

1924

Correspondence

of the

Verde River Irrigation & Power
District

vs.

Salt River Valley Water Users'
Association



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Correspondence
of the
Verde River Irrigation & Power
District
vs.
Salt River Valley Water Users'
Association



PRESSES
MESA JOURNAL-TRIBUNE
MESA, ARIZONA

ARIZONA HISTORICAL FOUNDATION

COPY

March 21, 1924.

Mr. C. C. Cragin,
Chief Engineer and General Supt.,
Salt River Valley Water Users' Ass'n,
Phoenix, Arizona.

Dear Sir:

Regarding the matter of co-operation and unification of ideas of purpose between the Verde River Irrigation and Power District and the Salt River Valley Water Users' Ass'n. which I proposed to your Board some time ago, we are extremely anxious to continue and consummate the work which has been started.

Mr. Bailhache informs me that he and Mr. O'Hara have gone as far as they can without further conferences with you and that he has tried to get you on the 'phone and has left calls for you and has tried to have Mr. O'Hara get you to continue with the conferences, but has been unable to get a reply of any kind.

We believe it is more or less vital if successful co-operation is to be attained that it begin now while various other project's water supplies are being studied and engineers from the Reclamation Service are here. I feel that it will be a duplication and waste of efforts to consider any supply using water of the Verde River without consulting

with our engineers and working it out together for the best interests of all districts effected.

Trusting that you will have time to give this matter early consideration, I am

Yours very truly,

VERDE RIVER IRRIGATION
AND POWER DISTRICT.

(Signed) E. W. MICHAEL,
President.

COPY

SALT RIVER VALLEY WATER USERS'
ASSOCIATION

Operating Salt River Project
Water Users' Building

April 10, 1924.

Mr. E. W. Michael, President,
Verde River Irrigation and Power District,
517 East Adams St.,
Phoenix, Arizona.

Dear Sir:

I wish to apologize for not answering your letter of March 21st but have been so rushed with various matters that I overlooked it.

I have been awaiting Mr. Hayes' conference with Mr. Gust, as I hardly feel that we can make very much progress until either Mr. Hayes convinces Mr. Gust that he is wrong or Mr. Gust convinces Mr. Hayes that he is wrong in connection

with the exclusion of lands from the Paradise-Verde District. Both you and Mr. Hayes have informed us that the District contained 102,000 acres. I have a formal legal opinion from Mr. Gust advising us that the District still contains the original acreage of 110,000 acres.

This matter should certainly be settled one way or the other before we can make any definite progress. The details of a few thousand acre-feet a year one way or the other appear to me of minor importance compared with this question.

I would be glad to go into the matter with you at any time or date that you set but would suggest that you urge Mr. Hayes to get together with Mr. Gust so that we will have a starting point from which to start negotiations.

Very truly yours,

(Signed) C. C. CRAGIN,

General Superintendent and Chief Engineer.

CCC/N

COPY

May 12, 1924.

Mr. C. C. Cragin,
 Superintendent & General Manager,
 Salt River Valley Water Users' Association,
 Phoenix, Arizona.

Dear Sir:

In compliance with the understanding that I had with you and Mr. D. B. Heard at our conference some time ago, I promised to outline and sub-

mit to you for your consideration a general program for the co-operation of the Salt River Valley Water Users' Association and the Verde River Irrigation and Power District lands. I have been giving this matter considerable study and thought, and I am still of the opinion that some kind of co-operation can be worked out to the benefit of both of the Projects and the general development of the Valley as a whole, and in order to enable us to arrive at the best possible understanding, and to work out a program that would meet with your approval I would like to have for our study some data from your Power Report compiled by yourself and J. F. O'Hara. It would also be beneficial to us to have access to your yearly reports from the Irrigation Department from 1921 to date. If this is agreeable with you I would be pleased to have our Mr. Bailhache take from these reports such data as we think will be helpful in arriving at the best possible co-operative plan that can be worked out.

Hoping to hear from you at your earliest convenience,

Yours respectfully,

VERDE RIVER IRRIGATION AND
POWER DISTRICT.

President.

EWM/Z

COPY

Phoenix, Arizona, July 28th, 1924.

Board of Governors,
Salt River Valley Water Users' Ass'n.,
Through Mr. F. A. Reid, President,
Phoenix, Arizona.

Gentlemen:

In keeping with the promise I made to your chief engineer and general superintendent that I would submit certain data for consideration by your Association and the Verde River Irrigation and Power District in the hope of arriving at a better understanding than now apparently exists, and believing that the first and most vital question for consideration is that of an understanding relative to the available water supply for the two projects, I now submit the following for your study and consideration:

The waters of the Salt and Verde Rivers shall be allocated between the two projects on the basis of the Kent decree. The decree shall be extended to control the division of water between the two projects by the following method:

1. For the Salt River Valley Water Users' Association, as its boundaries exist today, Class "A" lands shall be as shown in the Kent decree, and there shall be further included as Class "A" lands, in the order of their rights, all lands which have a permanent water right to the normal flow of the Salt and Verde Rivers, as of date August 7th, 1916.

2. For the Verde River Irrigation and Power District all the irrigable area within the 102,456 acres of the District as at present constituted shall be included as Class "A" land, as of the date of the District's filings, August 8th, 1916, and these lands shall have the next right to the normal flow of the Salt and Verde Rivers after the Class "A" lands, as defined for the Salt River Project.

3. Normal flow water shall be divided on the normal flow table of the Kent decree, which is to be extended on the definitions of the Kent decree for the additional Class "A" land. The normal irrigation demand is to be construed as that demand of Class "A" land for water which is beneficial to irrigation. Special inducements for the use of water at certain times such as "free water," "reduced cost of water," or any other inducement which will create a demand above normal, shall not be construed as making an irrigation demand.

