



United States Department of the Interior

BUREAU OF RECLAMATION
Upper Colorado Regional Office
125 South State Street, Room 8100
Salt Lake City, UT 84138-1102

COPY

IN REPLY REFER TO:

UC-446
ADM-1.10

CERTIFIED RETURN RECEIPT REQUESTED

Mr. Gawain Snow
Uintah Water Conservancy District
78 West 3325 North
Vernal, Utah 84078

Subject: Municipal and Industrial (M&I) Block Notice No. 3, Jensen Unit – Central Utah Project

In accordance with Section 5(c)(3) of Repayment Contract No. 6-05-01-00143 (Repayment Contract), between the United States (United States or Reclamation) and the Uintah Water Conservancy District (District), dated June 3, 1976, as amended on December 30, 1992 (Amendatory Contract), and as provided in Section 2 of Contract M-8408 (Chevron Contract) between the District and Chevron U.S.A. (Chevron) dated March 23, 1983, and at the request of the District, you are hereby notified of the establishment of Municipal and Industrial (M&I) Block Notice No. 3 for the Jensen Unit of the Central Utah Project (Project).

1. Background

After the Jensen Unit was authorized as part of the Central Utah Project, Chevron filed an application with the Utah State Engineer to drill five wells on its property upstream from Red Fleet Reservoir. Reclamation and the District protested these wells believing that removal of water upstream of the Jensen Unit could be detrimental to the Project water supply. In 1983, Chevron and the District negotiated the Chevron Contract for an allotment of Project water from the Jensen Unit to replace water that might be withdrawn from Brush Creek as a result of the protested wells. In 1992, Simplot Phosphate Corporation (Simplot) became successor in interest to the Chevron Contract. On October 8, 2014, Jensen Unit M&I Block Notice No. 2 was issued by Reclamation, which in support of the 1983 Chevron Contract promotes the issuance of this Jensen Unit Block Notice No. 3.

2. Description of Block

Jensen Unit M&I Block Notice No. 3 (Block Notice) will be executed in accordance with the Repayment Contract, as amended, to address the provisions of the Chevron Contract.

3. Quantity of Water Available to District

The water supply made available by this Block Notice will be 200 acre-feet of Jensen Unit Project M&I water. The Project water will be made available at Red Fleet Reservoir for exchange for water from Simplot's wells, as described in the Chevron Contract.

4. Repayment of Construction Costs

The repayment for this block of Project M&I water will conform to the methodology described in Section 5(c)(3) of the Amendatory Contract. Section 5(c)(3) states that, “the annual cost will be based on an annual payment of \$113.29 per acre-foot times 49 years (\$5,551.21), which includes principal and interest, divided by the number of years remaining between the date of acquisition and 2037.” Repayment for this Block Notice No. 3 will begin in the year 2016, resulting in 22 remaining years in the repayment schedule. Therefore, the per acre-foot annual payment for Block No. 3 is \$252.33 (see Exhibit A). The annual repayment amount for the entire 200 acre-feet under Block No. 3 is \$50,466 which will repay \$786,666 of Project costs allocated to this water supply (see Exhibit B).

The issuance of this Block Notice is in compliance with Section 5(c)(3) which provided that the United States would receive a calculated amount of principal and amortization interest for each acre-foot over a repayment term of 49 years. However, Section 5(a) establishes that the repayment obligation is “subject to adjustments” depending on “the allocation of construction costs” ... “which will be made by the Secretary [of the Interior] in accordance with Reclamation Law.” Reclamation Law requires that upon the completion of a project, a final cost allocation must be conducted, and full repayment of all reimbursable costs must be established based upon that allocation. Upon a request by the District, Reclamation postponed the final cost allocation for the Jensen Unit with the District recognizing the financial impacts of the postponement through the Letter of Concurrence, dated June 3, 2005. The final cost allocation will establish any remaining repayment obligation on the Project costs allocated to the water supply under this Block Notice.

5. Amendment to Block Notice

This Block Notice may be reexamined as needed to determine whether during the preceding period water uses, land uses, and classifications of the lands within this Block Notice have changed, or other changes have occurred, which justify amendment to this notice. This Block Notice will also be amended to adjust the repayment obligation to conform to the final cost allocation. If it is determined that such changes have occurred, and after consultation with the Board of Directors of the District, proper amendment to this notice will be made and notice thereof will be given to the District.

6. National Environmental Policy Act of 1969 (NEPA) Compliance

NEPA compliance for the delivery of this block of 200 acre-feet of M&I water was initially completed under the Final Environmental Statement for the Central Utah Project - Jensen Unit M&I System dated December 16, 1975. The water for this Block Notice was also contemplated for use in Environmental Assessment PRO-EA-14-001 as completed on October 6, 2014, with accompanying FONSI signed on October 7, 2014, which covered a total of 3,300 AF originally planned as part of Jensen Unit M&I Block Notice 2. Block Notice 2 was completed for 3,000 AF. Categorical Exclusion No. PRO-CE-15-040 was signed on May 11, 2015, to complete the environmental compliance for this Block Notice 3 for 200 AF. Accordingly, 100 AF of the 3,300 AF analyzed in PRO-EA-14-001 remains to be placed under contract.

