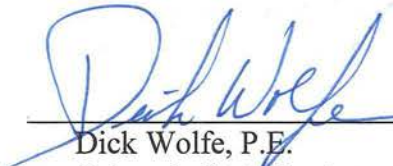


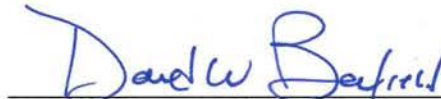
**Permanent Pool Agreement  
for 2017**

The States of Colorado and Kansas (“States”) agree to the delivery of fully consumable water from the Lower Arkansas Water Management Association’s (“LAWMA”) Highland Canal water rights (“Highland Canal Water”) to the Permanent Pool Account in John Martin Reservoir (“Permanent Pool”) under the following conditions:

- 1) The Highland Canal Water may not be delivered to the Permanent Pool pursuant to this agreement until the Arkansas River Compact Administration (“ARCA”) approves the temporary use of the Highland Canal Water as a source of water for the Permanent Pool.
- 2) The State of Colorado and LAWMA shall deliver at least 6,000 acre-feet of fully consumable water to the Offset Account in John Martin Reservoir between January 1, 2017 and November 15, 2017, at least 4,000 acre-feet of which shall be delivered by August 1, 2017. This amount does not include the 500 acre-foot storage charge.
- 3) LAWMA and Colorado Parks and Wildlife must obtain approval for a Substitute Water Supply Plan (SWSP) pursuant to Colorado Revised Statutes §37-92-308(5) prior to delivery of the Highland Canal Water to the Permanent Pool.
- 4) Upon ARCA approval to use the Highland Canal Water as a source of water for the Permanent Pool as described in paragraph 1), above, and SWSP approval in paragraph 3), above, the Highland Canal Water may be delivered to the Permanent Pool on a daily basis to the extent it is not needed to fulfill the commitment made in paragraph 2), above.
- 5) The Highland Canal Water shall not be delivered to the Permanent Pool in months when any portion of the Highland Canal Water is used for in-state replacement.
- 6) Replacement credit will not be claimed as special water input to the H-I Model for the transit losses incurred when the Highland Canal Water is being delivered to the Permanent Pool. LAWMA may claim in-state replacement credit in the monthly accounting maintained by Colorado for unconsumed transit losses allowed by the LAWMA decree or approved Substitute Water Supply Plan.
- 7) The States will continue to work together to:
  - a. Establish a methodology to annually determine LAWMA’s projected depletions, projected replacements, and the amount and sources of water committed to the Offset Account
  - b. Allow the use of the Highland Canal Water as a source of water for the Permanent Pool when the Offset Account is full. When the Offset Account is full, paragraph 2.a of Appendix A.4 of the decree entered in *Kansas v. Colorado*, No. 105, Original provides that there is no obligation to deliver replacement water to the Offset Account under Appendix A.4.
  - c. Determine what replacement credit is allowed for transit losses on Highland Canal Water deliveries to the Offset Account and Permanent Pool.

- d. Examine the potential for exchange from Fort Lyon and Lamar Canal augmentation stations to the Offset Account in lieu of direct delivery to the Stateline, including how the evaporative losses on those exchanged credits are charged.
  - e. Explore how augmentation station deliveries of Granada Irrigation Company shares could be managed to facilitate replacement of in-state and Stateline depletions.
- 8) LAWMA or Colorado Parks and Wildlife, through Colorado Division of Water Resources staff, shall notify the State of Kansas and the ARCA Operations Secretary prior to beginning delivery of the Highland Canal Water to the Permanent Pool.
  - 9) The ARCA Operations Secretary shall keep accurate records of all deliveries into the Permanent Pool, provide such information to the State of Kansas upon request, and include an annual summary of all Permanent Pool operations in his annual report to the Administration.
  - 10) Nothing in this agreement shall be construed to alter in any way the State of Colorado's obligation to maintain compliance with the Colorado-Kansas Arkansas River Compact.
  - 11) This agreement shall not be binding on any future agreements related to the delivery of the Highland Canal Water to the Permanent Pool or to the Offset Account.
  - 12) Approval of this agreement does not waive either State's position on allowable uses of the Highland Canal Water.
  - 13) Approval of this agreement does not waive either State's position concerning the interpretation of Appendix A.4 of the decree entered in *Kansas v. Colorado*, No. 105, Orig.
  - 14) The States agree to review the performance of this agreement at the 2017 ARCA Annual Meeting and to discuss renewal or modifications of the agreement to allow for continued delivery of the Highland Canal Water to the Permanent Pool on a temporary or permanent basis beyond the term of this agreement.
  - 15) This agreement will expire on March 31, 2018.

  
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Dick Wolfe, P.E.  
Colorado State Engineer

  
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David W. Barfield, P.E.  
Kansas Chief Engineer

Date: 3/23/2017

2 of 4 originals