4. When the flow is greater than the normal flow, and there is a normal irrigation demand for the excess for Class "A" lands, this excess or surplus water shall be allocated between the two districts in the same proportion as the total acreage of class "A" lands of the Salt River Project bears to the total acreage of Class "A" lands of the Verde River Project. Surplus water shall be stored as follows:

The Salt River Project may store for its own lands such surplus water as it is entitled to and which is available for storage in its own reservoirs on the Salt River. The Verde River Project may

store for its own lands such surplus water as it is entitled to and which is available for storage in its own reservoirs. Surplus water allocated to a district beyond its ability to store may be stored by the other district for use on its lands.

5. Flood waters of the Salt River above the Verde River may be stored by the Salt River Project in its reservoirs on the Salt River. Flood waters of the Verde River may be stored by the Verde River Project in its reservoirs, both excepting such flood waters as have been allocated to them for use on Class "A" lands.

6. DEFINITIONS: Normal flow, surplus water, and flood water shall be as defined in the Kent decree. Neither district shall be requested to store water for the other, and water allocated to a district which cannot be stored may be stored by the other district for use on its own lands.

7. Water that can be stored for irrigation purposes shall not be wasted for power or for any other purpose by either district.

8. Any rights that the United States Government may have to the use of water shall be complied with and met on demand, and the remaining water shall be treated as the available amount of normal flow, surplus or flood water to be allocated between the two districts.

9. The Verde River District may avail itself of such waters of Cave Creek as can be utilized without interference with flood control belonging to the District under existing agreements, as well

as of all the waters of Skunk Creek and New River that it may impound, together with such water as it may pump from the sub-surface of lands within its boundaries.

We believe when measured by the foregoing principles the rights of the Association remain entirely unimpaired and a sufficient supply of water is rendered available for the Verde District. However, should there at any time be a shortage of water for the District such water as might be available would be of necessity equally allocated to the lands of the District, and the solution of the problem could in no wise effect the Association.

Through the installation of pumps, and as a part of the water supply for the District, it contemplates the removal of all underground water that might otherwise waterlog the Association's land. This water to be used as a part of the irrigation supply for the District. However, if it is believed by the Association that seepage water of the Verde River District might at some time injure the lands of the Association the District would be glad to consider with the Association any reasonable measures looking to the control of such seepage water, when the necessity for such control should arise.

Other questions that the District will be glad to consider with the Association, if the Association requests it, will be:

1. Interchange of irrigation water;
2. Co-operation in the development, marketing and interchange of power;

3. The question of lining a portion of the Association's canals as a consideration for the Association's co-operation in the immediate development of certain lands of the District immediately to the North of the Arizona Canal, along the lines similar to those heretofore orally presented to us by Mr. Cragin.

Respectfully submitted,

(Signed) E. W. MICHAEL,
General Manager,

Verde River Irrigation and Power District.

COPY

SALT RIVER VALLEY WATER USERS'
ASSOCIATION

Operating Salt River Project
Water Users' Building

Phoenix, Arizona

September 6, 1924.

Mr. E. W. Michael,
General Manager,
Verde River Irrigation and Power District,
Phoenix, Arizona.

Dear Sir:

Reference is made to your letter of July 28, 1924, submitting to the Board of Governors of this Association, data for its consideration relative to your District and the Association.

The letter was duly considered by the Board of Governors and referred to our Legal Adviser for opinion. Opinion signed by Mr. Gust was submitted to the Board of Governors September 2, and by motion unanimously adopted, the Board instructed me to forward a copy of Mr. Gust's letter to you with the statement that the Board of Governors fully concurs in the opinion rendered by the Legal Adviser.

Very truly yours,
 (Signed) F. C. HENSHAW,
 Secretary.

Encl.

COPY

Law Offices
 KIBBEY, BENNETT, GUST & SMITH
 Fleming Building

Phoenix, Arizona, August 19, 1924.

Salt River Valley Water Users' Ass'n,
 Phoenix, Arizona.

Gentlemen:

I note by the minutes of the meeting of August 4th that the communication from Mr. E. W. Michael of the Verde River Irrigation and Power District was referred to the President, General Superintendent and Legal Adviser for report.

There can be no question that the proposition as submitted by Mr. Michael would result in the surrender by the Association of valuable rights. This can probably be obviated by an amendment of

some of these propositions, but it seems to me that it is useless to try to make any such agreement until there is a report from the General Superintendent that there is a reasonable supply of irrigation water for the acreage included in the district with which the agreement is made.

Mr. Michael states that "however, should there at any time be a shortage of water for the district, such water as might be available would be of necessity equally allocated to the lands of the district." With this statement we agree. But Mr. Michael adds "and the solution of the problem could in no wise effect the Association." With this statement we cannot agree. In our opinion the Association cannot safely make any agreement for the division of water with a district that will not have available to it sufficient water to reasonably irrigate all the land of the District.

Yours very truly,

JLG:T

J. L. GUST.

COPY

September 15, 1924.

To the Honorable Board of Governors,
Salt River Valley Water Users' Association,
Phoenix, Ariz.

Gentlemen:

Your communication through your Secretary, enclosing the opinion of your attorney, was re

ceived and a meeting of the landholders of the Verde River Irrigation and Power District was called for the purpose of discussing same.

We are enclosing a copy of a resolution passed by the landholders at this meeting, which we believe reflects the sentiment of the landholders of the Verde River Irrigation and Power District.

It is not my purpose to comment upon this resolution in any way, but wish to state that the writer has talked to the other two members of the Board of Directors since this meeting and feel that I am justified in saying that the Board of Directors of the District hope that some understanding will be arrived at that will be beneficial to both projects, and we are of the opinion that such an agreement can be worked out.

Assuring you that we will co-operate with you in this undertaking and awaiting a further reply, we remain,

Yours very respectfully,

VERDE RIVER IRRIGATION
AND POWER DISTRICT.

EWM/Z

President.

