Exhibit C
Chapter 4 (Development in Areas with Natural Resources of Statewide Importance)

Submission Requirements

(1) An abstract of the proposal indicating the scope and need for the major development;

See the Application paragraph 2.

(2) Preliminary review and comment on the proposal by the appropriate agency of the Colorado Department of Natural Resources and/or the Colorado Department of Public Health & Environment, as applicable;

N/A

(3) For the purpose of assisting in evaluation of the applicant's selected development alternative only, a listing of alternative development and general degree of feasibility of each or, at the option of the applicant, the environmental analyses, assessments and statements developed under any required review pursuant to the National Environmental Policy Act (NEPA);

ARF bought the Project farms and water rights from Pure Cycle Corporation in a block. No similar-sized block of farms is available for purchase in Bent County so no alternatives were considered. No NEPA review is required for the Project because no federal action is implicated.

(4) Proponents of proposal:

(a) Names and addresses of all interests proposing the activity.

(b) Name and qualifications of the person(s) responding to the requirements detailed in these Regulations.

(a) Arkansas River Farms, LLC
1400 16th St., Suite 320
Denver, CO 80202

Lower Arkansas Water Management Association
310 S. 6th Street
Lamar, CO 81052

(b) Counsel for ARF
Steve Sims
410 17th St., Suite 2200
Denver, CO 80202

Counsel for LAWMA
Richard Mehren
2595 Canyon Blvd, Suite 300
Boulder, CO 80302

ARF Representatives
Aaron Patsch
1400 16th St., Suite 320
Denver, CO 80202

LAWMA Representative
Donald F. Higbee
(same address as LAWMA)
Karl Nyquist
7991 Shaffer Pkwy, Suite 200
Littleton, CO 80127

(5) Scope of proposal:

(a) Describe the source and rights for any water subject to transfer by decree as a part of
the development, including a copy of the transfer decree;

I. Source of Water

Water for the Project and LAWMA augmentation supply will come from shares in the Fort Lyon
Canal Company. LAWMA will file a change of water right application in the next 15 months.
The Company diverts water from the following sources:

1. The Fort Lyon Company owns three direct-flow water rights originally decreed in the
   District Court for Bent County, Colorado, on April 8, 1905, and more particularly described
   as follows: The first water right is for 164.64 cubic feet per second (“cfs”) from the
   Arkansas River with an appropriation date of April 15, 1884. The second water right is for
   597.16 cfs from the Arkansas River with an appropriation date of March 1, 1887. The third
   water right is for 171.20 cfs from the Arkansas River with an appropriation date of August
   31, 1893. These water rights total 933 cfs.

2. The Fort Lyon Company also owns water rights to divert and store water in Horse Creek and
   Adobe Creek Reservoirs. These water rights were decreed in the District Court for Bent
   County, Colorado, on November 8, 1928, and are summarized in Table 2 below.

