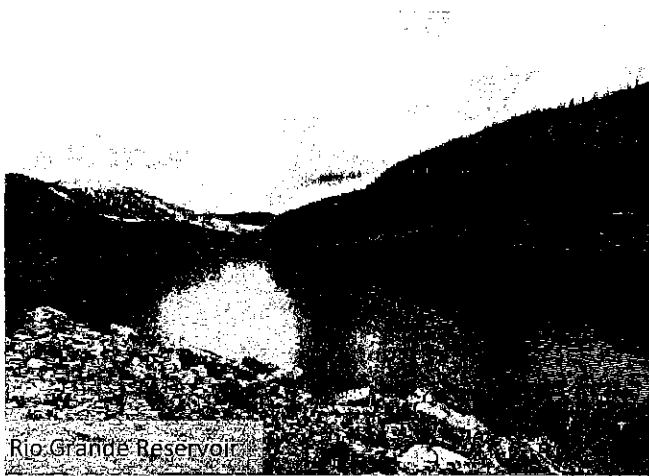


Rio Grande Cooperative Project

The Rio Grande Cooperative Project is a public-private partnership designed to ensure reliable water supplies to meet the future needs of multiple users in the Rio Grande basin. Primarily a joint venture between the San Luis Valley Irrigation District (the District) and Colorado Parks and Wildlife (CPW), the Cooperative Project received initial funding from the Colorado Water Conservation Board (CWCB). Rio Grande Reservoir, the only mainstem pre-compact reservoir in the basin, has a capacity

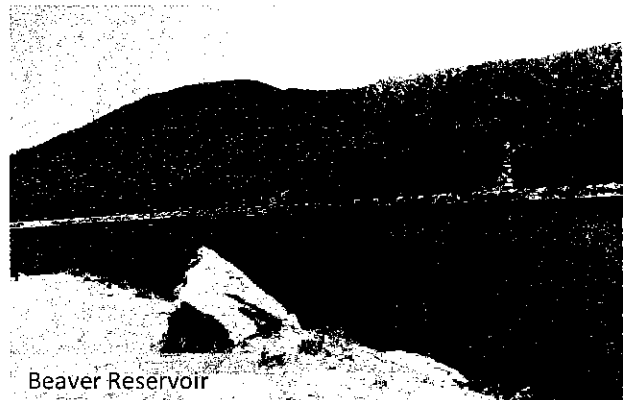


Rio Grande Reservoir

of 54,000 acre-feet. Rio Grande Dam has several dam safety issues related to seepage, spillway capacity and outlet works. The repair of the 100 year old dam, which will ensure the ability to store more water for future use, is estimated to cost 20 to 25 million dollars. CPW owns and uses a number of native and transmountain water rights in the Rio Grande Basin, including Beaver Reservoir, a pre-compact reservoir with a storage capacity of approximately 4,500 acre-feet. Beaver Reservoir is currently under a

storage restriction due to dam safety issues. The cost of repairing Beaver Reservoir is currently being investigated but is estimated to total 16 million dollars. CPW also stores and regulates many of its transmountain water rights in Rio Grande Reservoir.

The Cooperative Project's primary objectives are to store and regulate decreed water rights to better meet irrigation and augmentation demands, maximize the use of CPW water rights, provide storage space in Rio Grande Reservoir for CPW water rights and compact compliance, and provide for environmental enhancement through coordinated releases from both Rio Grande and Beaver Reservoir to improve streamflow,



Beaver Reservoir

wetlands, riparian, fish and wildlife benefits while simultaneously optimizing the yield of basin water resources. It is anticipated these objectives can be accomplished through the repair of Rio Grande and Beaver Reservoirs as well as coordination of future operations both within and between these two reservoirs. Coordinated reservoir operations will result in improved timing of water deliveries in the basin that will benefit all basin water users, including the State of Colorado Department of Natural Resources agencies such as Parks and Wildlife, Division of Water Resources and the CWCB.

