

**Blatchley Associates, Inc.**

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**Denver, CO 80227**

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May 3, 2010

Mr. Richard Toussaint  
Toussaint Nemer & Coaty  
32065 Castle Ct., Suite 150  
Evergreen, CO 80439

Re: Valuation of the Stagestop Owners Association water rights

Dear Richard:

Per your letter of April 7, 2010, you have requested that I provide a valuation of the water right of Stagestop Owners Association. Documents provided are the Original Adjudication of the Crosier Ditch dated October 18, 1889, with an appropriation date of May 1, 1866 and the Plan For Augmentation in the Water Division 1, Water Court Case No. W-8108 (75). No information was provided on the reservoirs involved in the Plan but I assume that they presently hold water but are in need of repair.

In Case No. W-8108 it was proposed and decreed that if the land historically irrigated by the Crosier Ditch (20 Acres) were removed from irrigation that there would be 20 acre-feet of consumptive use water per year available for other uses. It was further proposed and decreed that the Stagestop Subdivision would have 20 single-family lots with in-house use and the irrigation of up to 1,000 square feet of turf and 480 single-family residential lots with in-house water uses only. This arrangement would require 16.6 acre-feet (af) of consumptive use water of which 7.5 af would be needed during the irrigation season from May 1 through September 30 and 9.1 af for the balance of the year. To satisfy the non-irrigation season the water would have to be stored during the irrigation season and then released during the non-irrigation season. It was proposed and decreed that a reservoir would be constructed with 2.0 surface acres and a capacity of 12.5 af. The evaporation from the surface of the reservoir was calculated to be 3.4 acre-feet per year. Based on these assumptions the Stagestop Subdivision needs to have a reliable source of 20.0 af of consumptive use water.

Of the needed 20.0 af of consumptive use water needed for Stagestop Subdivision, 10.9 af will be required during the irrigation season of May through September and 9.1 af will be required to be stored in the reservoir for release during the balance of the year. Based on an average replacement value the cost would be \$873,000 with the direct flow rights costing \$30,000 per af and storage water costing 60,000 per af as shown below.

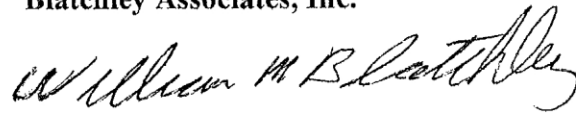
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<u>Amount</u>	<u>Unit Cost</u>	<u>Cost</u>
10.9	\$30,000	\$327,000
<u>9.1</u>	\$60,000	<u>\$546,000</u>
20.0		\$873,000

If any further information is needed feel free to contact me.

Sincerely,

**Blatchley Associates, Inc.**



William M. Blatchley