Table 3
Storage Rights – Horse Creek Reservoir and Adobe Creek Reservoir

<table>
<thead>
<tr>
<th>Identification of Water Right</th>
<th>Amount</th>
<th>Source</th>
<th>Appropriation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horse Creek Reservoir</td>
<td>2,000 cfs</td>
<td>Horse Creek</td>
<td>Aug. 15, 1900</td>
</tr>
<tr>
<td>Original Construction</td>
<td>840 cfs</td>
<td>Arkansas River</td>
<td>Jan. 25, 1906</td>
</tr>
<tr>
<td></td>
<td>1,466 cfs</td>
<td>Arkansas River</td>
<td>Mar. 1, 1910</td>
</tr>
<tr>
<td></td>
<td>11,400 af</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Horse Creek Reservoir</td>
<td>840 cfs</td>
<td>Horse Creek</td>
<td>Jan. 25, 1906</td>
</tr>
<tr>
<td>1st Enlargement</td>
<td>5,000 cfs</td>
<td>Horse Creek</td>
<td>Dec. 20, 1907</td>
</tr>
<tr>
<td></td>
<td>1,466 cfs</td>
<td>Horse Creek</td>
<td>Mar. 1, 1910</td>
</tr>
<tr>
<td></td>
<td>15,487 af</td>
<td>Arkansas River</td>
<td></td>
</tr>
<tr>
<td>Horse Creek Reservoir</td>
<td>5,000 cfs</td>
<td>Horse Creek</td>
<td>Jun. 12, 1908</td>
</tr>
<tr>
<td>2nd Enlargement</td>
<td>840 cfs</td>
<td>Horse Creek</td>
<td>Jun. 12, 1908</td>
</tr>
<tr>
<td></td>
<td>1,466 cfs</td>
<td>Horse Creek</td>
<td>Mar. 1, 1910</td>
</tr>
<tr>
<td></td>
<td>1,113 af</td>
<td>Arkansas River</td>
<td></td>
</tr>
<tr>
<td>Adobe Creek Reservoir</td>
<td>8,631 cfs</td>
<td>Adobe Creek</td>
<td>Jan. 25, 1906</td>
</tr>
<tr>
<td>Original Construction</td>
<td>840 cfs</td>
<td>Adobe Creek</td>
<td>Jan. 25, 1906</td>
</tr>
<tr>
<td></td>
<td>1,466 cfs</td>
<td>Arkansas River</td>
<td>Mar. 1, 1910</td>
</tr>
<tr>
<td></td>
<td>61,575 af</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Additionally, the Fort Lyon Company owns two water rights associated with Thurston Reservoir, a/k/a Thurston Lake, as follows: The first water right is for storage of 1,515 acre-feet ("af") of water in Thurston Reservoir, with said water diverted from the Arkansas River into the FLCC main canal at a rate of up to 355.20 cfs. This water right was originally decreed for Prince Reservoir in the District Court for Bent County, Colorado, on April 8, 1905. The water right was conditionally transferred to Thurston Reservoir in 1972 in Case No. W-27, Water Division 2, and made absolute in 1979 in Case No. 79CW085, Water Division 2. The second water right is a direct-flow water right for the Thurston Pipeline, which was decreed in Case No. W-27, Water Division 2, to divert 25 cfs from Thurston Reservoir into the FLCC’s main canal, with an appropriation date of July 15, 1969. The source of water is Thurston Lake, a/k/a Thurston Reservoir, whose water is accumulated from springs in said lake, seepage flowing into the lake from all sides thereof, waste water from a canal of the Fort Lyon Company, rainfall, and waste water flowing in the lake from land of owners adjoining the lake; said water is not tributary to any natural stream of the State of Colorado. In Case No. 83CW119, Water Division 2, 6.68 cfs of the 25 cfs decreed to the Thurston Pipeline was made absolute, and in Case No. 10CW69, Water Division 2, the remaining 18.32 cfs was made absolute.

4. In addition to its direct-flow and storage rights described in Recitals D, E, and F above, the Fort Lyon Company owns, controls, and/or operates the water rights and water supply agreements summarized in Table 3 below.

<table>
<thead>
<tr>
<th>Identification of Water Right</th>
<th>Case Number</th>
<th>Amount</th>
<th>Storage/Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amity Mutual Irrigation Company – Queen Reservoir</td>
<td>80CW019 89CW076</td>
<td>5,483 af</td>
<td>Queen Reservoir, Horse Creek Reservoir, Adobe Creek Reservoir, John Martin Reservoir</td>
</tr>
<tr>
<td>John Martin Reservoir Change</td>
<td>79CW160 79CW161 80CW051</td>
<td>Cumulative 5,000 af</td>
<td>Horse Creek Reservoir, Adobe Creek Reservoir, Queen Reservoir</td>
</tr>
<tr>
<td>Change in Diversion Point</td>
<td>79CW178</td>
<td>933 cfs</td>
<td>Horse Creek Reservoir, Adobe Creek Reservoir, John Martin Reservoir</td>
</tr>
<tr>
<td>Winter Water Storage Program</td>
<td>84CW179</td>
<td>38,160 af of the first 100,000 af and 38.16% of all water over 103,106 af</td>
<td>Horse Creek Reservoir, Adobe Creek Reservoir, Thurston Reservoir</td>
</tr>
<tr>
<td>John Martin Reservoir Exchange</td>
<td>90CW047</td>
<td>Absolute: flow rate 544 cfs, annual limit 15,288.95 af Conditional: 606 cfs</td>
<td>John Martin Reservoir</td>
</tr>
<tr>
<td>John Martin Operating Plan 1980</td>
<td>Arkansas River Compact Administration April 24,</td>
<td>20,000 af</td>
<td>John Martin Reservoir</td>
</tr>
</tbody>
</table>
The foregoing identification of the Fort Lyon Company’s water rights is based on the Parties’ current information and is not intended to exclude any other water rights that the Fort Lyon Company may own or control.

