with its attorney for the purpose of receiving legal advice on a specific legal question and determining positions relative to matters subject to negotiations.
6. New Business.
7. Public comment
8. Next meeting Date.
9. Adjourn

**Yellow Jacket Water Conservancy District**  
**Board Meeting**  
**Location: 685 Main Street, Suite 5**  
**Minutes of the March 15, 2012 Meeting**  
**Conference Room – 685 Main Street – The Main Street Building**  
**Draft**

- I. Meeting Called to Order at Noon
- II. Directors Present: Directors Coryell, Smith, Brennan, Sheridan, Dunham, Proctor (via telephone), and Rogers. Director Kelly was unable to attend due to illness.
- III. Guests in attendance: Sarah Klahn via conference call. Representatives from Hoskin Farina & Kampf were in attendance; Mr. L. Richard (Dick) Bratton, Eliza (Lisa) F. Hillhouse and Greg Hoskin.
- IV. Agenda: It was moved, seconded and approved to approve the Agenda as presented. A copy is attached.
- V. Quorum: President Coryell noted a quorum and that Notice for the meeting was duly posted and published.
- VI. Recording Secretary: It was duly moved, seconded and approved to appoint Trina Zagar-Brown as recording Secretary for the March 15, 2012, Meeting.
- VII. Public Comment: There was no public comment.
- VIII. Minutes: Review and approval of the minutes from February 2, 2012 was tabled.
- IX. Due Diligence Cases:
  - a. Executive Session: Secretary Counsel called for an Executive Session. It was duly moved and seconded to go into Executive Session to discuss matters of litigation pertaining to the YJ Due Diligence cases and the Appeal to the Supreme Court. Ms. Klahn joined the meeting via phone. At the conclusion of the Executive session the public was welcomed back to the meeting.
  - b. No Action was taken during Executive Session.
  - c. It was duly moved, seconded and approved to direct Ms. Klahn to respond to recent settlement requests by Fawn Creek Ranch and report back to the Board at its next meeting.

- X. Treasurer Report: Mr. Brennan reported on the balance of the accounts:
  - a. CD: \$10,000.00
  - b. Bank Account: The current balance in the YJ checking account equals \$9,097.88
  - c. The Treasurer reported that at this time he did not think it was necessary to engage the monthly services of Colorado CPA.
  
- XI. Yellow Jacket Water Storage Feasibility Study:
  - a. Ms. Zagar-Brown stated that there was nothing new to report – Phase I Report is not yet complete but in the final review process.
  
- XII. Secretary Counsel Report:
  - a. Secretary Counsel reviewed the Exemption from Audit Form with the Board and obtained the necessary signatures.
  - b. Secretary Counsel: The firm of Hoskin, Farina & Kampf gave a general presentation to the YJ Board submitting their interest for consideration of YJ Interim Secretary Counsel. Mr. Mr. L. Richard (Dick) Bratton, Eliza (Lisa) F. Hillhouse and Greg Hoskin gave the presentation to the Board which included the attached written information.
  
- XIII. Executive Session: It was duly moved, seconded and approved to go into Executive Session to discuss appointment of Interim Secretary Counsel. Upon the conclusion of the Executive Session the public was welcomed back to the meeting. No action was taken during Executive Session.
  
- XIV. **Next Meeting:** The Board set a meeting for March 22, 2012 at Noon to be held at the Main Street Building, Basement Conference Room. The Board directed to invite the firm of Balcomb & Green to attend the meeting to be considered for the position of Interim Secretary Counsel.
  
- XV. **It was duly moved, seconded and approved to Adjourn the meeting.**

**Yellow Jacket Water Conservancy District  
Board Meeting  
Agenda  
Thursday, March 15, 2012  
Noon to 2:00 PM  
Main Street Building  
Basement Conference Room  
685 Main Street, Meeker, CO 81641  
Lunch Provided to Board Members**

- I. Call Meeting to Order**
- II. Approve Agenda
- III. Appoint Recording Secretary for March 15, 2012 Meeting
- IV. Public Comment – Limited to 2 minutes per speaker
- V. Due Diligence Case Update – Appeal to Colorado Supreme Court
  - a. General Update
  - b. Settlement Discussions / Executive Session
- VI. Treasurer's Report
- VII. Yellow Jacket Water Storage Feasibility Study
  - a. Secretary-Counsel – Update
- VIII. Secretary Council Report:
  - a. General Update
- IX. Executive Session – Secretary Counsel
- X. Review & Approve Minutes – February 2012
- XI. Adjourn**

