

10. As will be seen from an examination of my certificate inclosed, there are no outstanding taxes, mortgages, liens or other incumbrances against the property, now of record. There is, however, an indebtedness of \$15,000, due one-half to the First National Bank of El Paso and the remaining one-half to the City National Bank of El Paso. This indebtedness is evidenced by notes, signed by La Union Irrigation Company and endorsed by the Elephant Butte Irrigation District which assumes joint liability for payment. On December 31, 1919, in order to provide funds with which to pay back charges due for water service, this company borrowed from the City National Bank the sum of \$35,000 and gave as security therefor, a mortgage on the property of the company. Of this amount, \$20,000 have been paid and the mortgage has been surrendered and released, the remaining indebtedness of \$15,000 being provided for in the manner stated. Therefore, at the present time, there is no outstanding lien or encumbrance against the property. The only indebtedness being the \$15,000 for the payment of which the Elephant Butte Irrigation District has become responsible and which indebtedness is not secured by mortgage, deed of trust, or other instrument which is made a lien of record against the property.

P. W. Dent

CC - C. of S.
P. W. El Paso.

written.

Wm B Smith
Notary Public, El Paso County, Texas.

My Commission Expires June 1, 1921.

El Paso, Texas,
June 24, 1920.

County Clerk for El Paso County,
El Paso, Texas.

Dear Sir:

Transmitted herewith for official record
is quitclaim deed dated February 18, 1920, running from
La Union Irrigation Company to the United States. There
is also enclosed an extra blueprint for use in making this
record.

Very truly yours,

F. W. DEWE

District Counsel.

Encl.

El Paso, Texas, February 16, 1920

La Union Irrigation Company,
Vinton, Texas.

Gentlemen, -

Referring to the matter of details of transfer of the La Union Irrigation property to the Reclamation Service for operation and maintenance, relative to which a letter from this office was addressed to the President of the Elephant Butte Irrigation District, under date of February 12th with copy to the Secretary of the La Union Irrigation Company, there has been prepared in this office blue print showing the general location of the canals of the La Union Irrigation Company as indicated to the writer by Secretary Bell. Two copies of this blue print are transmitted herewith for your consideration and correction, if necessary. Similar copies are proposed to be attached to the deed transferring this property. It is of particular importance that this blue print shall show the general location of canals now owned and controlled by the La Union Irrigation Company. Such private laterals or ditches as not now are considered accompany property are to be transferred, if desirable, by separate means.

The Legal Department of this project requests that in deeding this property a straight deed be executed, signed by the President, and attested by the Secretary, and that accompanying this deed there be transmitted a showing of Location in form of a certificate by the Secretary of the company. There should also be transmitted a certified copy of the resolutions of the Board of Directors of the company authorizing the execution of the deed.

It is understood that certain laterals, now considered as private or community and not belonging to the La Union Irrigation Company, should be transferred to the Reclamation Service for operation and maintenance and reconstruction. Transfer of these laterals should be made on separate form which can be used as a form for each such private or community ditch. In accepting the transfer of such properties the Reclamation Service has always reserved the right to distinguish those laterals which may become a part of the final lateral system and not to accept transfer of laterals which are later to be abandoned as unnecessary.

In the matter of width of right of way, the same requirement as was made with other project community canals should be observed. This considers the use of ten feet of additional land from the outside toe of the slope of canals, for maintenance purposes. This additional right of way is obtained for the Service by the signing of individual waivers. Form

BOARD OF DIRECTORS

P. H. BAILEY
F. G. BELK
H. CASAD
SAM B. GILLETT
J. M. VIRAMONTES

La Union Irrigation Co., Inc.

CAPITAL STOCK \$104,000

WATER RIGHTS ISSUED 12,700 ACRES
NOW UNDER IRRIGATION 11,600 ACRES
MILES OF MAIN CANALS 30

SAM B. GILLETT,
PRESIDENT

F. G. BELK,
SEC. AND TREAS.

VALLEY PHONE 15 R2

LA UNION, N. M. (VINTON, TEXAS, P. O.)

L. M. Lawson, p. 2

where the enforcement of a rule just because it is a rule defeats the very purpose for which it was created.

