BOXELDER CREEK PROPERTIES, LLC
1012 13th Street
Golden, CO 80401

November 29, 2012

Lisa Johnson
District Manager
141 Union Blvd., Ste. 150
Lakewood, CO 80228

RE: Augmentation Water

Dear Lisa:

I spoke with Chris Sanchez regarding our interest in including some of the District's water rights in our water sourcing operation at our Boxelder Farm. He suggested that we put these ideas in writing for board consideration.

During the meeting with the Board I reviewed Boxelder Creek Properties, LLC's plans to permit, construct and operate a water load out facility at our farm. The facility would be used to source water to oil and gas firms for fracking. We are in the process of preparing an application for a special use permit for sourcing, parking some vehicles, a produced water treatment plant and a conventional reverse osmosis plant, which would potentially be used by the Town of Castle Rock. We are planning community meetings in mid December to discuss this plan with the Great Rock community before submitting applications to Weld County. I will let you know the time and dates of those meetings as soon as arrangements are finalized to use the Grange building.

We are also in the process of preparing applications for a substitute water supply plan ("SWSP") and a water court application for an augmentation plan. We own approximately 360 acre feet of Denver Basin water and have arrangements with other water rights owners to include their water in our applications. We would like to request that the District allow us to include its Denver Basin water rights, effluent and any other available reusable water supplies in our application.

There would be no obligation on the District. Essentially, allowing Boxelder to include your rights in the application would allow a future option for the District to make money leasing its water. Once we are up and running we would come to the District with specific business propositions for the use of the District's augmentation sources. If the economic terms were attractive the District could proceed; if not the District could pass.

We would be happy to meet with you, your legal and engineering consultants or the Board to further discuss our plans.

Thanks again and please let me know if you have any questions or would like to meet.

Sincerely,

Walraven Ketellapper
Managing Member, Boxelder Creek Properties

Cc: Mike Jeronimus