**Yellow Jacket Water Conservancy District**  
**Board Meeting**  
**Location: 685 Main Street, Suite 5**  
**Minutes of the March 22, 2012 Meeting**  
**Conference Room – 685 Main Street – The Main Street Building**  
**Draft**

- I. Meeting Called to Order at Noon
- II. Directors Present: Directors Smith, Brennan, Sheridan, Dunham, Proctor (via telephone), and Rogers. Directors Coryell and Kelley were unable to attend due to illness.
- III. Guests in attendance: Sarah Klahn via conference call. Representatives Balcomb & Green PC were in attendance; Mr. Scott Balcomb and Mr. Scott Grosscup.
- IV. Agenda: It was moved, seconded and approved to approve the Agenda as presented. A copy is attached.
- V. Quorum: Vice President Smith noted a quorum and that Notice for the meeting was duly posted and published.
- VI. Recording Secretary: It was duly moved, seconded and approved to appoint Trina Zagar-Brown as recording Secretary for the March 22, 2012, Meeting.
- VII. Public Comment: There was no public comment.
- VIII. Minutes: The minutes from February 2, 2012 were reviewed. It was duly moved, seconded and approved to approve the February 2, 2012 minutes as presented with minor typographical revisions. A copy is attached.
- IX. Secretary Counsel Position:
  - a. The firm of Balcomb & Green PC gave a general presentation to the YJ Board submitting their interest for consideration of YJ Interim Secretary Counsel. Mr. Scott Balcomb and Mr. Scott Grosscup engaged in a general discussion including a question and answer session with the Board.
- X. Executive Session: It was duly moved, seconded and approved to go into Executive Session to discuss appointment of Interim Secretary Counsel – the public was duly excused. Upon the conclusion of the Executive Session the public was welcomed back to the meeting. No action was taken during Executive Session.

- XI. Appointment of Interim Secretary Counsel:** It was duly moved, seconded and unanimously approved to appoint Balcomb & Green PC as the Yellow Jacket Water Conservancy District Interim Secretary Counsel including the duties of Project Manager of the Yellow Jacket Water Storage Feasibility Study.
- XII. Next Meeting:** No meeting dates were set.
- XIII. It was duly moved, seconded and approved to Adjourn the meeting.**

**Yellow Jacket Water Conservancy District  
Board Meeting  
Agenda  
Thursday, March 22, 2012  
Noon to 2:00 PM  
Main Street Building  
Basement Conference Room  
685 Main Street, Meeker, CO 81641  
Lunch Provided to Board Members**

- I. Call Meeting to Order**
- II. Approve Agenda
- III. Appoint Recording Secretary for March 15, 2012 Meeting
- IV. Public Comment – Limited to 2 minutes per speaker
- V. Minutes
- VI. Secretary Council Report:
  - a. General Update
- VII. Secretary Counsel Position Review
- VIII. Executive Session – Personnel Review for Secretary Counsel
- IX. Adjourn**

**Yellow Jacket Water Conservancy District**  
**Board Meeting**  
**Thursday, February 2, 2012**  
**LOCATION: 685 MAIN STREET, SUITE 5**  
**3:00 PM**  
**Conference Room – 685 Main Street – The Main Street Building**  
**Approved March 22, 2012**

- I. Meeting Called to Order at 3:00
- II. Directors Present: Directors Coryell, Smith, Brennan, Sheridan, Dunham, Proctor, Kelley and Rogers.
- III.
- IV. Guests in attendance: Sarah Klahn via conference call. Kurt Blunt and Chip Brown from Colowyo Coal – Western Fuels.
- V.
- VI. Agenda: It was moved, seconded and approved to approve the Agenda as presented. A copy is attached.
- VII. Quorum: President Coryell noted a quorum and that Notice for the meeting was duly posted and published.
- VIII. Recording Secretary: It was duly moved, seconded and approved to appoint Trina Zagar-Brown as recording Secretary for the February 2, 2012, Meeting.
- IX. Public Comment: Mr. Kurt Blunt and Mr. Chip Brown introduced themselves to the Board. Both work at Colowyo Coal / Western Fuels and stated that they had received the District 8 Juniper letter regarding director recruitment. Mr. Blunt stated an interest in have Colowyo have a representative on the Board. Secretary Counsel and the Board stated that they welcomed Colowyo and Mr. Blunt's interest in YJ. Secretary Counsel requested that Mr. Blunt follow up with a letter of interest. It is customary that Secretary Counsel prepares a petition for appoint to the District Court. The Board thanked Mr. Blunt and Mr. Brown for their attendance and interest in YJ.
- X. Minutes: It was moved to approve the minutes as revised from December 2011. Copies are attached.
- XI. Due Diligence Cases:
  - a. Executive Session: Secretary Counsel called for an Executive Session. It was duly moved and seconded to go into Executive Session to discuss matters of litigation pertaining to the YJ Due Diligence cases and the Appeal to the Supreme Court. Ms. Klahn