COPY

Copy of Resolution Passed by the

Landholders

of the

VERDE RIVER IRRIGATION AND
POWER DISTRICT

At Phoenix Union High School Auditorium

September 12, 1924.

“Be it resolved that the Directors of the Verde River Irrigation and Power District be requested to invite the Salt River Valley Water Users’ Association, through its officers, to work out a proposition of co-operation with the District, have its Board of Governors pass upon same so that it can be officially submitted to the Directors of the District, in writing, the Directors of the District then to call a meeting of the landholders, invite Mr. Reid and Mr. Cragin to be present and explain their proposition to the landholders of the District.”

OKIE ZIMMERMAN,
Secretary.

16

COPY

SALT RIVER VALLEY WATER USERS'
ASSOCIATION

Operating Salt River Project
Water Users' Building

Phoenix, Arizona

September 27, 1924.

Mr. E. W. Michael, President,
Verde River Irrigation and Power District,
517 East Adams St.,
Phoenix, Arizona.

Dear Sir:

Reference is made to your letter of the 15th inst. enclosing resolution adopted by the Landholders of the Verde River Irrigation and Power District on September 12th, 1924.

Resolution contained in your letter was submitted to the Board of Governors of this Association for its consideration at the meeting of September 26th, 1924.

Enclosed herewith you will find a resolution unanimously adopted by the Board at that meeting.

Very truly yours,

(Signed) E. C. HENSHAW,
Secretary.

COPY

RESOLUTION

WHEREAS, the Verde River Irrigation and Power District has submitted a resolution to this Board of Governors wherein the Salt River Valley Water Users' Association is invited to work out a proposition for development of the said District and submit the same to the Directors of the District for its consideration, and

WHEREAS, this Board has duly considered the Resolution as submitted and is of the opinion that the development of the District is a problem for solution by the land owners within the District and any proposition for its development must originate therein,

NOW, THEREFORE, BE IT RESOLVED, that this Board of Governors refuse to prepare a proposition as requested by the Verde River Irrigation and Power District.

UNANIMOUSLY ADOPTED by the Board of Governors of the Salt River Valley Water Users' Association on the 26th day of September, 1924.

(Signed) F. C. HENSHAW,

SEAL

Secretary.

COPY

September 19, 1924.

Mr. F. A. Reid, President,
Board of Governors,
Salt River Valley Water Users' Association,
Phoenix, Arizona.

Dear Mr. Reid:

On September 16th we mailed you a certain resolution passed by the landholders of the Verde River Irrigation and Power District. In my letter accompanying it I stated that this resolution was passed by the landholders of the District and that I did not wish to add to nor take from this resolution.

We realize that you might not be in a position to comply with this resolution in every particular, as it might involve expense, time and study in order to put your Board in a position where it could comply in every particular with this resolution.

We wish to state that we would be glad to call a meeting of the landholders in order to give you an opportunity to submit such agreement or understanding that you might wish to submit for their consideration. If this meets with your approval we would be glad to hear from you, and upon re-

ceipt of same we will endeavor to call a meeting at your convenience.

Yours respectfully,

E. W. MICHAEL,
President, Board of Directors,
Verde River Irrigation and
Power District.

EWM/Z

COPY

SALT RIVER VALLEY WATER USERS'
ASSOCIATION

Operating Salt River Project

Water Users' Building

Phoenix, Arizona

September 20, 1924.

Mr. E. W. Michael, President
Verde River Irrigation and Power District,
517 East Adams,
Phoenix, Arizona.

My dear Mr. Michael:

Answering your letter of September 19th. You refer to a letter of September 16th. This I find was addressed to our Board of Governors and will be presented to them at their next meeting October 6th.

Relative to the matter of meeting with your District for presentation of a plan for a feasible development of the Verde River project; I am in receipt of a petition signed by a large number of landowners in the Verde River Irrigation and Power District requesting Mr. Cragin and myself to appear before them the evening of September 25th at 8:00 o'clock in the High School Auditorium for the purpose of outlining a plan for the development of your District with the aid and co-operation of the Water Users' Association. I understand that the committee who presented this petition to me desires and will invite you and your Board of Directors to be present at such meeting to which program I heartily subscribe.

I believe it to be to the best interest of the entire State of Arizona that the wonderful lands of the Paradise and Deer Valleys be brought into cultivation on a feasible basis. However, you and I have had so much discussion, proposals and counter proposals with apparently no possibility of practical cooperation that I hope that this meeting direct with the landowners will ultimately result in a better understanding of our problems by all concerned. I am sure that you will agree with me that an open discussion with those most vitally interested should result in some practical benefits and a step to end the many years of past delay in this development of the Salt River Valley.

As this meeting offers the first opportunity that I have had to discuss this with your landowners, I hope you will be able to accept the invitation which I understand the committee of landowners

have sent to you to be present with your Board of Directors.

Very truly yours,

(Signed) F. A. REID, President,
F.A.R./N S. R. V. W. U. A.

COPY

(Presented at Washington Jan. 15, 1925)

Mr. F. A. Reid, President,
Salt River Valley Water Users' Association,
Washington, D. C.

Dear Sir:

Pursuant to the suggestion of the Secretary of the Interior that we attempt to arrive at a mutually satisfactory solution of the differences existing, or represented to be existing differences, between the Verde River Irrigation and Power District and your Association, as to the District's proposed developments on the Verde River and other sources, and to conform to the agreements on principle had in a meeting of yesterday between representatives of the Association and the District, we submit for your consideration the following proposals.

1. That the Secretary of the Interior confirm to the District the rights, easements, and franchises heretofore granted without limitation as to time, subject only to progress reports made to the Secretary as he may require and demand.

2. That the District and the Association shall immediately proceed to work out jointly a development plan for the District in so far as the District and the Association may be able to agree. In the event of their inability to agree upon any question or questions affecting the District's development, the points in dispute shall be submitted to the Secretary of the Interior, or such arbiter as he may designate, with full authority to determine all disputed questions presented to him, and if need be to outline and direct what plan of development may be undertaken by the District; such decision to be final and binding upon both the Association and the District.

