The construction and operation of the project involve the diversion of water from the headwaters of the Fryingpan River and other tributaries of the Roaring Fork River to the Arkansas River Basin. The project contemplates:

(a) The maximum conservation and use of water;
(b) The protection of western Colorado water uses, both existing and potential, in accordance with the declared policy of the State of Colorado; and
(c) The preservation of recreational values.

In order to accomplish such purposes, the project shall be operated by the United States in compliance with the Federal reclamation laws, the laws of the State of Colorado relating to the appropriation, use, or distribution of water, and the following operating principles:

1. As used herein:

(a) "Project" means that certain enterprise planned and designed by the Bureau of Reclamation, Department of the Interior for the transmountain diversion of water from the headwaters of the Fryingpan River and other tributaries of the Roaring Fork River to the basin of the Arkansas River, together with all of its appurtenant works and facilities in both eastern and western Colorado.

(b) "Eastern Colorado" means that portion of the State of Colorado lying within the natural drainage basin of the Arkansas River.

(c) "Western Colorado" means that portion of the State of Colorado lying within the natural drainage basin of the Colorado River and served by diversions made from the Colorado River, or its tributaries, above its confluence with the Gunnison River.

(d) "Southeastern Colorado Water Conservancy District"
means that entity created to contract for payment to the United States of an appropriate portion of project costs allocated to certain water uses in eastern Colorado.

(e) "Colorado River Water Conservation District" means that entity created by Colorado Revised Statutes 1953, 149-8, as amended.

(f) "Southwestern Water Conservation District" means that entity created by Colorado Revised Statutes 1953, 149-9, as amended.

(g) "Ruedi Reservoir" means the reservoir presently planned for construction on the Fryingpan River above the town of Basalt as part of the project.

(h) "Ashcroft Reservoir" means not only the reservoir contemplated for construction on Castle Creek, a tributary of the Roaring Fork River, but also, unless the context requires otherwise, any other reservoir that may be constructed in the Roaring Fork basin above the town of Aspen in lieu of that reservoir.

(i) "c. f. s." means cubic feet of water per second of time.

2. The Ruedi Reservoir shall be constructed and maintained on the Fryingpan River above the town of Basalt with an active capacity of not less than 100,000 acre feet. In addition thereto and in order to offset adverse stream flow conditions on the Roaring Fork River above the town of Aspen which might occur as a result of the project enlargement of the Twin Lakes Reservoir, the Ashcroft Reservoir on Castle Creek, or some reservoir in lieu thereof, shall be constructed on the Roaring Fork drainage above Aspen to a capacity of approximately 5,000 acre feet. Providing, however, that the Ashcroft Reservoir shall be constructed only if the Secretary of the Interior after appropriate study shall
determine that its benefits exceed the costs.

All of such stored water shall be released under the conditions and limitations hereinafter set forth.

3. The reimbursable cost of construction of the Ruedi Reservoir shall be a charge against the Fryingpan-Arkansas Project to the extent of $7,600,000. The remaining reimbursable cost of construction of the Ruedi and Ashcroft Reservoirs or substitutes therefor shall be returned as if they were participating projects under the Act of April 11, 1956 (70 Stat. 105), and all net revenues derived from their operation shall be paid into the Upper Colorado River Basin Fund as provided in Section 5 of said Act. The cost of perpetual operation and maintenance of the Ruedi Reservoir shall be borne by users of project water and users of water stored in Ruedi Reservoir in such proportion as may be determined by the Secretary of Interior. The cost of perpetual operation and maintenance of the Ashcroft Reservoir shall be borne by users of water from that reservoir.

4. The inclusion of the Ruedi Reservoir in the project shall not preclude the construction of any other replacement or regulatory reservoirs on the Colorado River or its tributaries above Cameo Gaging Station.

5. The Ruedi Reservoir shall be completed and in operation before any water is diverted to eastern Colorado by means of the project.

