



For Immediate Release:

March 29th 2024

Sheep Mountain Alliance and San Miguel County recently settled a water rights case filed by the San Miguel Water Conservancy District (SMWCD) regarding a water project conceived in the 1950s and known as the San Miguel Project. While this project was never constructed, approvals had remained in place that could have diverted up to 675 c.f.s. (cubic feet per second) of water from the mainstem of the San Miguel River and its tributaries. The project was envisioned to include three reservoirs, the largest of which would have flooded a large stretch of the San Miguel River as well as parts of Placerville and Highway 145. With the settlement of this case, Sheep Mountain Alliance, San Miguel County and SMWCD agreed to the cancellation of most of the water rights in order to preserve the health of the San Miguel River and guarantee that the reservoirs will never be built. In addition, a small portion of the project's water rights have been made available for potential future use by the Town of Norwood and Wrights Mesa and/or to further augment the San Miguel River.

The San Miguel Project, a participating project under the 1956 Colorado River Storage Project Act, was authorized for construction under the 1968 Colorado River Basin Project Act. The water rights were decreed as "conditional" in 1950. With conditional water rights, the owner – in this case the San Miguel Water Conservancy District – must demonstrate to the water court every six years that they are diligently developing the project for which the water rights were decreed. Once a project is developed, and the water rights are put to their decreed uses, the water rights become absolute and no further court filings are needed. If, on the other hand, the water rights owner does not prove that it is diligently developing the project, the water rights can be canceled.

Given that the San Miguel Project was not being developed, Sheep Mountain Alliance and San Miguel County worked closely with the SMWCD over six years to negotiate what the future of these water rights would look like. Sheep Mountain Alliance, represented by Norwood and Telluride-based water lawyer Jenny Russell, was concerned about the project's potential impacts to the San Miguel River. If these rights as originally decreed were put to use they would stymie seasonal flow patterns (such as spring run-off), compromise riparian habitat and further endanger three critical fish species in the San Miguel River. San Miguel County, represented by staff and water attorney Mark Hamilton of the law firm Holland & Hart LLC, shared these concerns for the river and were also interested in preserving portions of the original decree for the long-term benefit of the Town of Norwood and the Wrights Mesa area.

The settlement helps ensure a sustainable future for the San Miguel River, as well as a viable pathway for additional water supplies for Wrights Mesa residents. The settlement cancels all of the project water rights except 9000 acre-feet of the Saltado Reservoir water right and a 5 c.f.s. right in the San Miguel River. Importantly, the remaining water rights cannot be used for a reservoir located on the San Miguel River, but must be stored off the mainstem of the river. Of the remaining 9000 acre-foot storage right, 4500 acre-feet are allocated to recreation and environmental purposes, 4000 acre-feet to domestic

and municipal uses within the Norwood Water Commission service area, and 500 acre-feet to river augmentation purposes. Five c.f.s. is also allocated to domestic and municipal use within the Norwood Water Commission service area. The San Miguel Water Conservancy District will convey these remaining rights to the County, and there will be a limited timeframe for developing the water rights for domestic, municipal and augmentation uses.

The balance of the conditional water rights were canceled, which protects Down Valley communities and the San Miguel River. "The negotiations to retire these paper water rights required time and effort from all parties involved. The outcome is a win/win—especially for the San Miguel River", says Lance Waring, San Miguel County Commissioner. "This settlement ensures the long-term health of the San Miguel River, something that all parties involved should be proud of," says Mason Osgood, executive director of Sheep Mountain Alliance, who worked closely with entities to ensure a balance of environmental values and community sustainability.

In light of the settlement action, new board members were appointed to SMWCD by the San Miguel County District Court in 2022. According to April Montgomery, President of SMWCD, "On behalf of the SMWCD board, we are grateful to San Miguel County for intervening in this case to ensure the residents of Wrights Mesa were represented and their future water needs were considered. Future regional water projects will need to take a collaborative approach to receive grant funding and get projects completed, and we feel that this settlement sets a good precedent for cooperation moving forward."

For further questions or information reach out below:

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