Respectfully submitted,

VERDE RIVER IRRIGATION AND
POWER DISTRICT.

By

President.

COPY

THE SECRETARY OF THE INTERIOR
Washington

February 21, 1925.

The Commissioner
of the General Land Office.

Dear Mr. Commissioner:

January 16, 1925, I denied the application of the Paradise-Verde Power and irrigation district

for extension under contracts of May 21 and May 25, 1920.

By telegram of even date, which this confirms, I denied the petition of the Salt River Valley Water Users' Association to transfer and grant to it irrigation and power rights from the Verde district.

A request from the Paradise-Verde power and irrigation district for 90 days' extension within which to finance the district has been denied, and that action is hereby confirmed.

In order to preserve water rights and any other things which might be lost or jeopardized by the termination of said contracts of May 21 and 25, 1920, the same are hereby extended for a period of 60 days from and after February 23, 1925, to permit agreement of parties in interest, or such final disposition of the matter as the Department may determine.

Sincerely yours,

(Signed)

HUBERT WORK,

Secretary.

COPY

March 10, 1925.

Mr. F. A. Reid, President,
Salt River Valley Water Users' Association,
Phoenix, Arizona.

Dear Sir:

Please find enclosed a proposition which was

authorized by the board of Directors of the Verde River Irrigation and Power District at a special meeting of the Board called for that purpose March 9, 1925.

We wish to state further that the Board of Directors will be glad to meet at any time suggested by you for further discussion on such matters as you or your Board might desire.

Awaiting an expression of your desires in this matter, we remain,

Respectfully yours,

VERDE RIVER IRRIGATION
AND POWER DISTRICT.

EWM/Z

President.

COPY

Phoenix, Arizona,
March 9,
1925.

To Mr. F. A. Reid, President,
of the Salt River Valley Water Users' Association

Dear Sir:

On February 21, 1925, the Secretary of the Interior addressed the following communication to the Commissioner of the General Land Office:

“The Commissioner
of the General Land Office.

Dear Mr. Commissioner:

January 16, 1925, I denied the appli-

cation of the Paradise-Verde power and irrigation district for extension under contracts of May 21 and May 25, 1920.

By telegram of even date, which this confirms, I denied the petition of the Salt River Valley Water Users' Association to transfer and grant to it irrigation and power rights from the Verde district.

A request from the Paradise-Verde power and irrigation district for 90 days' extension within which to finance the district has been denied, and that action is hereby confirmed.

In order to preserve water rights and any other things which might be lost or jeopardized by the termination of said contracts of May 21 and 25, 1920, the same are hereby extended for a period of 60 days from and after February 23, 1925, to permit agreement of parties in interest, or such final disposition of the matter as the Department may determine.

Sincerely yours,

(Signed) HUBERT WORK,
Secretary."

Paragraphs 1, 2 and 3 of said order need no explanation nor comment. We desire to call your attention to the 4th and last paragraph, and particularly that portion of the same as follows—"to permit agreement of parties in interest."

We interpret said quotation to mean that it is the purpose and desire of the Secretary of the Interior that the parties in interest enter into an amicable agreement looking toward the development of this District under such conditions and understanding as may be amicably arrived at between your Association and this District.

With this interpretation it is our sincere hope and purpose to at once enter into negotiations with your Association to the end that such an agreement can be reached and approved upon the following general principles as a basis:

First: That all rights, easements and franchises of the District remain in the District.

Second: That a Board of Engineers be selected to determine the amount of water available to the District from all sources. The Board to consist of three members—one to represent the Association, one to represent the District, and the third member to be agreed upon by the representatives of the Association and the District. If the Association and the District are unable to agree upon the third member, then the selection of such member to be made by the Secretary of the Interior.

Third: Paragraphs numbered First and Second above having been agreed to, the District agrees to enter into a contract with the Association whereby the Association shall assist in the financing, and may, in co-operation with the District,

construct, operate and maintain the District's irrigation and power works.

May we hear from you promptly in response to this proposition.

VERDE RIVER IRRIGATION AND POWER
DISTRICT,

(Signed) E. W. MICHAEL

(Signed) HOMER C. LUDDEN

(Signed) J. D. BOWERS

Directors.

COPY

March 20, 1925:

Mr. F. A. Reid, President,
Board of Governors,
Salt River Valley Water Users' Association,
Phoenix, Arizona.

Dear Mr. Reid:

On the 10th of this month we delivered to you a proposition signed by three directors of the Verde River Irrigation and Power District, whereby we submitted to your Board some of the principal facts in controversy between the two organizations, in the hope of arriving at some conclusion that would be satisfactory to both organizations, and pave the way to the development of the Verde District.

I believe that you will all agree with us that

this is a worthy development and one that will add much wealth to this Valley, as well as the State of Arizona. You and your Board are in a position to realize the benefits derived by adding storage on the Salt River. It could only be expected that a similar benefit would also follow by adding storage on the Verde River, the Verde being in character very much like that of the Salt River, and it would only be reasonable to expect that my above remark would be true.

We would be glad to hear from you concerning our proposition at your earliest convenience. Our Board wants to be reasonable and fair, and is willing to yield as much as possible in order to arrive at some plan of cooperation. Our Board will be available at any time for any conferences that you think advisable.

Assuring you again that we are anxious for a better understanding between the two organizations, and awaiting your early reply, I remain

Yours respectfully,

VERDE RIVER IRRIGATION & POWER
DISTRICT,

President.

EWM/Z.

COPY

SALT RIVER VALLEY WATER USERS'
ASSOCIATION

Operating Salt River Project
Water Users' Building

Phoenix, Ariz.

March 30, 1925.

Verde River Irrigation and Power District,
517 E. Adams St.,
Phoenix, Arizona.

