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JAN 24 2008

WATER RIGHTS
SALT LAKE

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January 22, 2008

Jerry Olds, State Engineer
DNR Division of Water Rights
PO Box 146300
Salt Lake City, UT 84114-6300

Dear Mr. Olds,

Please find my letter to PacificCorp attached. I am writing to you to determine the following:

- 1) If I were able to acquire the non-consumptive water right from PacificCorp from the point of diversion above Baker Reservoir to the Veyo Power plant would the Division of Water Rights be willing to accept and hold this right as an instream flow?
- 2) Given the non-consumptive nature of this right, would we be able, once acquired, to run it straight through Baker without losing any of the water to the Baker Reservoir Association? In other words, would the Association have any legal right to that water if it is in the river and not in the ditch? I think you have to consult with your legal staff on this question. As I understand Utah water law an acquired instream flow is only good to the next point of diversion. It would be my intention to acquire the flow for its entire length, but run it in the river instead of the ditch.

On the other hand, I might be willing to negotiate an arrangement with the Baker Reservoir Association in turn for management concessions which benefit the river. This would involve maintaining flows that sustain a naturally reproducing brown trout fishery above and below Baker. These flows would of course consist of the water we're acquiring from PacificCorp.
- 3) What is your understanding of the obligation this transaction would place on PacificCorp to dismantle their current diversion components, specifically the pipe and the ditch?
- 4) To your knowledge are there any other water users that remove water from that portion of PacificCorp's conveyance system that runs from above Baker to the Veyo Power plant? I see that the Veyo Ditch company has a diversion on PacificCorp's ditch in Veyo. Are there other users that withdraw water from this portion of the conveyance system from the Veyo Power plant to Gunlock Reservoir?
- 5) What obstacles occur to you that might prevent this effort from succeeding?

6) Would the Department have a position on this transaction, either supportive or not?

7) Would the Department have funds or be able to obtain funds to participate in the joint acquisition of this water right?

8) If my objective is to establish higher base flows for the Santa Clara in Brookside and from the point of diversion to some point below Veyo, what have I missed?

9) What additional element(s) might you suggest to enhance this transaction and its potential benefits?

I would appreciate your responding to me directly and not copying the obvious interested parties until we determine the viability of this project. If I can develop interest it is clear to you I'm sure that there are numerous affected parties that will have to be contacted and brought on board.

Best regards,



James P McMahon

C: Mike Silva, DNR Division of Water Rights