6. (a) The replacement capacity of Ruedi Reservoir, and any reservoir constructed in addition thereto, is that portion of the total reservoir capacity required to permit project diversions at times when such diversions could not otherwise be made because of
simultaneous demands of senior diversions in western Colorado existing at the time of the adoption of these operating principles, and shall be so operated to accomplish this purpose. Water stored in such capacity shall be released by the United States, upon the request of the Colorado State Engineer, to the extent that water would have been available to said decreed rights except for stream depletion resulting from diversions by this project to the Arkansas Valley.

(b) The regulatory capacity of Ruedi Reservoir, and any reservoir constructed in addition thereto, is that portion of the total reservoir capacity not needed for replacement purposes. Water stored in such category may be sold or leased by the United States to water users in Colorado for any purpose recognized by the laws of the United States, provided that the sale of water for use outside the natural basin of the Colorado River can only be made with the consent of the Colorado River Water Conservation District. Charges for the use of such water shall be established by the Secretary of the Interior by appropriate contract in accordance with the payment ability of such water users.

7. The primary purpose of Ruedi Reservoir, and any reservoir constructed in addition thereto, is to furnish, to the extent of its capacity, in like manner as if the project were constructed by a water conservancy district organized pursuant to the laws of the State of Colorado, the water required for the protection of western Colorado water users by the provisions of Colorado Revised Statutes 1953, 149-6-13, reading as follows: "However, any works or facilities planned and designed for the exportation of water from the natural basin of the Colorado River and its tributaries in Colorado, by any district created under this article, shall be subject to the provisions of the Colorado River Compact and the Boulder Canyon Project Act.
works or facilities shall be designed, constructed and operated in such a manner that the present appropriations of water, and in addition thereto prospective uses of water for irrigation and other beneficial consumptive use purposes, including consumptive uses for domestic, mining and industrial purposes, within the natural basin of the Colorado River in the State of Colorado, from which water is exported, will not be impaired nor increased in cost at the expense of the water users within the natural basin. The facilities and other means for the accomplishment of said purpose shall be incorporated in, and made a part of any project plans for the exportation of water from said natural basin in Colorado”.

8. Project diversions from Lime Creek shall be made only in the months of May and June of each year, unless the Colorado River Water Conservation District shall, by written communication, advise the Colorado State Engineer that additional diversions can be made.

9. The respective decrees which may be or have been awarded to the parties hereto as a part of the Fryingpan-Arkansas Project and Basalt Project shall be administered by the proper officials of the State of Colorado in accordance with the applicable laws of the State of Colorado, and with the following principles and procedures, to-wit:

(1) That the demand on the waters available under such decrees shall be allocated in the following sequence:

(a) For diversion to the Arkansas Valley through the collection system and the facilities of the Fryingpan-Arkansas Project in an amount not exceeding an aggregate of 120,000 acre feet of water in any year, but not to exceed a total aggregate of 2,352,800 acre feet in any period of thirty-four consecutive years reckoned in continuing progressive series starting with the first full year of diversions, both limitations herein being exclusive
of Roaring Fork exchanges as provided in (c) below, and exclusive of diversions for the Busk-Ivanhoe decree; and with the further and absolute limitation that in order to protect existing and future beneficial uses of water in western Colorado, including recreational and fishing values, the State Engineer shall so regulate the transmountain diversions above referred to, to the end that no diversions shall be made which will reduce the remaining aggregate stream flows to less than either of the following minimum standards:

(i) The Fryingpan collection system at the points of diversion collectively, exclusive of Lime Creek: 15 c.f.s. October 1 through March 31; 30 c.f.s. April 1 through September 30.

(ii) Near Norrie (immediately below the junction of North Fork and Fryingpan River): 30 c.f.s. October 1 through March 31; 100 c.f.s. April 1 through April 30; 150 c.f.s. May 1 through May 31; 200 c.f.s. June 1 through June 30; 100 c.f.s. July 1 through July 31; 75 c.f.s. August 1 through August 31; 65 c.f.s. September 1 through September 30.

In maintaining the above minimum standards, the project diversions shall be regulated, so far as is practicable, in such a manner that the North Fork of the Fryingpan River, the Fryingpan River, and each of the tributaries of those streams, shall contribute to the residual stream flows required by those minimum standards quantities of water in proportion to their natural contributions.

