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August 29, 2011

Ms. Penny Woods, Project Manager
Bureau of Land Management
PO Box 12000
Reno, NV 89520

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STATE ENGINEERS OF NEVADA

Dear Ms. Woods:

Thank you for the opportunity to submit a comment letter on the Draft EIS ("DEIS") for the Groundwater Development Project, which is being proposed by the Southern Nevada Water Authority (SNWA). I am writing this letter on behalf of Western AgCredit, and its membership. For background purposes, Western AgCredit is the one of the largest agricultural lender's in the Great Basin, which is being impacted by the proposed water transfer from the Great Basin to Las Vegas, NV. Western AgCredit currently has \$329,037,000 loaned to 813 customers in the portion of Utah located between the Interstate-15 corridor West to the Nevada border. We also have 42 customers with borrowings of \$22,052,000 located in Eastern Nevada. Between Nevada and Utah we have 855 customers who owe us \$351,089,000 and reside directly in the impacted area. Some of our loans are for annual operating purposes while others were granted for periods up to 30 years in length. If the water transfer is approved as requested by SNWA, Western AgCredit and other lenders in the Great Basin will be irreparably harmed by the transfer. As such, Western AgCredit is adamantly opposed to the water transfer and the requested right of way from the SNWA to install a pipeline from the Great Basin to Las Vegas. We are concerned that the proposed transfer of water will not only negatively impact available groundwater levels, but the resulting local negative environmental changes will likely disrupt storm patterns that provide critical surface water to the area.

Western AgCredit and its predecessors began business in 1916. Our earliest loans were to farmers and ranchers who had been in business since the late-1800's. It's obvious that many of our customers have been using the surface and subsurface water for several generations. Our loans are based on repayment projections which consider the historical production performance for each individual operation. If the SNWA is allowed to remove the large quantities of water from the Great Basin, it is doubtful that Western AgCredit would be able to continue to approve loans on the same terms and conditions as we historically have, because we won't know if the availability of water will be adequate to support the production of products to repay the loan(s). In addition to the approval of new loans, the SNWA proposal concerns us from a collateral standpoint. Depending on the type of loan we have approved, we may take chattel security (cattle, machinery, etc.), or we may secure water shares, or real estate, which in many cases is dependent on the water rights or shares that are associated with that particular property. If the water table (subsurface) drops due to the removal of groundwater via the pipeline, the value of

our collateral may be reduced or in severe cases, completely eliminated. Causing Western AgCredit or other lenders to incur financial losses is morally wrong and we would be forced to defend our repayment and collateral pledges from our customers against any organization that sets out to harm our position (intentionally or not).

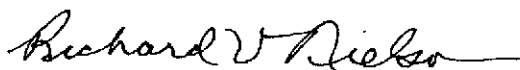
The problem associated with shortages of ground water (surface and sub-surface) is compounded even more if the SNWA is successful in their attempt to file on all unappropriated water in the 5 basins located in Eastern Nevada. It is difficult for agriculture located in the Great Basin to expand production to meet the growing demand for more food because of the current shortage of water. If SNWA is successful in gaining additional water (that is currently unappropriated) and/or they are able to build their pipeline, it will be next to impossible for the Great Basin farmers and ranchers to expand because the water has been moved to Las Vegas. As the world's population continues to grow, we need to keep water tied to the land so that beneficial use can produce more food to feed the increased population.

The economy in rural communities is almost totally dependent on the agricultural industry and it contributes significantly to the general economy as well. In 2008, the agricultural industry contributed \$3.3 billion dollars to the economic output of the State of Utah. Most businesses in our rural communities rely very heavily on their agricultural customers to stay in business. If the agricultural community doesn't regain a sense of stability in issues such as environmental requirements (endangered species, predator control, etc.) reliability of the public lands usage, water rights, etc., many producers will simply quit farming/ranching. That will ultimately cause many rural businesses to fail because there isn't enough critical mass to maintain those rural economies. Many urban residents don't worry if rural communities effectively become "ghost towns," but rural America is the source of our food/fiber and is the foundation of our Western culture. If ranchers quit producing their livestock, wild game/fowl lose a major source of their habitat, and other environmental issues arise such as dust storms due to loss of soil moisture and loss of plants.

The farmers and ranchers who remain in business today are good stewards of the land. Almost without exception each operation has increased the carrying capacity of their operations which benefit both the domestic animals and wildlife. We have observed increased production by comparing financial records from different timeframes. It would be wrong for the SNWA to be allowed to remove water from the impacted areas when it has taken multiple generations to achieve increased production that is currently in place. The BLM must choose the No Action Alternative, and deny the Right of Way for this project. To do otherwise would violate its public trust responsibilities.

Thank you again for providing the opportunity to submit comment letters. If you have any questions or need clarification, please contact me at your convenience.

Sincerely,



Richard V. Nielson
Chairman



Richard Weathered
President

cc: Governor Gary Herbert
Utah Delegation
Kent L. Jones, Utah Water Engineer
Governor Brian Sandoval, State of Nevada
Jason King, Nevada Water Engineer

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