Attention: Mr. E. W. Michael, Pres.

My dear Mr. Michael:

I regret the delay in answering your letters of March 9th and 20th, but we wished to give them full thought and consideration. They were presented to our Board of Governors at their last meeting and we have concluded that your proposal is practically the same as that presented by you in Washington. Our attorney advises us that under the existing law of this State, your District contains 110,000 acres and in view of this fact, your proposal is, of course, unacceptable to us.

The actions of the Secretary of the Interior would indicate that he desires us to attempt to iron out our differences. However, the repeated findings of the Secretary that water does not exist for your present plans and his latest findings, that a further effort to finance these plans are not to the interest of your settlers and landowners would ap-

pear, to us, to clearly indicate the hopelessness of attempting to maintain your present acreage. Your contention that your acreage has been reduced to approximately 103,000 acres does not alter the situation even if the courts should sustain you to that extent. Undoubtedly your recent offer to arbitrate the amount of water available to your district is made in good faith but as we have stated to you heretofore, we must insist on the certain reduction of your acreage to fit the available water supply before our cooperation is justified. We believe that our proposal, which you accepted at one time in Washington, is eminently fair to your project. In that proposal we agreed to advance the cost of an impartial determination of the acreage by the United States Bureau of Reclamation. A formal acceptance by your Board of our proposal would, we believe, expedite the date when water for your land would become available.

We would be glad to discuss with you any points in our proposal which you may feel are unfair or not to the interest of your district but you must agree with us such a discussion does not aid our mutual cooperation as long as you insist on the maintenance of your present acreage, which is largely in excess of the available water supply.

Very truly yours,

(Signed) F. A. REID, President,

Salt River Valley Water Users' Association.
FAR-N.

COPY

Mr. F. A. Reid, President,
Salt River Valley Water Users' Ass'n.,
Phoenix, Arizona.

My dear Mr. Reid:

Your reply of March 30th, to our proposal of March 9th and letter of March 20th, was received in due time, and we have given your reply thorough consideration.

We were somewhat disappointed, as we had hoped that our proposition would meet with your approval to an extent that we might be able to so alter our proposition that we could arrive at an understanding and a complete cooperation between the two projects.

Owing to the great importance and value of the development of the Verde District and the great wealth it would add to the State of Arizona and this community, and realizing the help and assistance of a closer cooperation between the two projects in this development, we are still desirous of doing everything possible to this end, and willing to concede as much as possible without leaving our District in a position where we feel that we would have no hopes of financing the development; and we do hope that you and your Board will realize that while there can be no doubt as to a meritorious development of Paradise and Deer Valleys, and one that will readily appeal to investors; however, this development will only stand pruning

to a certain extent; beyond that point it will neither be attractive to investors nor to the owners of the land within the District. We earnestly desire that we may be able to meet the objections of your Association to our development before it shall have been so depleted of its assets that it cannot be financed. Still feeling that it is possible for us to arrive at a basis of cooperation, we shall endeavor to further meet what we believe to be the difference between the two projects.

You state your attorney advises you that, under the existing laws of our State, the District contains 110,000 acres. We beg to differ with your attorney in this matter, and do not believe your attorney can maintain his position.

We feel from your interpretation of the findings of former Secretary of the Interior Fall, that you do not realize the conditions upon which his opinion was based, regarding the water supply. Neither the District, nor anyone else at that time knew how much of the Verde water was used by the Salt River Project and how much was available for the District. The water analysis of the District was based upon assumptions and was the best data that we had at that time, and was not a proper basis for any final judgment. Today we have a new water analysis showing actually how much water the Association has used from the Verde River and how much is available for the District, based on the actual daily records of use by the Association. Had Secretary Fall had this information in 1923,

we feel certain he would not have arrived at the same opinion regarding the District's water supply.

Your Chief Engineer, C. C. Cragin, in his speech before the Kiwanis Club, August 1, 1923, as stated in the Arizona Republican also finds the following:

“Referring to the water supply, Engineer Cragin said the chief concern is not where the water for irrigation purposes is coming from, but how to finance the development projects that would insure the water supply.”

“There's going to be enough water for everybody, with the practice of reasonable conservation,” he said, adding,

“I am glad to be in a position to say authoritatively that there is nothing to worry about along this line.”

“He told briefly of the Association's plan to safeguard against any water shortage crisis through the development of an underground supply. ‘This development,’ he continued, ‘will involve an expenditure of from \$100,000 to \$200,000’.

“The present drouth, which has continued over a period of three years, he described as the most serious in the history of the weather bureau station in this City. ‘There has been less rainfall on the Roosevelt watershed during this period than in any other period of three years since weather observers first began collection of data on the subject,’ he said.

“‘Even without furtherance of the underground water supply, there is no immediate cause for alarm,’ he continued. ‘At the end of the present growing season there will be approximately 250,000 acre feet of water stored in Roosevelt Lake, or approximately 2.6 acre feet for every acre in the project. That supplemented by the present underground supply, will supply the needs of all ranchers for a period of 12 to 18 months,’ he declared.

“Referring to extensions in the development of tillable acreage, Engineer Cragin expressed it as his opinion that the Salt River Valley project could safely be brought up to 500,000 acres without seriously affecting the water rights of any shareholder.”

The State Certification Board, an official body acting on the part of the State, finds an adequate and sufficient supply of water for 109,019 acres. It would seem to us that our State officials, whose duty it is to protect every one's interest and do nothing to the detriment of any interested parties, were in a better position to arrive at a just understanding than was Secretary Fall, absorbed as he was in a vast amount of business and other problems to which he had to give consideration.

Our application for the appropriation of the Verde water explicitly states that we only contend for the unappropriated and unused water—in other

words, the water that is going to waste; and we do hope that some understanding can be arrived at where we will have the Association's cooperation and assistance in putting this waste water to beneficial use on the fertile lands of this District, and we believe it will be of benefit rather than detriment to the Salt River Valley Water Users' Association as well as the Verde District and the State and community at large.