(b) For storage in Ruedi Reservoir to the extent of its actual capacity, which is to be not less than 100,000 acre feet.
(c) For 3,000 acre feet annually, to the extent that it is available in excess of (a) and (b) above, or such part thereof as may be required, to be delivered to the Twin Lakes Reservoir and Canal Company in exchange for equivalent releases from the headwaters of the Roaring Fork River which would otherwise be diverted through such Twin Lakes Reservoir and Canal Company collection and diversion system.

(d) For any other beneficial use in western Colorado in accordance with court decree, but not herein contemplated.

(2) The effectuation of the above principles requires concurrent Fryingpan-Arkansas Project diversion and Ruedi Reservoir storage to be accomplished in the manner following: The State Engineer annually shall collect pertinent data, including information pertaining to snow pack and all other available evidence, and shall thereafter so divide and apportion the surface run-off as to achieve, as nearly as possible, the foregoing division of water and the maximum of concurrent diversions and storage. The diversions herein contemplated shall be on the basis of a water year hereby defined as that interim of October 1 through the following September 30.

10. For the protection of recreational values, including fishing, on the Fryingpan River below Ruedi Reservoir, releases of water from said reservoir, not to exceed the stream inflow, shall be made so that the stream flow immediately below the Junction of the Fryingpan River and Rocky Fork shall not be reduced below 39 c.f.s. from November 1 to April 30, and 110 c.f.s. from May 1 to October 30, or as actual experience or court decree shall hereafter dictate.

11. An appropriate written contract may be made whereby Twin Lakes Reservoir and Canal Co. shall refrain from diverting water whenever the natural flow of the Roaring Fork River
and its tributaries shall be only sufficient to maintain a flow equal to or less than that required to maintain the recommended average flows in the Roaring Fork River immediately above its confluence with Difficult Creek in a quantity proportionate to the respective natural flow of the Roaring Fork River. The recommended average flows above mentioned are flows in quantities equal to those recommended as a minimum immediately above its confluence with Difficult Creek according to the following schedule submitted by the United States Fish and Wildlife Service and the Colorado Game and Fish Commission:

<table>
<thead>
<tr>
<th>Month</th>
<th>Average Acre-feet</th>
<th>Acre-feet (1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>44</td>
<td>2.7</td>
</tr>
<tr>
<td>November</td>
<td>35</td>
<td>2.1</td>
</tr>
<tr>
<td>December</td>
<td>29</td>
<td>1.8</td>
</tr>
<tr>
<td>January</td>
<td>26</td>
<td>1.6</td>
</tr>
<tr>
<td>February</td>
<td>25</td>
<td>1.4</td>
</tr>
<tr>
<td>March</td>
<td>24</td>
<td>1.5</td>
</tr>
<tr>
<td>April</td>
<td>64</td>
<td>3.8</td>
</tr>
<tr>
<td>May</td>
<td>100</td>
<td>6.2</td>
</tr>
<tr>
<td>June</td>
<td>120</td>
<td>7.1</td>
</tr>
<tr>
<td>July</td>
<td>100</td>
<td>6.2</td>
</tr>
<tr>
<td>August</td>
<td>63</td>
<td>3.9</td>
</tr>
<tr>
<td>September</td>
<td>44</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Total ..... 40.9

In maintaining the above averages, at no time shall the flow be reduced below 15 c.f.s. during the months of August to April, inclusive, or below 60 c.f.s. during the months of May to July, inclusive, providing the natural flow during said period is not less than these amounts. The obligation to supply the minimum stream flow as set forth in the above table on the Roaring Fork River shall, to the extent of 3,000 acre-feet annually, be a project obligation to be supplied from any waters diverted from the south tributaries of Hunter Creek, Lime Creek, Last Chance Creek or
any of them.

The Twin Lakes Reservoir & Canal Co. shall not be required to refrain from diverting water under its existing decrees from the Roaring Fork River except to the extent that a like quantity of replacement water is furnished to said company without charge therefor through and by means of project diversions and storage.