II. **Location of dry-up farms and numbers of associated FLCC Shares involved:**

The FLCC Shares historically have been used along the Fort Lyon Canal from Bent County Road 1 on the west to Bent County Road 35 to the east. Applicants have recorded voluminous dry-up covenants and assignments of dry-up covenants. Applicants added recording information about the dry-up covenants in Exhibit X. The Applicants also attached a sample of a representative dry-up covenant as Exhibit T. In the event that after reviewing this information, the County seeks to review specific dry-up covenants associated with any farm, they may further request those specific documents.

The 28 dry-up farms that are part of this application, and the numbers of shares historically used to irrigate those farms, are described as follows:

i. Farm No. 1. Approximately 165 acres generally located in the NW ¼ of Section 25 and the NE ¼ of Section 26, Township 22 South, Range 51 West in Bent County, Colorado. Historically irrigated by 204 of the FLCC Shares.

ii. Farm No. 2. Approximately 92.3 acres generally located in the SE ¼ of Section 23, Township 22 South, Range 51 West in Bent County, Colorado. Historically irrigated by 144 of the FLCC Shares.

iii. Farm No. 13. Approximately 105.7 acres generally located in the SE ¼ of Section 29, Township 22 South, Range 52 West in Bent County, Colorado. Historically irrigated by 188 of the FLCC Shares.

iv. Farm No. 14. Approximately 150.6 acres generally located in the S ½ of the NW ¼ and the SW ¼ of Section 19, Township 22 South, Range 49 West in Bent County, Colorado. Historically irrigated by 118 of the FLCC Shares.

v. Farm No. 19. Approximately 189.1 acres generally located in the E ½ of Section 17, Township 22 South, Range 51 West in Bent County, Colorado. Historically irrigated by 288 of the FLCC Shares.

vi. Farm No. 21. Approximately 55.1 acres generally located in the N ½ of the SE ¼ of Section 20, Township 22 South, Range 51 West in Bent County, Colorado. Historically irrigated by 162 of the FLCC Shares.
vii. Farm No. 22. Approximately 74.6 acres generally located in the N ½ of the SE ¼ and the NE ¼ of the SW ¼ of Section 31, Township 22 South, Range 51 West, in Bent County, Colorado. Historically irrigated by 101 of the FLCC Shares.

viii. Farm No. 23. Approximately 4.1 acres generally located in the S ½ of the S ½ of Section 31, Township 22 South, Range 51 West, in Bent County, Colorado. Historically irrigated by 245 of the FLCC Shares.

ix. Farm No. 25. Approximately 462 acres generally located in the NW ¼, the W ½ of the NE ¼, and the S ½ of Section 11; and in the S ½ of Section 2, all in Township 22 South, Range 48 West, in Bent County, Colorado. Historically irrigated by 322 of the FLCC Shares.

x. Farm No. 27. Approximately 366.5 acres generally located in the W ½ of Section 26 and the NE ¼ of Section 35, Township 22 South, Range 51 West, in Bent County, Colorado. Historically irrigated by 660 of the FLCC Shares.

xi. Farm No. 30N. Approximately 94.1 acres generally located in the NW ¼ of Section 1, Township 22 South, Range 48 West in Bent County, Colorado. Historically irrigated by 88 of the FLCC Shares.

tii. Farm No. 33. Approximately 107.3 acres generally located in the E ½ of Section 27; and the N ½ of the NE ¼ of Section 34, all in Township 22 South, Range 51 West, in Bent County, Colorado. Historically irrigated by 104 of the FLCC Shares.

xiii. Farm No. 36. Approximately 147.1 acres generally located in the SW ¼ of Section 14, Township 22 South, Range 51 West in Bent County, Colorado. Historically irrigated by 212 of the FLCC Shares.

xiv. Farm No. 37. Approximately 153.5 acres generally located in the E ½ of Section 10, Township 22 South, Range 48 West, in Bent County, Colorado. Historically irrigated by 144 of the FLCC Shares.

xv. Farm No. 39N. Approximately 234.3 acres generally located in portions of Section 12 and 24, Township 22 South, Range 49 West in Bent County, Colorado. Historically irrigated by 191 of the FLCC Shares.