You state that you believe that your proposal which you made at Washington and which the writer accepted there at one time, is eminently fair to our Project. In order to make more clearly the writer's views, inasmuch as the other two members of the Board of Directors of the Verde District were not present, I wish to state that if your Association will put in writing the various verbal acknowledgments and opinions made by your Chief Engineer in this Washington conference as to the development of our District, which as I understood then, as in substance this:—that the storage capacity of the Verde District was not too large; that the proposed storage dams were properly located; that the power developments were justifiable and feasible; that the main canal should empty into the New River Reservoir; and that the New River Reservoir should be constructed so as to equalize the water for power development,—and with these developments agreed to in a contract, the writer will recommend its acceptance. I further believe that the above major developments should be agreed to in any proposed program of cooperative development. It cannot be claimed at this time by your

Association, nor by the Verde District, that we are not fully acquainted and advised on the proper development of this District.

We feel that the Verde District, a legally organized irrigation district under the statute laws of Arizona, with its sovereign rights as such, should not be disfranchised from having any voice or say in their own development. In this particular we do not believe your proposal was fair and hope that you may agree with us.

In our proposal of March 9 we stated "that all rights, easements and franchises of the District remain in the District." We are willing for the contract between your Association and the Verde District in this particular to be modified to read "that all rights, easements and franchises of the District remain in the United States Government," provided, however, that this would not interfere or be against the sale of our Securities, and in the event it was found that the Securities would be more desirable from the purchaser's standpoint if the titles were vested within the District, that then it would be mutually understood that they would be conveyed to the District so as not to interfere in any particular in the financing of the District.

The second general principle was surely fair in every particular. You state that "we agreed to advance the cost of an impartial determination of the acreage by the United States Bureau of Reclamation." Our proposal of March 9 in this particular would be almost identical with that of yours.

The third general principle should appeal to your Board as the District agrees to enter into a contract with the Association where they may cooperate with the District in the construction and operation and maintenance of the District's irrigation and power works. Our Board will recommend to the landholders of our District to go further than this, if it means cooperation with the two projects, we will recommend the control and management be under your Association as far as could be legally worked out at such time as the landowners of our District would have a proportionate representation in your organization. It would not be fair for the District to be governed by an outside body in which the landowners of the District had no voice. In this particular I am sure you will agree.

We wish to put ourselves on record now as saying that we are willing for the Verde District to be put under the same management as that of the Salt River Valley 'Water Users' Association at such time as legal arrangements can be made for the District as well as the Association to accomplish this, and until such time, we are willing to enter into a contract with the Association, to give the Association as much control as we can legally convey. Beyond these concessions we hope that you and your Association will not contend, and we believe that with these understandings we have been as reasonable and fair as could be expected.

Hoping that this will meet with the approval
of the Association,

Yours respectfully,

VERDE RIVER IRRIGATION AND POWER
DISTRICT,

(Signed) E. W. MICHAEL,
President.

EWM/Z

COPY

SALT RIVER VALLEY WATER USERS'
ASSOCIATION

Operating Salt River Project
Water Users' Building
Phoenix, Ariz.

April 14, 1925.

Mr. E. W. Michael, President,
Verde River Power & Irrigation District,
Phoenix, Ariz.

My dear Mr. Michael:

Answering your letter of April 8th. Our Board of Governors could not accept your proposal as it was predicted, like your other proposals and plans, on the maintenance of your present acreage for which there is not an adequate supply of water without interfering with the vested rights of our shareholders.

As long as you maintain this position, we cannot aid you in developing wealth in this community

at the expense of the present project. You say you are willing to concede everything possible but the "District will only stand pruning to a certain extent." This we can only take as a refusal on your part to let the available surplus water fix the acreage of your District.

Let me assure you that I fully realize the condition upon which the Secretary of the Interior found that water did not exist for even 80,000 acres of your project. This finding was based upon impartial and thorough investigation by many engineers and special investigation of the Department of the Interior, and his findings so stated. The present Secretary of the Interior had this information at his disposal, together with your new water analysis, and he found that it was not to the interest of your land owners to extend the time for further effort to finance your present project. It was indicated to the Secretary of the Interior at the January hearing, as heretofore to you, that his new analysis ignored the prior rights of some 28,000 acres of "C" land in our project. The Secretary asked at that hearing if this 28,000 included the 10,000 acres of Indian land and it was pointed out to him that if the Department insisted on the irrigation of 10,000 acres of additional Indian land that your analysis ignored 38,000 acres.

These things are a matter of record and were undisputed by your representatives at Washington. We cannot see how you can even suggest that we disregard the prior rights of our shareholders and attempt to cooperate with you on some partial prun-

ing of the district. There can be no cooperation between the two projects on any other basis than a reduction of your project to the available water supply from all sources without interference with the quality or quantity of our water.

Again let me point out to you that even if the courts sustain you in your contention that the district only contains 103,000 acres instead of 110,000, that the situation is unaltered.

We hardly feel that the misinterpretations of one of Mr. Cragin's numerous talks, by a newspaper reporter, is germane to the subject. This we feel only introduces the old controversies, that is, our use of pumped water and the sufficiency of water supply.

I might call to your attention that the misinterpreted remarks of Mr. Cragin referred to the water supply of our own project at a time when nearly 450,000 acre feet were in the reservoir with only two months to the end of the irrigation season. The statement relative to 500,000 acres being safely brought into cultivation in the Salt River Valley project is correct, but the Salt River Valley Project is not the Salt River Project. At the time he made this statement, there was 330,000 acres in cultivation in the Salt River Valley being served with water under the Salt River Project, with power from the Salt River Project or from return water from our project. If you add to this, 40,000 acres of the Auxiliary Eastern, 35,000 acres west of the Agua Fria, (both approved by the Secretary of the Interior), 5,000 acres at Queen Creek now being

constructed and a probable 80,000 of the Verde River Project, (of which about 40,000 must be cared for by saving from canal lining and joint operation) and we have the 500,000 acres mentioned and fully outlined in the talk quoted.

