

MEMORANDUM

Date: April 12, 2012
To: File 22-7336
From: Monica Van Bussum and Christine Field
RE: Determining warrant amount for 2011 rental of 22-7336

This is a highly unusual set of warrant requests and bears further explanation for the file.

From the beginning of the 2011 rental until September 22, 2011, Right No. 22-7336 was owned by Julie Butler, Susann Smith and Sally Smith. Water right ownership subsequently changed and, from September 23, 2011, until the end of the rental year, December 31, 2011, the water right was owned by Sally and Robert Smith.

Since ownership changed partway through the rental year, it is necessary for us to divide the rental payment among the appropriate owners. The purpose of this memo is to explain how we divided the payment among those owners.

There are 206 days between 6/9/2011 and 12/31/2011. There are 106 days between 6/9/2011 and 9/22/2011, or there are 106 days of the rental in which Butler, Smith and Smith owned the water right. There are 100 days between 9/22/2011 and 12/31/2011, or 100 days of the rental in which Sally and Robert Smith owned the water rights. Therefore, Butler, Smith and Smith, should get a proportionate share of the rental income based on how long they owned the water during the rental. This is determined by dividing 106 days by 206 days, which is 51.5% of the rental amount. The balance, or 100 days, would be paid to Sally and Robert Smith, which is 48.5%.

The total rental fee was \$613.20. The Department retained 10%, or \$61.32, as an administrative fee, leaving \$551.88 to be divided among the lessors for their payment.

51.5% of \$551.88 is \$283.98. This amount must be divided among the three lessors, Butler, Smith and Smith. \$283.98 divided by 3 is \$94.66. Therefore, Butler, Smith and Smith will each get a check for \$94.66.

48.5% of \$551.88 is \$267.90. This amount goes to Sally and Robert Smith, husband and wife.