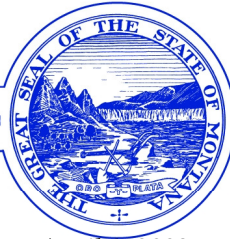


DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



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April 8, 2008

Mr. Joe Kolman, Lead Staff
Water Policy Committee
Legislative Environmental Policy Office
P.O. Box 201704
Helena MT 59620-1704

Dear Joe,

The 2007 Legislature directed DNRC to conduct an evaluation of the economic benefits of irrigation in Montana. The legislation appears as an appropriation for \$200,000 in House Bill 2 with the following directive:

The Economic Analysis of Irrigated Agriculture is restricted to contracted services for the purposes of determining the economic benefits of irrigation, the impact of new irrigation projects, and the rehabilitation needs of old irrigation projects. A final written report must be provided to the interim water policy committee by September 15, 2008.

---House Bill 2, Page C-8 DNRC CARDD item g, and footnotes on Page C-10

Last fall, I contracted with an economics consulting firm to conduct the analysis. This letter is a reminder to the Water Policy Interim Committee that this report is in progress and will be available for Committee review and comment in September as mandated in House Bill 2. The contractor is prepared to provide a presentation to the committee describing the study results. Please consider adding this to the Committee agenda for the September meeting.

In addition to the economics evaluation, the 2007 Legislature also funded an inventory of the condition of existing irrigation infrastructure in Montana. We expect to have the inventory and a final report completed by the end of December, 2008.

Please forward this letter and the attached description of the two irrigation studies to the Committee members for their consideration.

Kind Regards,

A handwritten signature in blue ink that reads "Alice Stanley".

Alice Stanley, Chief Resource Development Bureau
406-444-6687
astanley@mt.gov

CC: Mary Sexton, Joe Lamson
Attachment