xvi. Farm No. 41. Approximately 115.2 acres generally located in the SE ¼ of Section 24, Township 22 South, Range 50 West in Bent County, Colorado. Historically irrigated by 79 of the FLCC Shares.

xvii. Farm No. 42. Approximately 155.2 acres generally located in the W ½ of Section 28, Township 22 South, Range 48 West, in Bent County, Colorado. Historically irrigated by 166 of the FLCC Shares.
xviii. Farm No. 53. Approximately 143.5 acres generally located in the E ½ of the SE ¼ of Section 27 and the NW ¼ of Section 34, Township 22 South, Range 48 West in Bent County, Colorado. Historically irrigated by 170 of the FLCC Shares.

xix. Farm No. 54B. Approximately 159.2 acres generally located in the SE ¼ of Section 19, Township 22 South, Range 49 West, in Bent County, Colorado. Historically irrigated by 80 of the FLCC Shares.

xx. Farm No. 57. Approximately 63.9 acres generally located in the SW ¼ of Section 6, Township 23 South, Range 53 West, in Bent County, Colorado. Historically irrigated by 83 of the FLCC Shares.

xxi. Farm No. 58. Approximately 144.2 acres generally located in the S ½ of the NE ¼, and the SE ¼ of Section 18, Township 22 South, Range 49 West, in Bent County, Colorado. Historically irrigated by 116 of the FLCC Shares.

xxii. Farm No. 59. Approximately 64.5 acres generally located in the SW ¼ of Section 28, Township 22 South, Range 51 West, in Bent County, Colorado. Historically irrigated by 144 of the FLCC Shares.

xxiii. Farm No. 64. Approximately 198.1 acres generally located in the N ½ of Section 32 and the NW ¼ of Section 33, Township 22 South, Range 48 West, in Bent County, Colorado. Historically irrigated by 224 of the FLCC Shares.

xxiv. Farm No. 65. Approximately 155.7 acres generally located in the SE ¼ of Section 25, Township 22 South, Range 49 West, in Bent County, Colorado. Historically irrigated by 144 of the FLCC Shares.

xxv. Farm No. 110. Approximately 218.5 acres generally located in the S ½ of the SW ¼ and in the SE ¼ of Section 11, Township 21 South, Range 48 West, in Bent County, Colorado. Historically irrigated by 152 of the FLCC Shares.

xxvi. Farm No. 114. Approximately 225.5 acres generally located in the N ½ of Section 11, Township 21 South, Range 48 West in Bent County, Colorado. Historically irrigated by 144 of the FLCC Shares.

xxvii. Farm No. 127. Approximately 95.2 acres generally located in the W ½ of the SW ¼ of Section 19, Township 22 South, Range 48 West in Bent County, Colorado. Historically irrigated by 72 of the FLCC Shares.

xxviii. Coen Farm. Approximately 152.8 acres generally located in the SW ¼ of Section 26 and the E ½ of Section 27, Township 22 South, Range 48 West in Bent County, Colorado. Historically irrigated by 144 of the FLCC Shares.
(b) Describe existing water utilization including historic yield from rights and use by category such as agricultural, municipal and industrial and supply obligations to other systems; and

Under its 2017 augmentation plan and Rule 14 plan, LAWMA will deliver approximately 23,822 acre-feet of augmentation and replacement water to the Arkansas River system. Of the approximately 684 LAWMA structures augmented under the augmentation plan and Rule 14 plan in 2017, 505 (approximately 74%) are agricultural irrigation wells, 69 (approximately 10%) are municipal wells, 59 (approximately 9%) are commercial wells, and the remainder are gravel pits, ponds, and wells pumped for other purposes. The Rule 14 plan and supporting reports are in Exhibit V.

(c) Provide a description and sufficiently detailed engineering plans and specifications, prepared by a registered professional engineer, of the proposed construction of structures, buildings and improvements associated with the project and the financial, environmental and social impacts thereof on the community or surrounding areas within the development area and source development area.

The engineering plans and specifications are too voluminous to attach, they may be accessed by the following drop box link:

https://www.dropbox.com/sh/xiefnsle9fk6c26/AABrtlzbDptQvP_-MxKesGZFa?dl=0

If the link does not work, contact Applicant and they will produce hard copies.

Exhibits L and Y concern financial impacts, the response to criterion 6 addresses the lack of environmental impacts and there are no social impacts.

