

ALPINE LAKES DITCH & RESERVOIR COMPANY, INC.
PO Box 5672
PAGOSA SPRINGS, COLORADO 81147

To: Shareholders

From: Board of Directors

Subject: Irrigation Procedures

The purpose of this memorandum is to generally set forth the irrigation procedure and to delineate the responsibilities of the various parties.

The System. Our irrigation system is comprised of the following components:

1. Lakes and Reservoirs.
 - A. Harris Lake
 - B. Buckles Lake
 - C. Spence Reservoir
 - D. Sappington Reservoir
2. Creeks and ditches located in the National Forest together with various diversion structures.
3. Platted Primary Ditch Easements located within the subdivisions of Alpine Lakes Ranch.
4. Headgates and secondary ditches located on individual lots.

Irrigation Sectors. The Board of Directors has divided the lots with associated water rights into five sectors for the purpose of maintenance and irrigation. The schedule of these sectors is attached to this memorandum for the purpose of promulgating that information. Each sector has a Ditch Rider that is responsible for that sector. The Ditch Riders are as follows:

Sector 1A & 1B	Ron Smith	970-264-0169
Sector 2A & 2B	David Stoliker	505-850-2222
Sector 3 & 4A	Layne Morris	801 949 2658
Sector 4A & 4B	Dean Jones	970-264-1211
Sector 5A & 5B	Dean Jones	970-264-1211

If you experience problems with irrigation or have questions, call your ***assigned Ditch Rider***.

Irrigation Schedule. The President and Board of Directors will establish the yearly irrigation schedule and a copy will be sent to all Shareholder.

Ditch Riders. Ditch Riders are appointed by the Board of Directors and are responsible for the oversight and administration of the irrigation schedule within their sector. Ditch Riders are responsible for monitoring the status of the lakes and reservoirs and are responsible for the opening of the dam's, headgates, reservoir release valves and diversion structures within the National Forest. Ditch Rider's are also responsible for monitoring the status of the primary ditches/creeks within the National Forest. They also coordinate any necessary repairs with the Board of Directors and the Ditch Company President.

Lake and Reservoir Maintenance. The obligation of maintaining the lakes and reservoirs in accordance with the requirements of the Colorado Division of Water Resources is the responsibility of the Board of Directors and such maintenance will be performed as required. The Board of Directors will inspect each lake and reservoir on at least an annual basis for the purpose of determining any required maintenance. Sappington and Spence Reservoirs will be inspected twice each month by the President in accordance with Dam Safety and Construction guide published by the Department of Natural Resources.

Individual Lot Owners. The individual lot owners are responsible for the following:

1. Payment of annual assessment. No lot owner is entitled to the irrigation of their property unless all annual assessment for their lot has been paid in full.

2. Lot owners should monitor the status of the Primary Ditches within their property and contact the appropriate ditch rider if maintenance is required.

3. ***No lot owner is entitled to open any headgate(s) to his or her property (Unless directed by a Ditch Director or the Ditch President).***

4. As the individual headgates are opened in accordance with the irrigation schedule, then the individual lot owners are responsible for disbursing the water on their property through the secondary irrigation ditches. ***The responsibility for maintaining the secondary ditches is solely the responsibility of the individual lot owners.*** Whenever possible the lot owner should be present when their property is being irrigated in order to ensure that the water is spread evenly on their property.

5. Lot owners are not allowed to place any obstruction of any type on the primary ditches upon which the Ditch Company has an easement.

6. If a lot owner places any fence across the primary ditches then they are required to put a 20 ft. gate across the ditch in order that the Ditch Company have unimpeded access for maintenance purposes.

7. The legal access that the Ditch Company has over individual lots is through the dedicated Ditch Company Easement over the primary ditch as it appears on the plats for each subdivision and access provided by Colorado law to points of disbursement. Often it is necessary for the Ditch Rider to go upon the individual lots to open headgates and assist in disbursing water to the secondary ditches. Therefore, it is requested that lot owners give the Ditch Company permission to go upon their property for this purpose.

If you experience a problem with your irrigation or have questions, contact your Ditch Rider. If the issue is still not resolved to your satisfaction, contact the Ditch Company President.

PROCESS TO SELL SHARES

BACKGROUND: Occasionally a shareholder may desire to sell his/her shares to another property owner. Prior to approving this transaction and issuing shares designated to irrigate another property, the Board shall review the transaction to ensure water can be supplied to the new property in an existing ditch using the water rights available on that ditch and to ensure that for every new acre irrigated an acre is removed from irrigation.

REVIEW:

1. Is the new property irrigated on an existing ditch?
2. Can the water be delivered to the new property without exceeding the current water rights for that ditch i.e. flume flow rate?
3. Can the water be delivered to the new property without increasing the physical size of the ditch i.e. to move more water to the end of a ditch its size may need to be increased?
4. Can the new property be irrigated without exceeding the currently decreed acres allowed to be irrigated by that ditch?
5. Define what acres will no longer be irrigated by the seller and ensure this is documented on his record of water rights.

BOARD APPROVAL: If the review question above can all be answered in the affirmative, the Board may vote to approve the transfer of shares. If the Board does not approve the transfer, the transfer of shares will not occur, and the shareholder will be informed of the reason for denial.

Process to Sell Shares added to Procedures at the April 13, 2009 Board Meeting.

DELINQUENT ASSESSMENT FEES

(As allowed for in the ALD&R Bylaws & Articles of Incorporation)

1. The Annual Assessment Fee invoice will be mailed on January 15th to all shareholders with a due date of February 28th.
2. On March 15th the Treasurer will send a late invoice with \$100.00 late fee added. Included, will be a notification to the property owner that an intent to lien notice will be sent if payment is not received by March 30th.
3. On April 1st the Treasurer will send a certified/return receipt letter to any shareholders that are past due along with a cover letter and Notice of Intent to Lien giving the Shareholder 30 days from the date mailed to pay the assessment.
4. On the 30st day or April 30th, a Lien will be filed with the County of Archuleta against the property that is delinquent.
5. At this time a service fee of \$100 will be charged to the shareholder. At the discretion of the ALDRC Directors, a lock may be placed on each head gate of a shareholder delinquent in payment.

Note: Shareholders that are delinquent in dues and assessments will not have voting or other shareholder privileges, including receipt of water associated with the shares.

Any unauthorized removal of any lock(s) placed on a Shareholder's head gate by the ALDR will result in a fine.

First Offense -	\$100
Second Offense	\$500
Third Offense	\$2000

Delinquent fees are as follows:

Filing Fee:	\$16.00
Postage:	\$15.00
Administrative Fee:	\$75.00
Service Fee	\$100.00
12% Simple Interest:	_____