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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Water Rights

JERRY D. OLDS
State Engineer/Division Director

June 17, 2008

Dear Sir or Madam:

The State Engineer held a public meeting at Enterprise High School on January 10th, 2008 to present economic data and to discuss the basic parameters of a proposed ground-water management plan for the Beryl-Enterprise area. Written comments and questions from the meeting were received until April 30, 2008. I have reviewed these comments and would like to address two concerns that were raised.

First, there is a general consensus that the economic information presented at the meeting was inaccurate because the analysis underestimated the value of irrigated land and the expected total loss in jobs. Based on information provided by the water user community, Dr. John Keith has updated the economic analysis and his final report can be accessed on our website waterrights.utah.gov under the "Meeting" section. A value of \$4,500 dollars per acre for irrigated land is used in the revised analysis and the total potential job loss has been revised to approximately 100 positions. This updated data has been reviewed and will be taken into consideration regarding the gradual implementation of the ground-water management plan.

The second major concern expressed is that the proposed ground-water management plan time frame presented by the State Engineer is overly aggressive and does not provide time for the community to adjust. I recognize that any plan that is adopted will impose some level of economic challenge to the local community. The Utah Ground-water Statue (73-5-15) directs that economic and other impacts to an individual water user or a community caused by implementation of the safe yield limits on withdrawals be considered to determine the timing for the gradual implementation of the ground-water management plan. The statute is clear, however, that the final objective is Safe Yield. Based on the statute and the economic analysis, we believe that a reasonable time frame for the gradual implementation of a ground-water management plan may perhaps be in the range of 40 years. The plan proposed by the State Engineer, in the January meeting after discussions with the Escalante Valley Water Users, allowed 70-90 years to achieve Safe Yield as a compromise due to the concern expressed by the local water users. I believe socio-economic predictions of impacts that far into the future are very hypothetical and may not accurately assess the problem and undermine a realistic solution.



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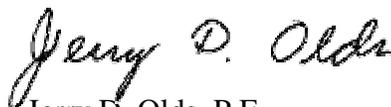
Subject: Enterprise Meeting Response

The purpose of a ground-water management plan is to notify water users and the affected community that there is a problem and provide a realistic plan to correct it. Potential economic impact of inaction over the long-term is likely to be much greater than a gradual and realistic solution that will permanently remove the hydrologic and economic uncertainty presented by the problem.

During the 2008 legislative session, intent language was added to House Bill 2 which states, "The Legislature intends that the State Engineer may not use funds provided by item 200 of Senate Bill 1, 2008 General Session, to change or implement plans for water use in the Beryl-Enterprise area. The Legislature further intends that the State Engineer shall report to the Executive Appropriations Committee all actions to date in the Beryl-Enterprise area." On April 15th I reported to the executive appropriation committee on this issue. I interpret the remaining language to mean the State Engineer is directed to halt work on the development of a ground-water management plan for the Beryl-Enterprise area. Accordingly, this office will perform no additional work after June 30, 2008 and through the 2008-2009 budget cycle, unless directed otherwise by the Legislature.

I have converted the target time periods proposed in the January meeting into dates and posted the proposed plan on the Water Rights Website in an effort to avoid ongoing uncertainty and encourage resolution of this issue. I encourage water users in the Beryl/Enterprise area to continue during the coming year to formalize institutional details which would support the voluntary arrangement they have proposed so that work can move forward when we resume efforts to complete the ground-water management plan. I appreciate those who attended the public meeting, submitted comments, and continue to be involved in the development of the ground-water management plan. Your assistance in resolving this difficult and important issue facing your local community is much appreciated. If you have further questions or comments please do not hesitate to contact this office.

Sincerely,

A handwritten signature in black ink that reads "Jerry D. Olds". The signature is written in a cursive, slightly slanted style.

Jerry D. Olds, P.E.
State Engineer