



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
PAPAGO AGENCY
P.O. Box 490
Sells, Arizona 85634



IN REPLY REFER TO
Real Estate Service
520-383-3286

August 2016

Dear San Xavier Landowner:

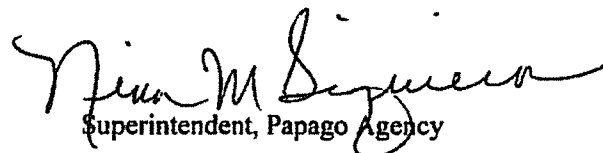
This Notice is being issued to advise San Xavier landowners of our intent to grant a one-year lease of tribal and allotted land to the San Xavier Cooperative Association, Inc. (the "Cooperative"), and a one-year permit to the Bureau of Reclamation ("Reclamation"), extending the term of the current lease and permit, which expire in October 2016. The current lease covers about 1540 allotted acres and 40 tribal acres (including land still to be dedicated via permanent easements for irrigation, bank stabilization, etc.). The original 25-year lease and a three-year permit were extended for two years in October 2014, upon the payment of a one-time "extension fee" by the Cooperative. The permit covers allotments in and around the proposed farm extension area that may be affected by predesign activities, as described in the permit. The new lease and permit are needed to allow the Cooperative and Reclamation to complete certain work needed to expand the farm, create permanent rights-of-way to support farm operations, and finalize a new long-term lease which will provide the landowners with rent payments determined by appraisal.

The amended Southern Arizona Water Rights Settlement Act of 1982 required the Secretary of the Interior, acting through Reclamation, to improve and extend the existing irrigation system within the San Xavier District, to facilitate delivery of Central Arizona Project water. Under the amended Act, Reclamation is required to construct an irrigation system to support farming activities on up to 2200 acres. In order to fully implement the projects authorized by the amended Act, Reclamation is engaged in certain pre-development activities, as most recently authorized by a Revocable Permit issued in 2014. It is now anticipated that most of these activities will be completed by October 2017, at which time a new long-term lease to the Cooperative will be proposed, on market-based terms as described below.

As indicated above, this will provide notice of our intent to grant a new permit to Reclamation and a new lease to the Cooperative, each for a one-year term. No compensation will be required for Reclamation's pre-development activities, but the new one-year lease will be granted only upon the deposit of an amount not less than one half of the current annual market rent, as determined by a Reclamation appraisal and approved by our Office of Appraisal Services. (The remaining half of the market rent may be made payable in installments.) This short-term lease will be granted by the Agency (without actual notice or owner consent) under 25 U.S.C. § 380, whereupon the rents will be distributed to the individual Indian owners of all of the allotted acreage within the Leased Premises, in accordance with their interests.

Prior to the expiration of the one-year lease period in October 2017, it is expected that perpetual easement areas for irrigation, bank stabilization, etc., will be identified so that grants of easement be issued, with the consent of the owners of the affected acreage and upon the payment of just compensation to those owners. At that time, it is further expected that a new long-term lease (with a maximum term of 40 years, as authorized by statute) will be entered into with the consent of the Indian owners, and with the payment of an annual market rent being required for the remaining leased acreage, as described to exclude the acreage encumbered by the permanent easements.

Drafts of the proposed one-year permit and lease forms will be made available for your review, upon request, but it should be noted that the lease appraisal is ongoing and the amount of rent to be paid under the one-year lease has not yet been determined. If you have any questions, or if you believe the one-year lease or permit should not be granted in the time and manner described herein, please contact my office by no later than October 15, 2016.


Superintendent, Papago Agency