We do not wish to cast any reflections on the State Certification Board, composed as it has been of a very eminent highway engineer, a lawyer and the State Superintendent of Banks, but we feel that the opinions of the irrigation experts of the various branches of the Interior Department who have studied this problem for years, should indicate to you the hopelessness of your position.

But all of this, including the so-called new analysis of water, has been thoroughly discussed heretofore by us, and at Washington, and apparently we get nowhere. The main reason for this appears to us to be your insistence on maintaining your present acreage. It appears useless to us to discuss details as long as you refuse to cut the project to suit the water supply. However, you have stated that you do not think it fair to turn over the Verde District to the Association without representation. We would call your attention to our proposal at Washington *in which we predicated our control on the execution of a contract satisfactory to the Secretary of the Interior*. We anticipated a requirement that this control would obtain only if reasonable and satisfactory representation were included, and as you will recall, we made provision in our proposal, that if the contract required submission to our shareholders under our Articles of Incorporation

tion, that the contract would be submitted to our shareholders for a vote. This provision was included for the purpose of making proper representation possible with the grants to the Association subject to such approval by our shareholders. We still maintain that our proposal was eminently fair. Your printed prospectuses have openly indicated your intention to force our project to use excessive amounts of pumped water already contracted away with the approval of the Secretary of the Interior. Even your latest letter, on page 2, states that your present plans are based on your "new water analysis showing how much water the Association has used from the Verde River, and how much is available for the District, based on the actual daily records of use by the Association." Our rights in the future are not necessarily our "past use." This appears to be an open declaration that you do not want to cooperate on any basis that we could possibly agree upon, as we have repeatedly advised you that this method of analysis ignores prior vested rights of 28,000 acres of the present Salt River Project lands, exclusive of the Indian lands. These lands had their filings made for them by the Interior Department in 1906 and have been included into our project by the Secretary of the Interior only after approval by him of the water supply which includes a right to the Verde River supply prior to the Verde Project and ignored in your analysis.

The other point on which we cannot compromise, is the title to the power sites, rights of way,

etc., *must remain in the United States Government.* Our insistence on this point is not dictatorial, but is based on the following:

If the Association approves of your project and openly cooperates with you, there is carried with such cooperation a great moral responsibility. Many of our shareholders and outside investors would develop lands now held and others would buy land under your project if the Association announced its approval and cooperation.

The project is not feasible without the power and the only protection of the landowners from permanent loss of power during a period of hard times is to vest the titles in the United States Government in the same manner as under the Salt River Project.

In financing over \$6,000,000 of securities on this project recently, we have found that among the reputable financial houses, that although at first the Government title appeared an objection, in the end they were unanimous that the vesting of title in the United States Government with supervision of the Secretary of the Interior, enhanced the security. In the final analysis, the only objectors were those with questionable schemes to form separate power companies, under which plans, the average farmer, busy with his ranch, would be helpless. We cannot subscribe to any such possibility.

A last detail mentioned in your letter refers to various verbal acknowledgments and opinions of our Chief Engineer. I attended all the Washington conferences and have no recollection of any such statements made by our Engineer. He stated that, in his belief, there exists a feasible irrigation and power development on the Verde River, if you would agree to materially reduce the acreage. Until the final acreage, upon which the Secretary of the Interior will agree, is determined, neither Mr. Cragin nor anyone else can say just what the economic location or size of any structure should be. We offered, as you will recall, to advance \$10,000 for this determination, if the Secretary would grant the rights on the Verde Project to this project for the benefit of the Verde lands. Such expenditure to be undertaken by the Association under the supervision and in cooperation with the Bureau of Reclamation. There would be no recompense to the Association unless the Secretary approved the final results and was satisfied in all details with the proposed contract to be entered into for our cooperation for the development of your project.

We had hoped that you would aid us in the passage of legislation to make legal the reduction of your project to the available water supply. This you have not elected to do. We feel that further discussion is useless and we sincerely believe that your best interests lie in no further opposition on your part to a determination by the Secretary of the Interior of the proper acreage of your project.

Thereafter, we believe mutual cooperation will make for an early development of a portion of the present Verde Project.

Very truly yours,

SALT RIVER VALLEY WATER USERS' ASSN.

(Signed) F. A. REID.

FAR-M.

COPY

THE SECRETARY OF THE INTERIOR
Washington, D. C.

April 21, 1925.

The Commissioner of the General
Land Office,

Dear Mr. Commissioner:

January 16, 1925, the Secretary denied the application of the Paradise-Verde power and irrigation district for extensions under contracts of May 21 and May 25, 1920. By telegram of February 21, 1925, he denied the petition of the Salt River Valley Water Users' Association to transfer and grant to it irrigation and power rights from the Verde District. On the same date, February 21, 1925, in order to preserve water rights and any other things which might be lost or jeopardized by termination of said contracts of May 21, and May 25, 1920, the same were extended for a period of 60 days from and after February 25, 1925, to permit agreement of parties in interest or such final

disposition of the matter as the department might determine.

Communications have been received from the various parties in interest, in the nature of reports of action taken and of propositions for the adjustment of the situation, but sufficient time does not exist within which the department may give the matter proper consideration, prior to the expiration of the period of extension herein above described.

Accordingly, the said contracts of May 21 and 25, 1920, are hereby further extended for a period of 21 days from and after April 22, 1925, to permit agreement of parties in interest or such final disposition of the matter as the department may determine.

Sincerely yours,

Acting Secretary.

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR

General Land Office

Washington, May 14, 1925.

Phoenix 05246 "F" PIB

Paradise Verde Irrigation District,
now Verde River Irrigation and Power District.