If by reason of storage capacity in the Ruedi Reservoir, or any reservoir constructed in addition thereto, the Twin Lakes Reservoir & Canal Co. derives additional water or other benefits or advantages it would not have realized had this project not been constructed, then nothing herein contained shall prevent the project from making appropriate charges for such water or other benefits or advantages. All revenues derived from the use of water stored in Ashcroft Reservoir shall be used to assist in the repayment of the construction, operation and maintenance costs of that reservoir, or any reservoir constructed in lieu thereof, as may be determined by the Secretary of the Interior.

12. All lands acquired and held for project construction and operation and water surfaces of project reservoirs will be open to the public for recreational purposes, excepting those areas reserved by the operating agency.

13. The project will be operated in such a manner that those in eastern Colorado using project water imported from the Colorado River basin for domestic purposes shall have preference over those claiming or using water for any other purpose.

14. The project is to be operated in such a manner as to secure the greatest benefit from the use and reuse of imported project waters within project boundaries in the State of Colorado.

15. Any and all benefits and rights of western Colorado water users in and to water stored in Green Mountain Reservoir, as described and defined in Senate Document 80, 75th Congress, 1st session, shall not be impaired or diminished.
by this project.

16. The project, its operation, maintenance, and use shall be subject to the provisions of the Upper Colorado River Basin Compact of October 11, 1948 (Public Law 37, 81st Cong., 1st sess.), and the Colorado River Compact of November 24, 1922 (H. Doc. 605, 67th Cong., 4th sess.).

17. The Colorado River Water Conservation District of the State of Colorado shall acquire title to storage of water in Ruedi Reservoir and any reservoir constructed in addition thereto, by appropriate proceedings in the courts of the State of Colorado. The Southeastern Colorado Water Conservancy District of the State of Colorado shall likewise acquire title to the water required by the project for diversion to the Arkansas Valley. The Secretary of the Interior shall at any time after the authorization of the project have the option to obtain or require the transfer to the United States of any and all rights initiated or acquired by appropriation as herein set forth. Provided, however, that the rights so taken shall be subject to a beneficial use of such water as may be provided in the repayment contract or contracts, and subject to all the operating principles herein set forth.

18. No transmountain diversion of water shall ever be made through the collection and diversion system of the Fryingpan-Arkansas Project in excess of the quantitative limitations and conditions established by this document; provided, however, that when, under the laws of the State of Colorado, there may be additional water available for such collection and diversion which is not at the time of diversion required for beneficial use in western Colorado or for filling interstate water compact agreements, then such water may be collected and diverted for beneficial use in the Arkansas Valley. Provided, further, that such additional diversion shall only be made with the mutual consent of each of the following agencies of the State of Colorado, to-wit: the Colorado Water Conservation Board, the
Southwestern Water Conservation District, the Colorado River Water Conservation District, and the Southeastern Colorado Water Conservancy District.

19. To assure project operation in conformity with the operating principle heretofore stated, to provide a means for the collection and interchange of information and to provide a method for the continued study of project operations to the end that, if the stated operating principles may be improved upon, recommendations for changes may be made to the contracting parties, a commission shall be created in an appropriate manner to be composed of 1 representative of the Southeastern Colorado Water Conservancy District, 1 representative of the Colorado River Water Conservation District, 2 representatives of the United States, and 1 representative of the State of Colorado appointed by the Colorado Water Conservation Board after consultation with the Colorado Game and Fish Commission. The powers of such commission shall be limited to the collection of data, the making of findings of fact, and the suggestion of changes in operating principles.

These operating principles shall be deemed to have amended and take the place of those operating principles signed and executed on April 30, 1959. These operating principles shall be and do constitute a contract between the signatory parties, and shall inure to the benefit of and shall be and remain binding upon said parties, their respective successors and assigns.

Executed as amended at Denver, Colorado this 30 day of December, 1959.

COLORADO WATER CONSERVATION BOARD

By ___________________________ Chairman
Governor, State of Colorado

Attest:

______________________________
Director & Secretary
SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT

By _____________________________ President

Attest:

_______________________________ Secretary

COLORADO RIVER WATER CONSERVATION DISTRICT

By _____________________________ President

Attest:

_______________________________ Secretary

SOUTHWESTERN WATER CONSERVATION DISTRICT

Attest:

_______________________________ Secretary