

MEMORANDUM

TO: MELODY RANCH HOMEOWNERS' ASSOCIATION

FROM: Francesca Paolucci-Rice

DATE: February 7, 2011

SUBJECT: Melody Ranch Upper Ranch Water Rights Summary
(Ground and Surface)

CC: Project File; Melody Ranch – Dave Larson, David Quinn

Project No. 00085.09, 00085.22.81, 00085.80

GROUND WATER RIGHTS MELODY RANCH UPPER RANCH:

GROUND WATER SUPPLY FOR RESIDENTIAL LOTS & WATERING OF CERTAIN OTHER AREAS (Reference Jorgensen Associates, P.C. Project 00085.22.81):

- Two wells provide the indicated supply,
Melody Ranch Domestic #1 Well, under Permit U.W. 193269 &
Melody Ranch Domestic #2 Well, under Permit U.W. 193270:
 1. The wells are each permitted as miscellaneous use wells and provide water for potable supply, watering of lawns and landscaping, and fire protection.
 2. The wells are each permitted to supply 400 gpm.
 3. Water from the two wells is commingled and is distributed to lots of the Upper Ranch of the Melody Ranch Planned Unit Development and The Glory View Subdivision. The water is used within the residential lots for general domestic purposes including watering of lawns and landscaping; and within certain recreational open space areas, park, utility, equipment/maintenance, and road lots for watering of lawns and landscaped areas. Lawns and landscaping on the residential lots extend into the adjoining road lots, in most cases, up to the road surfaces.
 4. The aforementioned wells and their distribution system are part of a community water supply system owned and operated by MRDN Corp.

For a graphic representation of the system and areas of use see the *MAP TO ACCOMPANY PROOF OF APPROPRIATION AND BENEFICIAL USE OF GROUND WATER* for the wells prepared under project 00085.22.81 by Jorgensen Associates, P.C.

- Status of well permits - incomplete, but in good standing:
 1. U.W. 6 Forms (Statements of Completion) have been filed with the State Engineer's Office.
 2. The permits allow until December 31, 2011 for the completion of beneficial use for these wells.
 3. U.W. 8 Forms (Beneficial Use Notices) and the Accompanying Beneficial Use Map are prepared and will be submitted to the State Engineer's Office after the disconnect of services from the wells to the Ranch Headquarters Lots 4 and 18 is complete in the spring of 2011 and a final determination is made whether additional supply is required. Toward that end currently, the main meter for the wells is being calibrated in an attempt to reconcile the discrepancy between the amount of water the meter indicates as being pumped and the amount of water individual homeowner meters indicates as being used.

GROUND WATER SUPPLY FOR MOST RESIDENTIAL UNIT ONE RECREATIONAL OPEN SPACES AND MELODY UPPER RANCH NO. 8 THROUGH NO. 15 RESERVOIRS (all within RU1) (Reference Jorgensen Associates, P.C. Project 00085.22.81):

- Two wells, each permitted to supply 600 gpm provide the indicated supply, Melody Ranch RU1 South Irrigation, under Permit U.W. 193271 & Melody Ranch RU1 North Irrigation, under Permit U.W. 193272:

These wells are permitted to supply water for miscellaneous purposes (watering of lawns, native grass areas and landscaping) and for reservoir supply within certain non-residential lots of Residential Unit One as specifically shown on the *MAP TO ACCOMPANY PROOF OF APPROPRIATION AND BENEFICIAL USE OF GROUND WATER* for the wells prepared under project 00085.22.81 by Jorgensen Associates, P.C.

- Status of well permits – incomplete, but in good standing:
 1. U.W. 6 Forms (Statements of Completion) have been filed with the State Engineer's Office;
 2. As the beneficial use map for these wells is the same as that for the Melody Ranch Domestic #1 and #2 Wells, the U.W. 8 Forms (Beneficial Use Notices) for these wells will also be submitted to the State Engineer's Office after the issues discussed above are resolved.
 3. Currently the permits allow until December 31, 2011 for the completion of beneficial use for these wells.

SURFACE WATER RIGHTS MELODY RANCH UPPER RANCH

SURFACE WATER RIGHTS APPURTENANT TO RESIDENTIAL & ROAD LOTS

(Reference Jorgensen Associates, P.C. 00085.80.83):

- Surface water rights have been voluntarily abandoned from road lots of:
 1. Melody Ranch Residential Unit One First Filing, Plat 858
 2. Melody Ranch Residential Unit One Second Filing, Plat 863
- According to the records of the State Engineer's Office, all other road lots and all residential lots within the Melody Ranch Upper Ranch have surface water rights under historical permits. However, upon development of the lots, the developer's intent was to remove those surface water rights from the lots either by voluntary abandonment or transfer to other uses or places of use, as was noted on the Melody Upper Ranch subdivision plats and in subsequent deeds to the majority of the lots. A

submittal to the State Engineer's Office in 2006 made to accomplish the intended abandonments and transfers was denied based on the State's refusal to recognize the notice given by the plat and the deeds, and the State's contention that a Petition to the Board of Control is the only means to remove rights from a property, which after conveyance requires the consent of the current owner.