Instructions

Register and Receiver,
Phoenix, Arizona.

Gentlemen:

May 8, 1925, the Secretary of the Interior ad-

dressed this office with respect to the contracts of May 21 and 25, 1920, between the Paradise Verde Irrigation District, now the Verde River Irrigation and Power District, and the Department, in part, as follows:

“I am now advised that the Senate Committee on Irrigation proposes to visit the locality during the coming summer or autumn and to look into this matter, hearing the claims and suggestions of the various parties in interest, after which the Committee proposes to submit a report to the Department for its advice and consideration. In order to hold the entire matter in *statu quo* pending such hearing and report the said contracts of May 21 and 25, 1920, are hereby further extended to December 4, 1925 * * *.”

You will notify the following interested parties hereof furnishing them a copy of this letter, the Verde River Irrigation and Power District, the Salt River Valley Water Users' Association and the Paradise and Deer Valley Protective Association, all of Phoenix, Arizona.

Very respectfully,

Commissioner.

5-13 krt

COPY

June 25, 1925.

Mr. F. A. Reid, President Board of Governors,
Salt River Valley Water Users' Association,
Phoenix, Arizona.

Dear Sir:

Your reply of April 14th, 1925 to our proposal of April 8th seems to imply that any further negotiations or efforts at arriving at a co-operative understanding with your Association would be unavailing. However, we do feel it appropriate to respond to your letter with some criticisms, which we assure you are friendly in spirit, and to further assure you that we are ready and willing at all times to consider carefully any proposal that you may submit.

We feel some of the conclusions you draw in your letter of the 14th, if they are to be taken as literally expressed in your views and reasoning, are not entirely fair to us, nor are they warranted by the facts upon which you base them. We would like to feel that those conclusions are advanced for the argumentative value they possess to you and for the sake of protecting you in any technical advantage they may afford.

We have been more than a little annoyed over the oft-reiterated statement that Secretary Fall found as a fact that water did not exist for 80,000 acres of land for our District. We feel that no legal analysis of Secretary Fall's findings will disclose

any such fact found, nor was it his intent, nor did he, in fact, make any findings whatsoever as to the acreage that could be supplied by the District's proposed development, except that he did find that in his opinion there was not sufficient water for the 109,000 acres then asked to be embraced within the District.

The only purpose of any comment by the Secretary at that time was to serve as a reason for his excluding the acreage included between the canal survey for which easement had been granted, and the new survey for which application was made.

You will recall, I am sure, that Engineer Wells at the Fall hearing stated to the Secretary that he "had approved of the District for something in excess of 96,000 acres." Mr. Wells, in making his approval realized that the final acreage to be benefited had not been, nor could be exactly determined until the completion of the final surveys of the interior exclusions lines, which final surveys were not completed until April, 1922. Mr. Fall did not attempt to criticize this finding, by his senior field engineer, nor did he attempt to limit the acreage further than to eliminate the proposed addition above referred to. His findings, therefore, in his final analysis amounted to an approval of the District for approximately 102,000 acres.

You seem to be of the opinion and indicate that your Board of Governors was of the opinion, that the District's proposed development would be an encroachment upon the water supply and an interference of the vested rights of your shareholders.

You evidently overlook our counter-proposal to you at Washington, which was filed with and is a matter of record in the office of the Secretary of the Interior, in which we expressed a willingness to enter upon such development program as would overcome your oppositions and expressly invited you to co-operate with and assist us in working out a program for our District development and further agreed that in the event your Association and our District could not agree upon a plan, we would bind ourselves, if you would agree, to be bound to such development as the Interior Department might find to be a satisfactory district development.

We could not place ourselves more completely in your hands except by delivering to your Association our easements and rights of way to do with as your Association might see fit.

We want to call your attention to the fact that any differences of opinion that might exist between our District and your Association relative to the respective rights to the use of the waters of the Verde River, is a local one which may always be equitable settled and adjusted by our local courts in the event we cannot arrive at a final understanding that would be binding upon the District and the Association.

You call our attention to your proposal at Washington in which you say you predicted your control on the execution of contract satisfactory to the Secretary of the Interior. Do you not recall that the position assumed by you and Mr. Cragin in the conference held at the request of the Secretary, was

that you would not vary your proposal to the Secretary of the Interior in any way whatsoever, and that after a day's conference, your position was that we would have to accept your proposal exactly as presented or reject it in such form. It was subsequent to that statement that we submitted to you the very liberal counter-proposal above referred to.

You have frequently made reference to our analysis of Mr. Cragin's talk and to our printed prospectuses. We certainly can get nowhere by picking at old sores. An expression on our part of a willingness to attempt to arrive at an understanding means and has always meant so far as we are concerned a willingness to forget past differences and attempt earnestly and honestly and seriously to arrive at an understanding.

You state to us in no uncertain terms that "the other point on which we cannot compromise, is the title to the power sites, rights of way, etc. *must remain in the United States Government.*" We cannot get your viewpoint at all when you tell us that the District's power rights, which are rights incidental to its irrigation, must be divorced from the District. It is of course, our viewpoint that the power rights are as essential a part of the District's proposed rights as the irrigation rights themselves, and that the development of the one is entirely necessary to the feasible and economical development of the other, and we are sure you realize as fully as we, that once the power rights are taken from the District, it has no economical basis in fact for its irrigation development.

Such an action would mean the destruction of any program for the financing and development of the District. We are very much at a loss to know what to say or suggest to your Association in view of the attitude expressed in your letter.

However, we do feel that if in your opinion there is any possibility of a better understanding being reached between the District and your Association prior to the Senate Subcommittee hearing this fall, a further attempt at an understanding should be made.

We hold ourselves in readiness to consider and discuss with you any proposal or plan you may have to offer us which will have for its object the mutual co-operation of the District and Association in bringing about a District development.

Very truly yours,

VERDE RIVER IRRIGATION & POWER
DISTRICT,

President.