

**SURFACE WATER CREDIT CALCULATIONS
RULES AND REGULATIONS**

7.01. Purpose. The purpose of this Section of the Rules and Regulations is to provide the manner by which the Board of Managers will determine the surface water credit, which is defined in § I.L of the Plan of Water Management for Special Improvement District No. 1 of the Rio Grande Water Conservation District. The basic premise for the calculation of the variable fee is described in § IV.B and the basic structure of the calculation of the variable fee and the determination of the surface water credit is described in § IV.B.2 of the Plan of Water Management.

7.02. Sample Calculations. The actual sample calculations for making the surface water credit calculation are defined in Appendix 2 to the Plan of Water Management for Special Improvement District No. 1 of the Rio Grande Water Conservation District.

7.03. Surface Water Irrigation. Only surface water that is used for recharge will be the subject of these regulations. Surface water that has been consumed through direct irrigation will be deducted from any surface water credit. The calculations described in Appendix 2 to the Plan of Water Management will be used in determining those values.

7.04. The surface water credit in acre feet, will be derived based upon the information provided by each of the ditch companies defined in § IV.B.2.a of the Plan of Water Management. First, upon receipt of the information concerning of the amount of water allocated to each farm unit within the Subdistrict the Manager will make a determination of the amount of direct irrigation that occurred and the amount consumed in direct irrigation will first be subtracted. Second, the amount of water pumped from wells within the farm unit will be deducted from the surface water credit. If the amount of pumping within a farm unit exceeded the surface water

credits, no further steps are taken and the Annual fee will be calculated based on the amount determined using the foregoing calculation.

7.05. Election. In the event the calculation described in Appendix 2 and stated generally in 7.04 above results in a surface water credit, the Manager acting on behalf of the Board of Managers will inform the farm unit owner of the amount of the surface water credit. The owner/operator of the farm unit accumulating the surface water credit will then be given two weeks to make an election whether or not to make the surface water credit available for exchange, trade, lease or sale to other well water owners within the Subdistrict or to carry the credit over until the next year to offset subsequent pumping. If the election is made to offset pumping in a subsequent year the Subdistrict will maintain a credit balance for the farm unit operator on its books. If no election is made, the default position will be that surface water credit will be carried over to offset pumping in the subsequent year. If the surface water credit election is made to exchange, trade, lease or sell to other well water users within the Subdistrict the surface water credit will be tabulated with all other surface water credits available. The Board of Managers will prepare a list or tabulation of all surface water credits available for exchange, trade, lease or sale in the following year. The tabulation will be announced in the manner described in 7.07 below. The announcement will occur no later December 1 of each year.

7.06. Market of Credit. Following the report of available surface water credit for exchange, trade, lease or sale, a private transaction will occur between the holder of the excess surface water credits and any other well water users within the Subdistrict interested in purchasing the same on a willing seller-willing buyer basis at prices to be determined by each transaction. The transactions will be the responsibility of the individual sellers and purchasers

but must be reported to the Subdistrict as part of each of the purchasing water user's annual farm unit data by April 15 of each Plan Year.

7.07. Publication. The publication of the excess surface water credit information will occur by 1) posting the information on the District website; 2) a copy of the information will be provided on request. The information provided will be provided as a courtesy and will be the best available.

7.08. Contract Wells. Well owners that have valid contracts with the Subdistrict and which have surface water that is eligible for treatment under these rules shall be treated, for purposes of the calculation described in this Section, the same as a Subdistrict well owner.