The status of the rights remains questionable as no water distribution system is in place to allow for supply under the historical rights, and water under the rights has not been applied to the lots for at least five years. To clear the status of the rights in the State Records, voluntary abandonment of the rights is being pursued. Jorgensen Associates, P.C. has prepared the petition and accompanying map necessary to effect this voluntary abandonment. It is currently under final review and should be submitted to the State Engineer's Office by the end of February 2011.

The *MAP TO ACCOMPANY PETITION TO THE STATE BOAERD OF CONTROL FOR VOLUNTARY ABANDONMENT* prepared under Jorgensen Associates Project 00085.80.83 provides a graphic representation of the areas requested for voluntary abandonment.

SURFACE WATER RIGHTS FOR RESERVOIRS

(Reference Jorgensen Associates, P.C. 00085.80.82):

- Fifteen reservoirs (ponds) are permitted in the Upper Ranch:
 - Melody Upper Ranch No. 1 Reservoir, Permit No. 12778R
 - Melody Upper Ranch No. 2 Reservoir, Permit No. 12779R
 - Melody Upper Ranch No. 3 Reservoir, Permit No. 12780R
 - Melody Upper Ranch No. 4 Reservoir, Permit No. 12781R
 - Melody Upper Ranch No. 5 Reservoir, Permit No. 12782R
 - Melody Upper Ranch No. 6 Reservoir, Permit No. 12783R
 - Melody Upper Ranch No. 7 Reservoir, Permit No. 12784R
 - Melody Upper Ranch No. 8 Reservoir, Permit No. 12770R
 - Melody Upper Ranch No. 9 Reservoir, Permit No. 12771R
 - Melody Upper Ranch No. 10 Reservoir, Permit No. 12772R
 - Melody Upper Ranch No. 11 Reservoir, Permit No. 12773R
 - Melody Upper Ranch No. 12 Reservoir, Permit No. 12774R
 - Melody Upper Ranch No. 13 Reservoir, Permit No. 12775R
 - Melody Upper Ranch No. 14 Reservoir, Permit No. 12776R
 - Melody Upper Ranch No. 15 Reservoir, Permit No. 12777R
- Status of Reservoir Permits – unadjudicated, but in good standing
- Outstanding Issues: while the ground water supply for the reservoirs receiving that supply (Nos. 8-14 Reservoirs) is in order, each of the fifteen reservoirs also receive surface water supply through existing ditches. The rights necessary for the reservoirs to be supplied by surface water have not been established. In 2006 an attempt to establish these rights was stalled because it was linked to petitions for changes to rights on certain residential lots that were denied by the State Engineer's Office. Denial was a result of a misunderstanding regarding the process necessary to accomplish removal of rights from those lots. (See further explanation above under the Surface Water Rights Appurtenant to Residential and Road Lots heading.)
 1. Supply for Melody Upper Ranch Nos. 1 – 7 Reservoirs within RU2 (out of East Side Ditch) will be accomplished by the transfer of 2.80 acres of rights from Lot 4, and 18.
 2. Supply for Melody Upper Ranch Nos. 8-10 Reservoirs within RU1 (out of Wilson & Cheney Ditch) will be accomplished by the transfer of 4.2 acres from agricultural use Lot 17.

3. Supply for Melody Upper Ranch Nos. 11-15 Reservoirs within RU1 (out of Wilson Ditch) will be accomplished by the transfer of 21.0 acres from recreational open space lots.

Jorgensen has prepared a Petition to the State Board of Control and an accompanying map that will effect the changes required to establish surface water supply for the reservoirs. It is currently under final review and should be submitted to the State Engineer's Office by the end of February 2011.

The *MAP TO ACCOMPANY PETITION TO THE STATE BOARD OF CONTROL FOR CHANGES OF TYPE OF USE, CHANGES OF PLACE OF USE AND VOLUNTARY ABANDONMENT* prepared under Jorgensen Associates, P.C. project 00085.80.82 provides a graphic representation of the changes requested to allow for surface water supply to the Melody Ranch reservoirs.

SURFACE WATER SUPPLY FOR RECREATIONAL OPEN SPACE AREAS

There are currently surface water rights for these lots, which have not been used for some time as the lots are now watered by the Melody Ranch RU1 South Irrigation Well and the Melody Ranch RU1 North Irrigation well as explained above.

Most of the surface water rights, as shown on the attached *MAP TO ACCOMPANY PETITION TO THE STATE BOARD OF CONTROL FOR CHANGES OF TYPE OF USE, CHANGES OF PLACE OF USE AND VOLUNTARY ABANDONMENT* prepared under Jorgensen Associates, P.C. project 00085.80.82, will be transferred from the meadow lands of the recreational open space lots to the reservoirs on those lots.