SECTION V - EXISTING WATER MANAGEMENT MEASURES AND PROGRAMS

Water Management Measures and Programs

Over the years, the Company has developed a proactive water management and conservation program. Several of the Company's water conservation policies and program elements are

described in this document and in Company policies, which are available on http://www.horseshoeirrigation.org.

In acknowledgement of the Company's efforts and the "outstanding achievement in water efficiency and its leadership in the water conservation community", the Company was recently given the U.S. Bureau of Reclamation's "2007 Upper Colorado Regional Director's Water Conservation Award". This award is given to only one recipient per year.



Water Measurement and Accounting Procedures

All water for the Company's use comes from two main creeks that flow from Oak and Canal canyons. At the beginning of each water year, the Company secretary establishes a list of total Class A water shares assigned to each distribution system. This list is then used by the water-master to determine how much of the available water will be diverted to each system.

Each pressurized field system has a policy stipulating what size sprinkler-head nozzles must be used for distribution. These policies were put into place to create consistency of distribution, ease of monitoring water-use, conservation, and to help with pressure problems that several systems have.

As the water year progresses and the amount of available water becomes less than what is needed, the water-master puts water restrictions in place. These restrictions are posted at established locations on each system. These restriction notices state how many shares of Class A water it takes to run 1 head for a 24-hour period, and also indicates GPM/per-share.

For the City System, due to the variety and different types and sizes of distribution methods put into use over the years, establishing proper water-use in this system has become an increasingly difficult thing to manage. The water-master posts water-use signs with various examples of how many shares it takes to run different GPM heads. Unfortunately, the Company has a very hard time policing for overuse in this system.

After all Class A shareholders are served, any unused water within the Company's water-rights may be used by Class B water-users.

Table 5-1
Districts Current Water Customers

	Number served	Acres served
M&I Customers	369	443
City Acres	17	103
1st and 2nd North	42	763
Last Chance	45	397
Pete Hansen	11	123
Flat	23	569
South Fields	69	642
Chimney	18	895
Crawford	45	442
3rd, 4th, 5th North - Flood Irrigated	20	~ 480
Point Ditch - Flood Irrigated	5	~ 400
Point Ditch - Sprinkled	3	300
Other - Flood Irrigated	5	~ 260

Water Pricing and Billing Practices

Annually in October, the Board of Directors sets the assessments for the forthcoming water year and sends assessment billings to water share-holders and land owners the first of November with a due date of December 1st. Delinquent assessments are assessed a late fee of \$25, then an additional 2% per month delinquency. If assessments are not paid in full by February 15th, they are subject to a delinquent stock sale that, if necessary, is held in March to pay for the delinquent assessment. This procedure is spelled out in the Company's policy manual and follows Utah state statutes.

Water Education Program

In the past, the Company has, with limited success, held water-education meetings. The Company also sends out information in special mailings to share-holders explaining water-use challenges and use policies.

The Company would like to utilize better education measures in the future and intends to utilize programs available from the State of Utah's Division of Water Resources, the U.S. Bureau of Reclamation, and other agencies.

Water Conservation Coordinators

Each board member is assigned a water-use system to oversee and to assist the water-master in his duties of monitoring water-use. With the continued growth and strains on the use of available water during times of restriction, the Board of Directors, during the water years of 2004 and 2005, hired a water-use compliance officer. This program has proven to have some very

noticeable effect on water-user's use and conservation. Even though this program has had some success, the Company still has some additional challenges in this area.

Operation and Maintenance Program

The Board of Directors annually hires a water-master whose duties include water measuring, distribution, maintenance, and upkeep of the water distribution systems. The Board of Directors puts together a financial budget yearly to assist in shareholder assessment levying and for the proper financial management of the Company.

Use of Water Policies

The Board of Directors has established water-use and over-use policies that have been in effect since 2004. These policies have proven to be a useful tool in curtailing water over-use and assist in conservation measures. These policies can be viewed on the Company's web site at horseshoeirrigation.com.

Water Transfer Policies

The Board of Directors has developed a detailed water transfer policy that is available on the Company's web site at http://www.horseshoeirrigation.org.