joined the meeting via phone. At the conclusion of the Executive session the public was welcomed back to the meeting however no members of the public were represent to rejoin the meeting.

No Action was take during Executive Session.

Appeal to the Colorado Supreme Court: After conversation it was duly moved, seconded and approved to confirm the Board prior decision to proceed to file the appropriate briefs and documents necessary to continue the YJ appeal to the Colorado Supreme Court.

- XII. Treasurer Report: Mr. Brennan reported on the balance of the accounts:
- a. The appropriate paperwork was processed with FNBR to have Mike Brennan listed as the YJ Treasurer.
  - b. CD: \$10,000.00
  - c. Bank Account: As of February 1, 2012 = 1,686.21
  - d. Deposits to be made: \$3,511.16
  - e. The Treasurer requested approval to make proportionate payment to Cooley Zagar-Brown in the amount of \$1,000.00, White & Jankowski in the amount of \$2,500.00 and AMEC in the amount of \$250.00. It was duly moved, seconded and approved to the payments as noted by the Treasurer.
  - f. The Treasurer discussed with that the Board the possible retention of Colorado CPA to assist with the books of YJ. The Board discussed the possible costs associated with that and directed the Treasurer to investigate the costs to have Colorado CPA assist with the YJ books.
  - g. The Board directed that bills would be reviewed at its quarterly meetings and the Board will seek to pay the bills proportionately until the bills are paid in full based upon available resources.
  - h. The Board directed to engage in payment plans for the bills as the bills/liabilities exceed current assets and 2012 anticipated income. Payment plans cannot create multiple year obligations but good faith payment arrangements can be made pending annual review and approval by the Board.
  - i. The Board and Secretary Counsel will explore all options for increase in income or other assistance to pay outstanding liabilities.
- XIII. Secretary Counsel Report:
- a. Secretary Counsel reported that Livingston through his attorney had made an additional CORA request for information and that Secretary Counsel had complied as best as possible with the request.

- b. Secretary Counsel Reported that Phase I of the Yellow Jacket Study is not complete due to comments and directions from the Colorado River District. Ms. Zagar Brown notified the public present at the December 2011 meeting that the publication of the Phase I Study results will be delayed. The River District is the fiscal agent for the study and two of their rights are being studied. The River District comments focus on the supporting data and ensuring that all of the Scope of Work points are fully addressed. To date these comments have not impacted the Phase I recommendations. Secretary Counsel will meet with the Study consultants and the River District on February 3, 2012 in Glenwood Springs.
  - c. Secretary Counsel tendered her resignation pending appointment of interim/permanent counsel. Ms. Zagar-Brown stated that her resignation is in response to an increase in the Yellow Jacket work load due to the on-going litigation regarding its due diligence filings. The District does not have an administrative staff and historically the position of Secretary-Counsel represented a limited time commitment. The recent increase in work requires more time that Ms. Zagar-Brown's professional schedule will accommodate. Ms. Zagar-Brown stated that she has truly enjoyed her time with Yellow Jacket and it has been a privilege to work with this dedicated Board. Ms. Zagar-Brown will agree to remain in a limited time commitment to see YJ through the next few months and appointment of interim/permanent counsel. The Board reluctantly accepted the resignation and stated their appreciation for her efforts to date.
- XIV. Yampa White Green Roundtable Update:
- a. YJ will need to provide the YJ Study Phase I report to the Roundtable when it is complete and available.
- XV. It was duly moved, seconded and approved to Adjourn the meeting.**

**Yellow Jacket Water Conservancy District  
Board Meeting  
Agenda  
Thursday, February 2, 2012  
3:00 PM to 5:00 PM  
Main Street Building  
Basement Conference Room  
685 Main Street, Meeker, CO 81641**

