





JULY 2006 DROUGHT UPDATE

Water Availability Task Force Co-Chairs

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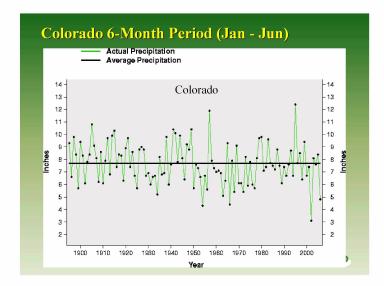
For a complete summary of the July 20, 2006 Meeting of the Water Availability Force, please visit the CWCB website at www.cwcb.state.co.us.

Executive Summary

La Niña seems to have disappeared and El Niño appears to be trying to establish itself. Historically, Colorado has benefited from El Niño weather conditions. Much of Colorado continues to experience drought conditions with the potential for slight and sporadic relief from monsoonal rain events. The State is projected to experience above normal temperatures with no better than average precipitation.

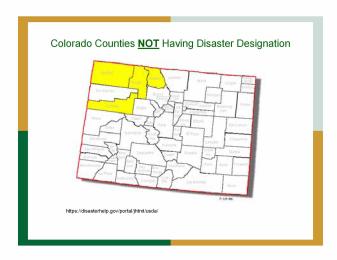
- While temperatures in June and July have been above average, early July saw a brief respite from dry conditions, with the monsoon season beginning. While the warm and dry conditions across Colorado have had a significant impact on the agricultural and livestock industry with no relief in the forecast, water supplies are in good shape across most of Colorado.
- Streamflows during May were poor in all parts of the State, especially in the South Platte and San Juan/Dolores Basins. In June, streamflow in the South Platte at the Kersey gage, continued to mimic the severe drought year of 2002. Without significant rains during the remainder of the irrigation season, this year will turn out to be a disaster for many farmers. Year to date C-BT water deliveries are the most since 2002.
- Reservoir storage for June was about average to above average, with good storage values in the Gunnison and Colorado Basins. However, the expectation is that reservoirs across the State, particularly agriculture reservoirs, will be tapped for increased demand due to lower than normal natural streamflows for the remainder of the summer.
- The agriculture sector continues to endure devastating impacts from persistently dry conditions. All but 4 Colorado Counties have been disaster declared, according to the Colorado State University Cooperative Extension. Winter wheat harvests resulted in the 2nd smallest crop since 1969. While irrigated crops are fairing well, increased water demand will expedite drawdown of agriculture reservoirs.
- In general municipal water supplies continue to be in good condition with several water providers implementing appropriate water conservation measures, including voluntary outdoor water restrictions.
- The US Drought Monitor shows all of Colorado to be either abnormally dry or to be in some stage of drought. Most of eastern Colorado is experiencing severe drought conditions, with the northeast corner under extreme drought conditions.
- The Colorado State Forest Service reported that increased humidity associated with monsoonal weather conditions during the past three weeks has moderated large fire activity around Colorado. Potential for increased fire activity exists should weather patterns change toward a drying trend in August, September, and October.
- Predictions from the NOAA-CIRES Climate Diagnostics Center are that Colorado will experience higher than
 average temperatures through November 2006 and that Colorado has an equal chance of above or below normal
 precipitation during that same time period.

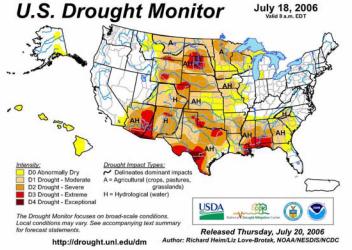
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The adjacent figure illustrates the first half of 2006 (Jan-June) as the 4th driest first of the year since 1900. Ft. Collins is experiencing it driest April-July period in recorded history. 20% of the State is in a drought, with extremely dry conditions in the northeast part of Colorado. Precipitation for the 2006 water year is below average (50-89%) for much of the State. These significantly low precipitation levels continue to have a devastating impact on the agricultural and livestock industry.

Early monsoon rains in July only slightly reduced the drought intensity throughout much of Colorado, except for the northeast corner, where conditions continue to be extreme. Rains helped the southeast part of the State. Recent rain events have not added to water supply or soil moisture, but significantly reduced demand. Monsoonal weather patterns are forecasted to continue for the next 3-5 weeks. However, the number of events and their location will be critical in reducing persisting statewide drought conditions. The three-month temperature outlook indicates above average temperatures.





The agricultural industry continues to experience the greatest impact of the current drought conditions. The Colorado State University Cooperative Extension reports that all but 4 Colorado Counties have disaster declarations due to drought. The forecast is for persistent drought conditions for most of the agriculture sector. 65% of pasture and range is in poor to very poor condition due in part to extremely dry soils incapable of absorbing precipitation moisture when it occurs. The livestock industry continues to suffer with significant herd culling and supplement feed being used for remaining stock.

Long Term Forecast Summary

With La Niña disappearing, precipitation forecasts (August-November) tend to be neutral with no clear indication on whether current drought conditions will improve. The general forecast for August-November is for above normal temperatures threatening to wipe out any of the gains made by recent rain events. Monsoonal weather patterns are forecasted for the next 3-5 weeks potentially dampening fire activity and reducing municipal water demands on water supply reservoirs.

NOTE: The maps and graphics depicted in this report were those presented at the July 20, 2006 meeting and may have been updated since the meeting.