7. Supplement to Repayment Contract

This notice, enclosures hereto, and any amendments will be made a part of the Chevron Contract and the Repayment Contract.

8. Operation and Maintenance Costs

Simplot will pay to the District a proportionate share of operation, maintenance, and replacement costs in accordance with the Chevron Contract and the Repayment Contract for the water issued under this Block Notice.

If you have any questions regarding this Block Notice, please contact Mr. Jeff Hearty in the Provo Area Office at 801-379-1221 or Mr. Michael Loring in the Regional Office at 801-524-3691.

Sincerely,


FOR Brent Reese FOR
Regional Director

Approved:



Office of the Regional Solicitor

Enclosures - 2

JENSEN UNIT - CENTRAL UTAH PROJECT

Amendatory Contract No. 6-05-01-00143
dated December 30, 1992

Municipal and Industrial Block Notice No. 3
(Per Acre-Foot)

<u>Calendar Year</u>	<u>Payment Period</u>	<u>Total Payment 1/</u>	<u>Payment To Interest 2/</u>	<u>Payment To Principal</u>	<u>Final Cost Adjustment 3/</u>	<u>Unpaid Balance 4/</u>
2015	0					\$3,933.33
2016	1	\$252.33	\$126.73	\$125.60		3,807.73
2017	2	252.33	122.69	129.64		3,678.09
2018	3	252.33	118.51	133.82		3,544.27
2019	4	252.33	114.20	138.13		3,406.14
2020	5	252.33	109.75	142.58		3,263.56
2021	6	252.33	105.15	147.18		3,116.38
2022	7	252.33	100.41	151.92		2,964.47
2023	8	252.33	95.52	156.81		2,807.66
2024	9	252.33	90.46	161.87		2,645.79
2025	10	252.33	85.25	167.08		2,478.71
2026	11	252.33	79.86	172.47		2,306.25
2027	12	252.33	74.31	178.02		2,128.23
2028	13	252.33	68.57	183.76		1,944.47
2029	14	252.33	62.65	189.68		1,754.79
2030	15	252.33	56.54	195.79		1,559.00
2031	16	252.33	50.23	202.10		1,356.91
2032	17	252.33	43.72	208.61		1,148.30
2033	18	252.33	37.00	215.33		932.97
2034	19	252.33	30.06	222.27		710.70
2035	20	252.33	22.90	229.43		481.27
2036	21	252.33	15.51	236.82		244.46
2037	22	252.33	7.88	244.46		0.00
TOTAL:		\$5,551.23	\$1,617.90	\$3,933.33		

1/ Annual payment derived from formula in Section 5(c)(3) of
Amendatory Contract No. 6-05-01-00143, dated December 30, 1992.

2/ Project interest rate is 3.222 percent.

3/ Addition of costs upon implementation of Final Cost Allocation.

4/ Initial balance calculated using annual payment derived from formula in Section 5(c)(3).

JENSEN UNIT - CENTRAL UTAH PROJECT

Amendatory Contract No. 6-05-01-00143
dated December 30, 1992

Municipal and Industrial Block Notice No. 3
(200 Acre-Feet)

<u>Calendar Year</u>	<u>Payment Period</u>	<u>Total Payment 1/</u>	<u>Payment To Interest 2/</u>	<u>Payment To Principal</u>	<u>Final Cost Adjustment 3/</u>	<u>Unpaid Balance 4/</u>
2015	0					\$786,666
2016	1	\$50,466	\$25,346	\$25,120		761,546
2017	2	50,466	24,537	25,929		735,617
2018	3	50,466	23,702	26,764		708,853
2019	4	50,466	22,839	27,627		681,226
2020	5	50,465	21,949	28,516		652,710
2021	6	50,465	21,030	29,435		623,274
2022	7	50,465	20,082	30,383		592,891
2023	8	50,465	19,103	31,362		561,529
2024	9	50,465	18,092	32,373		529,155
2025	10	50,465	17,049	33,416		495,739
2026	11	50,465	15,973	34,492		461,247
2027	12	50,465	14,861	35,604		425,642
2028	13	50,465	13,714	36,751		388,891
2029	14	50,465	12,530	37,935		350,956
2030	15	50,465	11,308	39,157		311,799
2031	16	50,465	10,046	40,419		271,380
2032	17	50,465	8,744	41,721		229,658
2033	18	50,465	7,400	43,065		186,593
2034	19	50,465	6,012	44,453		142,140
2035	20	50,465	4,580	45,885		96,254
2036	21	50,465	3,101	47,364		48,890
2037	22	50,465	1,575	48,890		0
TOTAL:		\$1,110,239	\$323,573	\$786,666		

1/ Annual payment derived from formula in Section 5(c)(3) of
Amendatory Contract No. 6-05-01-00143, dated December 30, 1992.

2/ Project interest rate is 3.222 percent.

3/ Addition of costs upon implementation of Final Cost Allocation.

4/ Initial balance calculated using annual payment derived from formula in Section 5(c)(3).