- I. Call Meeting to Order**
- II. Approve Agenda
- III. Appoint Recording Secretary – Secretary Counsel
- IV. Public Comment – Limited to 2 minutes per speaker
- V. Review & Approve Minutes – December 2011
- VI. Due Diligence Case Update – Appeal to Colorado Supreme Court
  - a. General Update
  - b. Executive Session
- VII. Treasurer’s Report
- VIII. Yellow Jacket Water Storage Feasibility Study
  - a. Secretary-Counsel – Update
- IX. Yampa White Green Roundtable Update
- X. Secretary Council Report:
  - a. General Update
  - b. 2012 Meeting Dates and Locations
- XI. Executive Session
- XII. Adjourn**

**Minutes of the Meeting of the  
Yellow Jacket Water Conservancy District  
Thursday, April 19, 2012  
Rio Blanco County  
Commissioners' Meeting Room  
200 Main Street, Meeker, CO 81641**

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Call to Order

The meeting was called to order at 12:10 p.m.

Roll Call

Directors Present:

Edward Coryell, President  
David Smith, Jr., Vice-President  
Mike Brennan  
Kelly Sheridan  
Gary Dunham  
Benjamin Rogers  
Walter Proctor

Others Present:

Scott Balcomb, General Counsel  
Scott Grosscup, General Counsel  
Kai Turner, County Commissioner

Appointment of Secretary:

Director Coryell appointed Scott Grosscup as secretary of the proceedings.

Approval of Minutes:

Director Brennan moved approval of the minutes of the April 4, 2012 special meeting, director Smith second, all in favor.

Scott Grosscup notified the Directors that the minutes from the March 22, 2012 meeting had not yet been finalized by Trina Zagar-Brown, but that the minutes should be ready for the next meeting.

Approval of Accounts Payable:

Director Brennan indicated that the District had received several checks and that the District has a present account balance of roughly \$11,355.88. He indicated that he had received an invoice from Colorado CPA for audit services and that the District carried a balance on the amount owed to the law firms of White & Jankowski and to Cooley Zagar-Brown. Discussion followed on how much, if any should be paid on these amounts. Director Brennan also discussed that it appeared that property tax revenues were down from prior years.

Director Proctor moved that the District approve payment to: Colorado CPA, \$400; White & Jankowski \$6,500; and Cooley Zagar-Brown \$1,000. Director Smith second, all in favor.

### Update on the Status of the YJWCD Feasibility Study

Scott Grosscup stated that he and Scott Balcomb met with Craig Ullman of Applegate Group, Ray Tenney from the Colorado River Water Conservation District, and Dave Meritt of URS to discuss the most recent draft of the Yellow Jacket water Conservancy District – Water Storage Feasibility Study. The Study looks at the District’s water storage rights to determine which water storage rights will be the best candidates to meet future water needs within the basin. The study identifies energy demands, municipal, agricultural and recreation needs providing the future demand for water. This draft was recently completed and the board requested additional time to review the new report.

### Long Range Planning Discussion

From the description of the Study, Scott Balcomb began the discussion of the District’s Long Range Plan. He said that the District must identify what water supply needs it can satisfy and which uses are feasible to provide service. He questioned whether there was a need for the District to provide a water supply for the energy industry, specifically for the development of oil shale. As identified by Western Resource Advocates, more than 5,000 cfs and 1.1 million acre feet of water rights are decreed for use in oil shale development. Most of these rights are owned by the energy companies. Scott questioned whether these companies would partner with the District to build any storage structures when the companies can do so on their own terms and when the cost of the water development is a limited component of the overall cost of oil shale development.

Scott then discussed some of the history of the District and its water rights. These storage locations were identified by the federal government in the 1950’s when the federal government looked for water storage locations throughout the western United States. Some of the projects identified by the federal government were built in other areas of the state. A number of other projects would be extremely expensive to construct in order to meet the agricultural need. And the agricultural users would not have the means with which to cover the costs of the construction. Thus, a number of water conservancy districts, such as the Basalt Water Conservancy District and West Divide Water Conservancy District have changed their focus from building irrigation canals to developing water marketing plans to meet municipal and domestic needs using those rights. And these and other similar entities, have allowed these conditional water rights to be cancelled.

The discussion then turned to what needs the District could meet. Several directors questioned whether and why the District was portrayed as being tied to oil shale development. Director Smith indicated that he would like to see the feasibility Study consider agricultural releases and to make releases for environmental purposes and maintaining fish flows. The historical position was that industry could help the District pay or share in the cost of building a reservoir to meet those needs and also develop water for industry’s needs. However, present studies suggest that there is a present need for roughly 5,000 acre feet for other, non-industrial uses.