(6) Environmental impact analysis:

(a) Land Use:

(i) Provide a map (at an appropriate scale) detailing existing land uses of the development area which may be impacted. The land use map should include, but not necessarily be restricted to the following categories: residential, commercial, industrial, open space, outdoor recreation, agricultural, forest land and water bodies (surface and subsurface);

Please see Exhibit K-1.

(ii) All immediately affected public land boundaries should be indicated on the map. Potential impacts of the proposed development upon public lands will be visually illustrated on the map as well as described in textual form;

Please see Exhibit K-1.
(iii) Specify whether the proposed development conforms to this County's planning policies, including, without limitation, the Bent County Comprehensive Plan;

The development conforms to the County’s planning policies, including the Comprehensive Plan, because the development will preserve the agricultural base of the County. It will do so by increasing crop production on the ARF farms, by bringing in a large dairy that will be a local buyer for Bent County-produced agricultural products, and by enabling LAWMA to increase the amount of water allocated to its members for agricultural irrigation use in the County.

(iv) Describe the relationship, if any, of the proposed development to formally adopted regulations and policies of federal, state, regional or county governments, which regulations or policies would govern the use of land or water resources impacted by the project;

N/A

(v) Describe the present use and zoning of the land in the development area;

Currently, all the dry-up farms are designated as Agricultural Zoning in Bent County. This will not change after the project is completed.

(vi) Describe the agricultural productivity capability of the land in the development area (NRCS classification);

The Crop irrigation requirement information for the historically irrigated acres is contained in Hendrix Wai Engineering’s report that was filed in support of the application for Rule 14 plan. That report is part of Exhibit V.

See the materials in Exhibit K. Exhibit K contains the following information:

- K-1 ARF Reveg-Dryland Farm Location Map
- K-2 List of ARF reveg farms
- K-3 List of ARF dryland farms
- K-4 ARF Revegetation activity
- K-5 ARF Dryland Farm activity
- K-6 Reveg Soil Profile Maps
- K-7 Dryland Soil Profile Maps
- K-8 FSA Reveg Map
- K-9 FSA Dryland Map
- K-10 Revegetation Grass Mix
- K-11 Crop Consultant Report

(vii) Describe the potential adverse impact of the proposed development on the soil of the source development area, including impact upon soil productivity, potential soil loss from air or water erosion, and degradation from susceptibility to noxious weed invasion.
As required by the FLCC Board approval of the proposed change of use of the FLCC shares and by the dry-up covenants that ARF has given or will give to LAWMA for the dry-up farms, ARF will implement revegetation and dry-land farming practices to prevent soil degradation or loss, blowing dust, and development of noxious weeds. Therefore, there will be no adverse impacts on the dry-up farms’ soil.

(b) Water Resources

(i) Describe and indicate on an appropriate map relevant surface water bodies (streams, lakes and reservoirs) and groundwater aquifers in the source development area and their uses;

Please see Exhibit K-1.

(ii) On the same, or other appropriate map, indicate any floodplain associated with the proposed development. Documentation of historical flooding activity should be included;

N/A

(iii) Describe potential effects of the proposed development on eutrophication, wasteload allocations and water quality of rivers, streams, aquifers and/or any existing or proposed reservoirs in this County;

The development will cause no such effects.

(iv) Describe potential effects of the proposed development on the above-described water features in the source development area, including the effects on present water quality and current uses. Include a detailed statement of impacts of the proposed project upon water quality standards including, but not limited to antidegradation standards, and all applicable basic or numeric standards for physical, biological, organic, inorganic, and metals pollutants; and

Please see the map attached as Exhibit K-1. LAWMA’s diversion of water available to the FLCC Shares will have no adverse effect on the water features shown on Exhibit K-1. Historical diversions and return flows, including groundwater return flows, associated with the use of the FLCC Shares will not change from historical conditions.

Applicant will not cause adverse impacts on water quality or wetlands due to its dry-up of irrigated lands. Both the return flows and historical consumptive use of the water are returned to the streams following the dry-up thus the stream regime is maintained without adding salt loads from irrigating the dry-up lands. A 2012 Colorado Water Institute Study investigated the relationship between irrigation and water quality, Irrigation Practices, Water Consumption, & Return Flows in
Colorado’s Lower Arkansas River Valley (Garcia et. al. 2012). **Exhibit Z.** The study reported that in Lower Arkansas Valley areas with salty soils, surface irrigation resulting in large volumes of deep percolation return flows (water moving below the crop root zone) create salt loading which increases the salinity of the streams receiving the return flows. Removing irrigation will therefore improve and not degrade water quality. Any wetlands artificially maintained by the historical return flows will continue to be maintained because all return flows will be returned to the same location and in the same amount as the historical return flows.

