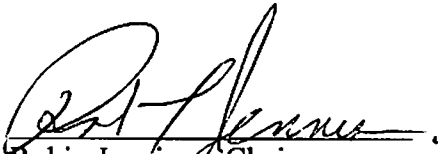


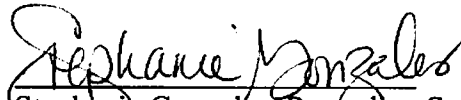
Resolution No. 2006-01
Arkansas River Compact Administration

John Martin Reservoir Permanent Pool Evaporation Method

Be it resolved that the Arkansas River Compact Administration hereby approves the attached recommendation of the Special Engineering Committee with respect to John Martin Permanent Pool Evaporation Method. Be it further resolved that ARCA directs that this recommendation be implemented immediately for all subsequent operations and that this recommendation will be incorporated by future amendment of the Resolution Concerning an Operating Plan for John Martin Reservoir, adopted April 24, 1980 as amended.

Entered this 12th day of December 2006, at the ARCA Annual meeting.


Robin Jennison, Chairman
Arkansas River Compact
Administration


Stephanie Gonzales, Recording Secretary
Arkansas River Compact
Administration

2 of 4 originals

Recommendation A
Special Engineering Committee
October 2006

John Martin Reservoir Permanent Pool Evaporation Method

The Arkansas River Compact Administration (ARCA) created a Special Engineering Committee by means of Resolution No. 2005-1 and directed said Committee to develop recommendations to ARCA which will reduce or eliminate disputes between the States.

Pursuant to said Resolution, Rod Kuharich and Hal Simpson, for Colorado; David Brenn and David Pope, for Kansas; and Robin Jennison, Federal member, ex-officio, were appointed members of the Special Engineering Committee.

Whether evaporation is charged to the Permanent Pool Account pro-rata-by-content with the other accounts or by incremental area was raised as an issue.¹

The ARCA Resolution Concerning John Martin Reservoir Permanent Pool dated August 14, 1976, states in part:

“Whereas operating criteria for a permanent pool have been formulated and are attached herewith as exhibit 1 and assure the owners of water rights in the States of Colorado and Kansas to those waters available to them under the terms of the Arkansas River Compact and under the laws of their respective states;

* * *

NOW THEREFORE BE IT RESOLVED that this compact administration approves the creation in John Martin Reservoir of a permanent pool with Muddy Creek water and adopts the criteria attached herewith as procedures for the operation of John Martin Reservoir.”

The fifth numbered paragraph of the John Martin Permanent Pool Operating Criteria attached as exhibit 1 to the August 14, 1976 Resolution states:

“Net evaporation from the additional reservoir surface area resulting from the addition of the permanent pool to the conservation storage shall be charged against the permanent pool storage. The net evaporation rate shall be seven-tenths of the measured pan evaporation less measured precipitation. During times when no conservation water is in storage, the permanent pool shall be charged with all the evaporation.”

The Resolution Concerning an Operating Plan for John Martin Reservoir, adopted April 24, 1980 as subsequently amended (referred to as the 1980 Operating Plan) provides in Section IV:

¹ This issue has been referenced as Issue #10 in the “Water Issues Matrix” document, JMR Accounting Issues, dated April 2005

"A permanent recreation pool has been authorized by the August 14, 1976, Resolution of the Administration. For purposes of the Resolution, this permanent recreation pool shall be considered a separate account and deliveries made to it are not subject to the transfers provided in Subsection III D, herein. The permanent recreation pool will, however, stand its pro rata share of evaporation as provided in the Administration's Resolution of August 14, 1976."

Additionally, Section II F of the 1980 Operation Plan states:

"Evaporation charges shall be made against water stored in the accounts...using formulas and procedures approved by the Colorado Division Engineer and a representative of the Kansas Division of Water Resources... The evaporation charges shall be prorated amongst conservation storage and the accounts according to the amounts in them."

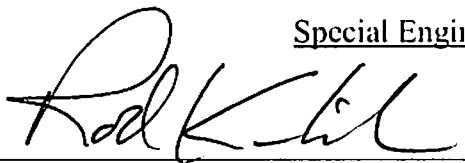
Since the adoption of the 1980 Operating Plan, the evaporation has been charged to all accounts on a pro-rata-by-content basis, including the Permanent Pool Account.

It is the finding of the Special Engineering Committee that the foregoing provisions of the various documents should be consistently interpreted to assess evaporation charges from all accounts within John Martin to be on a pro-rata basis by content, including the Permanent Pool account and recommends the continuation of the practice to charge evaporation to all accounts within John Martin Reservoir on a pro-rata-by-content basis.

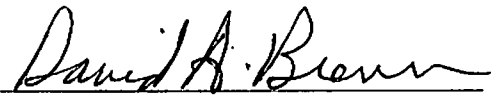
Therefore, it is recommended that ARCA adopt this finding that the assignment of evaporation among all accounts is to be pro-rata-by-content so long as the 1980 Operating Plan is in force.

Further, it is recommended that clarifying language be included in a subsequent amendment of the 1980 Operating Plan.

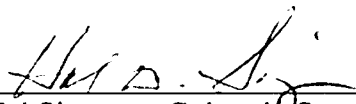
Special Engineering Committee Approval



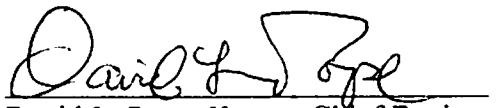
Rod Kuharich, Colorado



David A. Brenn, Kansas



Hal Simpson, Colorado State Engineer



David L. Pope, Kansas Chief Engineer

Date: October 19, 2006

2 of 4 originals