

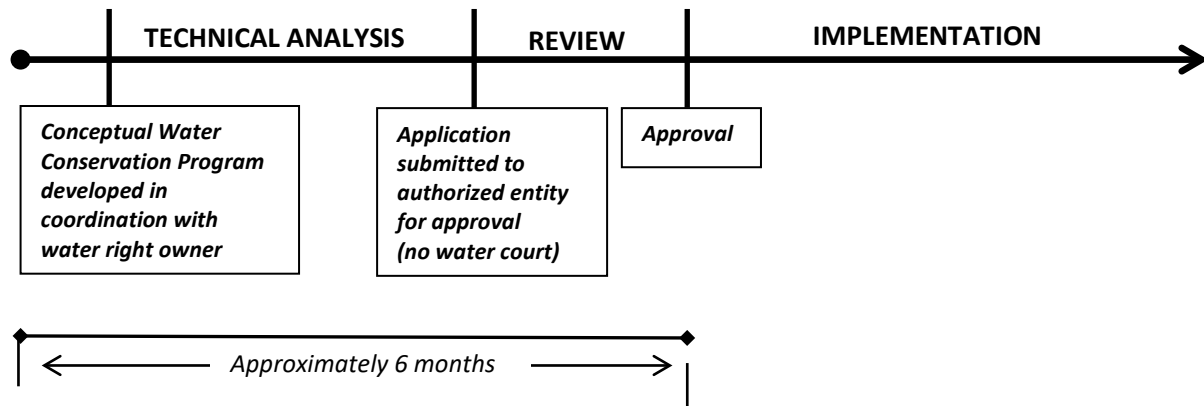


COLORADO WATER TRUST

REQUEST FOR WATER PROCESS LEGAL TOOLS FOR FLOW RESTORATION

1. Water Conservation Program – Section 37-92-305(c), CRS – Voluntary reduction in use or voluntary non-use of water right for 5 years in any consecutive 10-year period. Requires an estimate of the amount of water to be conserved by the project. No Water Court or Division of Water Resources approval required; Water Conservation Programs may be approved by water providers, state agencies and other entities as authorized by the statute. Water Conservation Programs can provide for full season or split-season flow restoration use. Provides great flexibility and protections for the water right owner, but not administrable for instream flow protection. This tool may be used in all water divisions except for Water Division 7. Compensation may be provided based on identified stream flow benefits.

Estimated Project Timeline for Water Conservation Programs

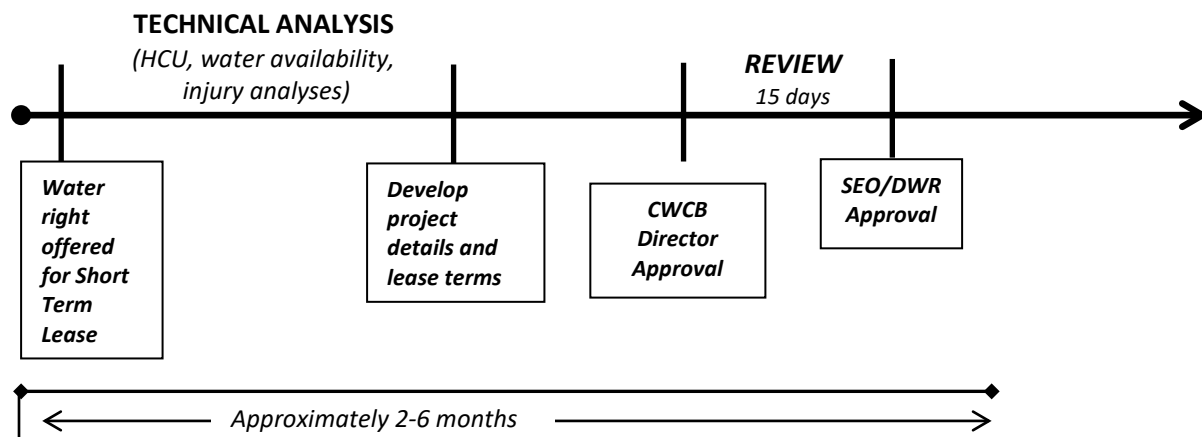


For purposes of strategic planning, it is notable that this tool is used by NGOs and is open to use by other types of applicants as well, but it is not used by the CWCB since it is not an acquisition for instream flow use. The Water Trust has used this tool for the Wheeler Ditch project on the Roaring Fork River, on the San Miguel River together with The Nature Conservancy near the CC Ditch, and on Willow Creek in Grand County. Water Conservation Programs are an important tool for us because project development and administrative approval is relatively quick and easy.