(v) Describe the potential adverse effects of the proposed development upon plant and animal life dependent upon the water resources in the development area and source development area.

LAWMA’s diversion of water available to the FLCC Shares will have no adverse effects upon plant or animal life because that diversion will replicate historical use of the FLCC Shares. Likewise, LAWMA will deliver water to the stream to replicate historical return flows from use of the FLCC Shares. Accordingly, LAWMA’s use of the FLCC Shares will have no adverse impact on the amount or location of water available for plant and animal life.

(c) Air Quality

Detail the impact of the proposed development on ambient air quality of the source development area and its environs. Specifically include description of impacts associated with airborne dust.

As required by the FLCC Board approval of the proposed change of use of the FLCC shares and by the dry-up covenants that ARF has given or will give to LAWMA for the dry-up farms, ARF will implement revegetation and dry-land farming practices to prevent soil degradation or loss, blowing dust, and development of noxious weeds. Therefore, there will be no adverse impacts on ambient air quality.

(d) Significant Environmentally Sensitive Factors

Identify and locate on a map of an appropriate scale each of the following features present in the source development area and its environs and detail the potential impact of the proposed development upon each feature:

Please see the map attached as **Exhibit K-1.**

(i) Marshlands and wetlands,

The development will not affect marshlands or wetlands.

(ii) Groundwater recharge areas,
The development will not affect existing groundwater recharge areas. LAWMA will deliver water to new recharge ponds on ARF Farm Nos. 60, 63, 65, 110, and 132/133 as a means of returning water to the stream system to replicate historical return flows from irrigation of the dry-up farms, and to generate augmentation and replacement credits. Before use, each of the recharge ponds’ design and operation must be approved in writing by the Office of the Division Engineer.

(iii) Potential natural hazards,

The development will not affect potential natural hazards.

(iv) Forests and woodlands,

The development will not affect forests or woodlands.

(v) Critical wildlife habitat or other wildlife protection areas,

LAWMA’s diversion of water available to the FLCC Shares is not expected to have adverse effects upon wildlife habitat because that diversion will replicate historical use of the FLCC Shares. Likewise, LAWMA will deliver water to the stream to replicate historical return flows from use of the FLCC Shares. Accordingly, LAWMA’s use of the FLCC Shares will have no impact on the amount of water available for wildlife. In fact, the eight or more recharge ponds that ARF will be constructing, and that LAWMA will be operating on Farm Nos. 65 and 132/133, may have a positive impact on wildlife habitat, particularly for migratory waterfowl. Further, dry-land crops planted on certain of the dry-up farms may provide cover for pheasants and other wildlife.

Applicants assert that because no impacts exist they do not believe that they need to provide anything other than testimony to the lack of impact; however, ARF agrees to hire an outside wildlife consultant to produce a letter confirming Applicants’ testimony. The wildlife consultant’s letter will be labeled Exhibit S, and ARF will produce that report on or before November 16, 2017.

(vi) Public outdoor recreation areas,

The development will not affect public outdoor recreation areas.

(vi) Critical aquatic life habitat, and

The development will not affect critical aquatic life habitat.

(vii) Agricultural lands.

As described above, and as required by the FLCC Board approval of the proposed change of use of the FLCC shares and by the dry-up covenants that ARF has
given or will give to LAWMA for the dry-up farms, ARF will implement revegetation and dry-land farming practices to prevent soil degradation or loss, blowing dust, and development of noxious weeds on the dry-up farms. Those lands therefore will retain their agricultural character.

(e) Visual Aesthetics and Nuisance Factors:

Identify any significant deterioration of existing natural aesthetics, creation of visual blight, noise pollution or obnoxious odors which may stem from the proposed development, including airborne dust and noxious weed invasion.

As described above, and as required by the FLCC Board approval of the proposed change of use of the FLCC shares and by the dry-up covenants that ARF has given or will give to LAWMA for the dry-up farms, ARF will implement revegetation and dry-land farming practices to prevent soil degradation or loss, blowing dust, and development of noxious weeds on the dry-up farms. As a result, there will be no significant deterioration of existing natural aesthetics, no creation of visual blight, and no airborne dust or noxious weed invasion. the development will cause no noise pollution or obnoxious odors.