Director Proctor raised a concern that industry would dry-up large amounts of land and transfer water for oil shale reducing stream flows. Scott Balcomb described how such a change would only remove the consumptive use, and should not dry the stream. But such dry-up and removal of family ranches would change the demographics and communities within the District.

Scott Balcomb stated that with the large numbers of water rights decreed for industrial uses, it will be difficult to defend an on-going need for the water rights. While there are a number of ditches with junior enlargement rights that may be curtailed should some of the structures be

developed, the Study references a limited efficiency. Thus, the study contemplates that physical improvements and changes in water management practices may reduce the need for additional water storage.

Discussion followed concerning whether the Study is considering the proper needs of the District and how to re-direct the efforts of the study to evaluate a need and then the proper mechanism to fill that need. Several asked whether the identified non-industrial need of 5,000 acre feet was a reasonable amount and queried the source for this amount and whether a larger storage volume was necessary. The Directors then discussed methods of obtaining the base data and where and how the Study determined needs within the District. The Directors discussed whether to stop work on the Study while they could better identify the need and demand that would be met with water storage.

Commissioner Turner spoke about activities at the Basin Round Table and tools that were being developed by the Colorado Water Conservation Board to better identify needs in the various basins. He also discussed needs within the community including wildlife habitat and the need to identify risks to the community in the water development process. And while there may be a need for water storage in some areas within the District, there must also be a reality check of whether such a project is economically feasible.

Director Proctor remarked that the majority of the discussion concerned water use in Rio Blanco County and questioned whether in the District's long range planning it should also consider limiting the District's boundaries to Rio Blanco County.

A brief recess was taken from 1:20 p.m. to 1:30 p.m.

#### Executive Session

At 1:30 p.m. Director Brennan moved that the Board go into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b) and (e) to confer with its attorney for the purpose of receiving legal advice on a specific legal question and determining positions relative to matters subject to negotiations, Director Proctor second, all in favor.

At 1:57 p.m. the Executive session concluded. The participants in the executive session included those directors present and above counsel who participated by telephone. No party who participated in the Executive Session raised any objection to the matters discussed therein, or stated that any improper action occurred during the Executive Session in violation of the Open Meetings Law.

#### Return to Public Meeting

Director Proctor moved to authorize legal counsel to offer as a settlement of the District's pending diligence cases and appeal before the Colorado Supreme Court in Cases No. 09CW48 and 09CW50 that the District would agree that none of these water rights would be used in or studied for providing water for oil shale development. Director Brennan second, all in favor.

Director Sheridan moved to authorize legal counsel to offer as a settlement of the District's pending diligence cases and appeal before the Colorado Supreme Court in Cases No. 09CW48 and 09CW50 that the District would consider a smaller Sawmill Reservoir. Director Rogers second, motion carried with Director Smith opposing.

Director Dunham moved to appoint Scott Grosscup and Balcomb & Green, P.C., as project manager for purposes of overseeing the District's project feasibility Study. Director Smith second, all in favor.

Director Proctor moved: 1) that the Directors be provided with a copy of the draft Study; 2) that action on the Study be suspended pending Director review; and 3) that Applegate Group and the other consultants, as necessary, be invited to the next District meeting to make a visual presentation of the Study. Director Rogers second, all in favor.

#### Organization Matters

Scott Grosscup asked about the Board's past meeting practices, future place of business and need for additional signatures on checks from the District. Director Brennan indicated that he had been receiving bank statements at his personal P.O. Box.

Director Proctor moved that the District obtain its own P.O. Box for receiving District correspondence, Director Rogers second, all in favor.

The Directors then indicated that they have historically met on a quarterly basis, but the number of special meetings has increased due to present litigation. They also agreed that meeting at the County Commissioner chambers provided a good meeting place, provided that it is available. The Directors also approved posting of meeting notices at the Post Office, court house, and commissioners' office.

The Directors discussed insurance for the Directors, which Scott Grosscup and Scott Balcomb will look into prior to the next meeting.

Director Proctor moved to table discussion of appoint of a secretary, Director Brennan second, all in favor.

#### New Business

Scott Grosscup discussed recent Colorado Supreme Court case that will allow the proponents of two initiatives to go and obtain signatures to place the initiatives on the ballot in November. These initiatives, if adopted, will greatly impact Colorado water law by eliminating the prior appropriation system in favor of the public trust doctrine. This would vest a state entity to determine the best use for water and also allow public access to streams. Scott will continue to monitor and update the Board.