2. Expedited Temporary Instream Flow Lease (Expedited Instream Flow Lease) –

Section 37-83-105(2), CRS – Allows instream flow use for up to one year, for a maximum of 120 days in a calendar year. Can only be used on streams where there is an existing instream flow water right that is water short. Requires a reasonable estimate of computed Historical Consumptive Use and no injury to other water rights. Provides protections against abandonment and diminishment of the water right. Expedited instream flow leases can provide for full season or split-season instream flow use. Leases must be approved by State and Division Engineers, accepted by CWCB Director and confirmed by CWCB Board. (No water court application required). When implemented, water can be protected by CWCB for instream flow use under the priority of the leased water right. Expedited instream flow leases are non-renewable, but may be considered for renewable instream flow leases in future years. If requested, compensation can be provided for leased water.

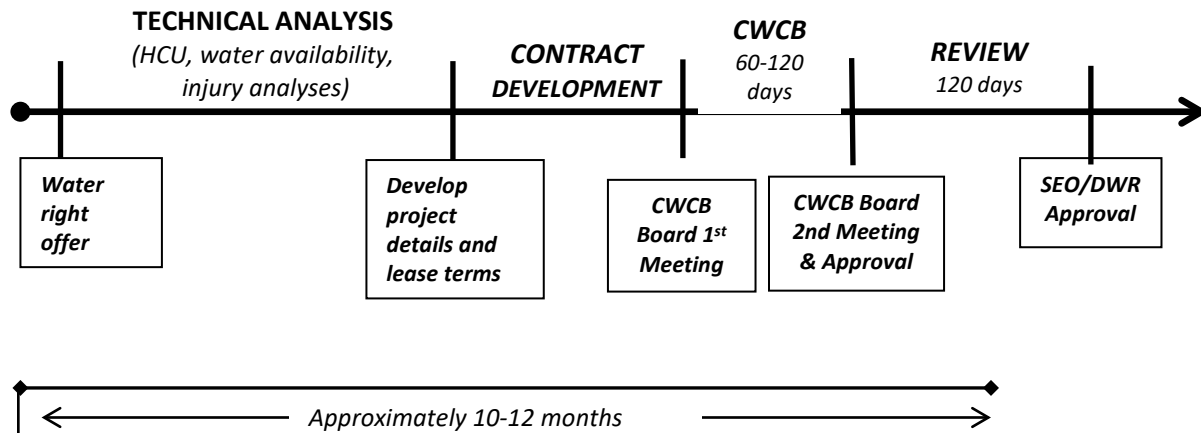
Estimated Project Timeline for Expedited Instream Flow Leases



For purposes of strategic planning, note that Water Trust has used this tool for the Wheeler Ditch project on the Roaring Fork River, on the San Miguel River together with The Nature Conservancy near the CC Ditch, and on Willow Creek in Grand County. Expedited Instream Flow Leases are an important tool for us because approval is relatively quick—at least compared with permanent acquisitions and longer-term loans. This facilitates their use in drought situations or project test-scenarios.

3. Renewable Temporary Instream Flow Lease (Renewable Instream Flow Lease) – Section 37-83-105(2), CRS – Allows instream flow use for up to 5 years in a 10-year period and for no more than 3 consecutive years, for a maximum of 120 days in a calendar year. Can only be used on streams where there is an existing instream flow water right, limited to rates that improve the natural environment. Requires a reasonable estimate of computed Historical Consumptive Use and no injury to other water rights. Provides protections against abandonment and diminishment of the water right. Renewable instream flow leases can provide for full season or split-season instream flow use. Leases require approval by both the CWCB (2-meeting process) and State and Division Engineers. (No water court application required). When implemented, water can be protected by CWCB for instream flow use under the priority of the leased water right. Renewable instream flow leases are renewable for two additional 10-year periods. If requested, compensation can be provided for leased water.

Estimated Project Timeline for Renewable Short Term Leases



4. Long Term Instream Flow Lease – Section 37-92-102(3), CRS – Lease of water rights to CWCB for instream flow use for at least 10 years. Long term leases can provide for full season or split-season instream flow use. Requires historical consumptive use analysis and terms to prevent injury to other water users. Long term leases of water require approval by both the CWCB (2-meeting process) and Water Court. Once approved, water can be administered and protected for instream flow use under the priority of the leased water right. If requested, compensation can be provided for leased water.

5. Water Right Purchase or Donation – Section 37-92-102(3), CRS – A water right purchase or donation permanently changes the water right to include instream flow use by the CWCB. Permanent changes can provide for full season or split-season irrigation and instream flow use. Requires historical consumptive use analysis and terms to prevent injury to other water users. As with Long Term Leases of water, a permanent change of the water right requires approval by both the CWCB (2-meeting process) and Water Court. Once approved, water can be administered and protected for instream flow use under the priority of the acquired water right.

Estimated Project Timeline for Long Term Leases and Permanent Transfers

