

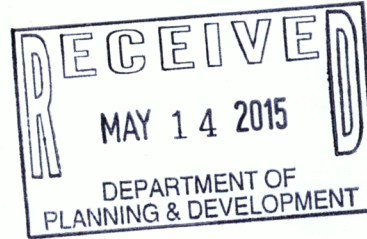


Colorado Springs Utilities

It's how we're all connected

May 11, 2015

Joan Armstrong, Director
Department of Planning and Development
Pueblo County
229 West 12th Street
Pueblo, CO 81003-28100



Re: Walker Property Revegetation

Dear Ms. Armstrong:

Attached for you information, please find a copy of correspondence from the SDS project to Mr. Gary Walker. It was prepared in response to his recently expressed desire to return cattle to at least portions of his ranch containing the SDS easement. Naturally, we want to accommodate Mr. Walker's wishes to the maximum extent practicable, consistent with both our rights under the easement grant and the conditions of the project's various permits and approvals, including the County's 1041 permit.

As you are aware, based on our expert evaluations of, and reports on, the reclamation activity, we believe that the project has achieved the 90% revegetation threshold set by the County. However, there has been a delay in the finalization and approval of the Revegetation Release Protocol, and Dr. Keammerer has yet to provide his opinion on the Walker segment reclamation. Hence, S3 has not been released. This places us in a difficult position, as we do not want to impede or inconvenience Mr. Walker relative to his desire to utilize the property as he sees fit, but yet want to ensure that the County is satisfied with the project's reclamation efforts before removing the irrigation and fencing materials and leaving the site. This underscores our respective needs to finalize the Revegetation Release Protocol as soon as possible, and to base future revegetation success determinations on the status of reclamation efforts as identified in the reports filed by our respective experts.

We want Pueblo County to be fully aware of both the current situation surrounding Mr. Walker's desire to return cattle to the property and our proposal regarding what we believe may be the best way in which to address this issue. Naturally, should Mr. Walker prefer to have the entire easement remain fenced through the current growing season, we will work with him to accomplish that end, while simultaneously proceeding to seek the County's concurrence on achievement of the 1041 permit reclamation objectives.

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Colorado Springs, CO 80947-0930

Phone 719.668.4800
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Pifher letter to Armstrong re Walker Property Revegetation

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May 8, 2015

Should Pueblo County have any thoughts or concerns relative to the above, we would ask that you share them with us at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark T. Pifher", written in a cursive style.

Mark T. Pifher

Permitting and Compliance Manager, SDS

cc: Gregory Styduhar, Pueblo County Attorney
Marci Day, Assistant Pueblo County Attorney



Colorado Springs Utilities

It's how we're all connected

May 11, 2015

Mr. Gary Walker
Walker Ranches, LLLP
7170 Turkey Creek Ranch Road
Pueblo, CO 81007

Dear Mr. Walker:

As you are aware, the SDS project has been engaged in reclamation activities on the portion of your property located along the pipeline easement since 2013. This includes those additional reclamation efforts which became necessary as a consequence of the 2014 rainstorm events. In correspondence to you dated November 6, 2014, I indicated that Colorado Springs Utilities (CSU) was prepared to compensate you in the amount of \$5000 in exchange for the project being able to temporarily fence, through the 2015 growing season, certain isolated and newly restored areas located in the permanent easement. The fencing of these areas, which totaled approximately 5.5 acres, would hopefully preclude damage from the presence of cattle. In response to this offer, you indicated in a reply dated November 7, 2014, that you "cannot put cattle on the property" under the then existing circumstances given the "dangers represented by ... rock diversions, sink holes, cracks" and other conditions. In addition, you stated that "the above ground irrigation system alone requires that we keep cattle off" of the easement. Hence, though reclamation activities continued, no fencing was installed, and no compensation was paid.

It is now our understanding, based on a statement last week by your ranch foreman, that you do intend to bring cattle onto the easement, though the exact nature of your plans is uncertain to us. We would like to cooperate with you in order to appropriately accommodate this change in your plans.

It is our current intention to immediately begin to remove the remaining irrigation lines installed by the project on your property except for those that serve the newly restored areas, i.e., those areas that were reseeded this past November. Our consultants have indicated to us that in their professional opinion the vegetation along the easement has been successfully re-established in compliance with applicable permit conditions. We will be seeking Pueblo County concurrence on the achievement of this threshold. We believe, however, that the newly reseeded areas may need some additional irrigation water during the coming growing season in order for the vegetation to take hold. In order to insure that this is accomplished, we will fence the areas that have only recently been seeded to allow for the protection of the remaining sprinkler lines and the new growth, until it can become established.

Though any grazing of cattle on the easement may affect the nature and amount of vegetative cover from that point forward, a fact which all parties need to acknowledge, we believe that, in response to your

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Lyman Ho letter to Gary Walker

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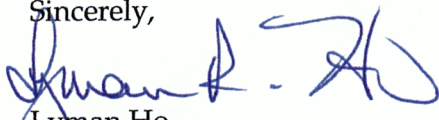
May 11, 2015

concerns and consistent with your wishes, fencing of the entire easement is no longer necessary. That said, we would like to reiterate our \$5000 offer of November 6, 2014 relative to the newly re-seeded areas which will be fenced. In addition, we would be glad to discuss with you the appropriate type of fencing to be used on this approximately 5.5 acres during the remainder of this growing season. If we do not receive your input on fencing for these limited areas we will utilize fence materials similar to the materials you employ on your own ranch fences.

As an alternative, if you so desire, the project could fence off the entire SDS easement area on your property, both temporary and permanent, for the remainder of the 2015 growing season. This may enhance the sustainability of the new vegetative growth. Should that be your preference, please so inform us in order that we can discuss appropriate compensation to you for this inconvenience. Naturally, the project would incorporate into the fencing plan appropriately spaced "crossings" for the cattle to use while the fencing is in place.

CSU stands ready to meet with you at any time should you wish to further discuss the above. We remain steadfast in our desire to ensure that the easement is reclaimed in a manner that accommodates your future use of the ranch.

Sincerely,



Lyman Ho
SDS Land Acquisition Manager

cc: Pueblo County Commissioners

Joan Armstrong

Gary Raso

Ray Petros

Marci Day

Donald M. Ostrander