#### Public Comment

Members of the public commented on the meeting. They discussed the desire for greater communication and requests for distribution of meeting materials.

The meeting adjourned at 2:39 p.m.

Read and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2012

Signed: \_\_\_\_\_

Attest: \_\_\_\_\_

**BALCOMB & GREEN, P.C.**  
ATTORNEYS AT LAW

EDWARD MULHALL, JR.

SCOTT BALCOMB  
LAWRENCE R. GREEN  
TIMOTHY A. THULSON  
DAVID C. HALLFORD  
CHRISTOPHER L. COYLE †  
THOMAS J. HARTERT  
CHRISTOPHER L. GEIGER  
SARA M. DUNN  
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†ALSO LICENSED IN OKLAHOMA  
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May 17, 2012

**M E M O R A N D U M**

To: Board of Directors - YJWCD  
From: Scott Balcomb and Scott Grosscup  
Re: Yellow Jacket Water Conservancy District – Water Storage Feasibility

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Dear Directors:

At the next meeting of the Yellow Jacket Water Conservancy District (“YJWCD”), on May 24, 2012, Craig Ullman from Applegate Group, Inc., and Ray Tenney from the Colorado River Water Conservation District (“CRWCD”) will present the Draft Phase I Report on the feasibility of reservoir storage projects. This study project began with the idea that the water rights for the YJWCD and CRWCD could be used to meet or off-set water needs of oil and gas development. More recently, however, the YJWCD has started to re-evaluate the needs of its constituency. This will lead to changes in the report as it moves into the next stages.

The Draft Phase I Report concludes that of the reservoir sites studied, three sites provide the best locations for a water storage project. These include Sawmill, Strawberry Creek and Tom Little reservoir locations. It also recommends evaluation of how to best use the YJWCD’s water rights to their greatest potential, and provides suggestions, should the rights survive the present appeal before the Colorado Supreme Court. The Report relies upon a number of models developed by other consulting groups and state agencies that look at future municipal, agricultural and industrial demands. Demands can vary depending upon the inputs and assumptions used.

As you evaluate the report, remember that the CRWCD is a partner in the study. The CRWCD agreed to act as the fiscal agent for purposes of allocating the funds so long



as storage locations for its rights would also be considered. It, like the Basin Round Table and Colorado Water Conservation Board, are interested in continued evaluation of storage sites for any number of purposes – whether it be for recovery of endangered species, meeting existing needs, or to off-set or meet future anticipated needs.

We have advised the CRWCD and Applegate Group of the YJWCD's present process of re-evaluating the needs of its constituency. This process is likely to result in a much smaller reservoir(s) to meet irrigation, domestic, and some additional industrial needs (excluding major oil shale development). These reduced needs will also require consideration of several variables in the next phase of the study.

*Irrigation efficiencies.* The present model developed in connection with the State of Colorado that was used to identify a present shortage of 1,100 acre feet for agricultural irrigation considers an irrigation efficiency that is greater than present practices. Thus, if efficiencies could be improved, irrigators may be able to do more with less water. It may be possible that irrigation improvements could be less costly overall than construction of a 5,000 or 10,000 acre foot reservoir and still obtain the same result. Increased headgate efficiencies will reduce the amount diverted from the stream and may also allow for increased environmental flows. However, improvements in irrigation efficiencies do come with some costs and they often find resistance from established irrigators.

*Irrigation Reservoir.* The size of a reservoir used primarily for irrigation or municipal storage will also determine the ultimate cost. A reservoir with a small "dead pool" or "conservation pool" will be less expensive than one that is to be a recreational amenity for the community. This needs to be considered when evaluating the reservoir storage size.

An alternative may also be to consider smaller reservoirs that could meet the irrigation demand. Such reservoirs could be located at locations that could not store the amount of water considered by the reservoir sites identified in the Phase I Report. Or it may be possible to enlarge an existing reservoir.

*Yellow Jacket Water Rights.* The Board may also want to consider how the various models use the YJWCD's water rights in calculating the legal supply of water for the storage structures that were studied in Phase I. Consistent with the Board's settlement direction at the last meeting, it may wish to consider directing its consultants to not study the YJWCD's water rights for use in oil shale development. The physical sites may continue to be evaluated using other decreed or un-decreed water rights, or for other uses that the YJWCD wishes to serve.