(f) Revegetation Plan:

All applications must include a detailed revegetation plan for all land areas from which historic [sic] irrigation practices will be removed. Describe all revegetation plans or efforts proposed as part of the development, including any such plans required as a condition of any Water Court decree pertaining to the developments. Such plan shall include, at a minimum:

(i) Description of all lands included.

(ii) Plant and seed material to be used and the method and timing of their application.

(iii) Source, amount, timing and seasonal duration of irrigation water to be applied to establish the intended revegetation, for a period no less than two (2) growing seasons.

(iv) Whether the plan is required as a part of any Water Court transfer decree, and if so whether the plan has been approved by the Water Court (include a copy of the decree and plan as so approved).

(v) Proposed security to guarantee implementation of the revegetation plan.

The Permit Authority may, but is not required to consider a Water Court approved revegetation plan as partial or full satisfaction of the requirements of this Section 4.03(6)(f)
See attached Exhibits D and E, the ARF proposed revegetation and dry-land farming certification process. As stated in Exhibits D and E, the FLCC Board approved this process for implementing a reasonable revegetation and dry-land farming plan. ARF proposes that the County adopt the same process to prevent overlap in regulatory requirements.

(7) Financial impact analysis, including but not limited to the following:

(a) Review and summary of any assessed taxable property valuations, property tax collection experience, and all other matters of aid in determining the impact of the proposed development upon the County.

(b) Proposed security to guarantee revegetation.

Applicants propose that the County rely on the same security provided to the Fort Lyon Canal Company for the completion of the revegetation or successful conversion to dryland farming of the lands ARF removed from irrigation. This security is in the form of an Irrevocable Standby Letter of Credit issued by RABO AGRIFINANCE LLC, a Delaware limited liability company in a maximum amount of up to One Million Six Hundred Nineteen Thousand Five Hundred Dollars ($1,619,500.00) ("Stated Amount"). This amount reflects a rate of $250/acre. The $250/acre amount is based on the Fort Lyon Canal Company decision on the subject. Exhibit U, pp. 20-22. This document provides:

ARF presented testimony from Brad Walker and Bill Grasmick on the viability of revegetation and dry-land farming of historically irrigated lands. The Board also received testimony from Michelle Nelson and Karen Conrad concerning such matters. The Board determines that in order to have an acceptable probability of success, ARF must conduct its dry-land farming on the LAWMA Dry-Up in adherence with the principles set forth in Exhibit A. The Board further determines that any LAWMA Dry-Up lands that are dry-land farmed must also comply with the Colorado Weed Management Act, Article 5.5 of Title 35, C.R.S. all other state and local laws concerning control of noxious weeds and control of soil erosion caused by wind dust and may not grow alfalfa or other highly water consumptive species.

For LAWMA Dry-Up lands that are revegetated instead of being dry-land farmed, Mr. Grasmick and Ms. Nelson stated that the cost to revegetate would be between $200 and $300 per acre. Thus the total cost would therefore be between $1,295,600 and $1,943,400, presuming initial efforts are successful. To provide financial surety for that obligation, the Board determines that ARF should, obtain a form of financial security that the Company may rely upon if it chooses to take over the obligation to successfully revegetate or convert to dry-land farming, the LAWMA Dry-Up removed from irrigation. The form of financial security shall be in an amount sufficient to provide $250 per acre of land revegetated.
ARF stated its intent to reserve 500 of its 2,203.44 unchanged Fort Lyon shares to be used to aid in revegetation of the 6,478 acres of the LAWMA Dry-Up. ARF indicated, through Mr. Grasmick, that those 500 shares have a market value of approximately $1,700,000 and ARF suggested that value should minimize the security requirement for its revegetation obligations. But ARF also does not intend a permanent commitment of those shares and would only use them for revegetation for a few years, if at all. Thus, the “market” value of shares for sale is not a guiding consideration in assessing a security requirement. Nevertheless, the Board recognizes value in the reservation of those shares for revegetation use and it reduced the bond amount from $300/acre to $250/acre to reflect the reasonable value of the reserved water.

(8) The benefits of the project, both in natural and socioeconomic terms, and the degree to which benefits, both within the County and to the applicant, outweigh the adverse impacts of the project within the County.

Please see Exhibit L and Y attached.