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September 24, 2021

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**Re: Board Meeting – Septe 11, 2020**

Dear Directors:

Enclosed are materials for the Board meeting for the Yellow Jacket Water Conservancy District for Thursday, September 30, 2020 at 2:00 p.m. The meeting will be held at the Meeker Library. I look forward to seeing you all again in person.

**Budget.** The materials include a draft budget for 2022. These numbers will be refined as we get closer to the end of year.

**Water Court Cases.** The Dsitrct has three pending water court applciaitons. The cases concern water rights decreed to Sawmill Mountain Reservoir (10,000 AF), Ripple Creek Reservoir (12,500 acre feet) and the North Fork Feeder Conduit (25 cfs). These include two change cases and a diligence application. The State and Division Engineer and the Colorado Water Conservation Board are opposers in the two change cases. Mahogany Energy Resources and Westlands LLC are also opposers in the case to change Ripple Creek Reservoir and the North Fork Feeder Conduit. The Parks and Wildlife Commission is also an opposer to the water court applications.

The Engineers and CWCB have raised a number of issues related to whether the District has demonstrated a need and demand for all of the water rights. And they question whether the District has the ability to construct these reservoirs, which water rights are nearly 50 years old or older. Attached are the most recent letters from theEngineers and CWCB.

The state entities have indicated a willingness to stipulate to the entry of a decree that would result in the District abandoning its conditional water rights in the Ripple Creek Reservoir and North Fork Feeder Conduit and consent to granting of water rights for the change to the Sawmill Mountain Reservoir right at Lake Avery and consenting to a finding of reasonable diligence on that water right.

Proceeding down this settlement path allows the District to focus efforts on a Lake Avery expansion rather than face legal challenges that could potentially result in the cancellation of all of the water rights. To prepare to fight those legal challenges would be expensive and require significant engineering and analysis that would deplete the District's resources.

We will discuss this settlement concept in executive session. I have included a proposed Ruling of Referee that would be the basis for a stipulated ruling in these cases.

Sincerely,



Scott Grosscup