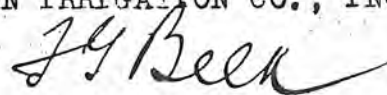
It is satisfactory to adjust the credit for cleaning our ditch as outlined in your letter of November 5, 1919, and we will furnish you with a certified statement of our expenditure in this work, together with time books, etc. Our Board of Trustees assume full responsibility for the work done and can assure you that it is satisfactory in character and quantity to place the canal in condition to deliver water to the stockholders of our company. It is a fact that we have delayed installation of some four or five structures, which we deem necessary for satisfactory operation, but we did not wish to go to the expense of installing them as our check gates and materials do not conform to the specifications of the Reclamation Service, and we thought it better to put them in to the satisfaction of your operating force. It is our understanding that you will supply us with the necessary material and specifications for these structures and we will put them in at some convenient time in the near future. This can easily be accomplished by diverting the water from one of our main canals to the other for a period of a week or ten days at a time.

We expect to continue our organization for the present at least, and will be glad to co-operate with your representatives in any way we can.

Yours truly,

LA UNION IRRIGATION CO., INC.

By



Secretary.

CC to
Elephant Butte Irrigation District;
El Paso Valley Water Improvement
District.

F. G. B.
J. E. M. H.

215
E-21-5

El Paso, Texas, February 12, 1920.

*Letter of NHB 2/10/20
in file C-1-3*

President,
Elephant Butte Irrigation District,
Las Cruces, New Mexico.

Dear Sir, -

The transfer of the La Union Irrigation System to the United States Reclamation Service for operation and maintenance, and later for reconstruction, has been under discussion recently by both irrigation districts. The Elephant Butte Irrigation District, at a special meeting held Monday, February 8th, resolved that in the acceptance by the United States of this property it would agree to withhold approval of water contracts for the lands to be served by the La Union Irrigation system, which are in arrears or have not a water right in said system, until such arrears are paid or until such lands which have not water right therefor paid \$5.00 per acre in cash. It was further resolved that the credit for the La Union Ditch, when merged into the Elephant Butte District, should be \$5.00 per acre instead of \$8.00 as formerly agreed upon.

This matter received considerable discussion at a meeting of the El Paso County Water Improvement District, held on February 10th, at which meeting similar resolutions were not passed, but a motion prevailed which requested the appointment of a representative from each irrigation district and one from the Reclamation Service to consider and report to both districts on credit allowances and other adjustments between the two districts.

Notwithstanding the condition of the La Union Company's property, which condition makes it questionable whether the Reclamation Service can fulfill applications in the delivery of water, it seems desirable for this office to accept the transfer of this property when tendered, but in the acceptance of this to regard the transfer as one without restrictions in so far as the United States is concerned. Such allotments, distribution and adjustments of credits or the collection of cash payments must be a matter for arrangement by the district or both the districts.

This office is informed that the La Union Irrigation Company, having polled a majority vote for the transfer of the ditch company's property to the Reclamation Service expected its acceptance and operation by the Service, and it is assumed that both irrigation districts are favorable to this action. It must be understood, however, that the Reclamation

- 2 -

Service accepts the La Union Ditch without the discussed conditions, since these conditions can govern only the actions of the irrigation districts, and not the Reclamation Service in its operations.

Yours very truly,

L. M. Lawson
Project Manager.

CC to Secretary *La Union Ditch Co*

**CERTIFIED EXTRACT FROM MINUTES
LA UNION IRRIGATION COMPANY.**

"NOW, THEREFORE, be it resolved by the Board of Directors of said La Union Irrigation Company, that the President and Secretary of said Company are hereby, pursuant to the vote of the shareholders, authorized and directed to execute proper deed conveying said property to the United States of America, said deed to be signed by the President and attested by the signature of the Secretary and the affixing of corporate seal and thereafter delivered to the proper officers of the United States Reclamation Service."

I HEREBY CERTIFY that the above is a true copy of resolution passed by the Board of Directors of La Union Irrigation Company authorizing execution of contract with the United States pursuant to an election by the shareholders of said company, the result of which was canvassed February 10, 1920.

February 10, 1920
F. G. Bell
Secretary.

(Seal)

CERTIFICATE.

I HEREBY CERTIFY that an election was held by the shareholders of La Union Irrigation Company to determine whether or not the system of said company should be transferred to the United States for operation and maintenance and to become a part of the Rio Grande Project. Said election was held by means of ballots, mailed to the shareholders, a majority of whom ^(in value of stock) ratified the transfer of said system to the Government in accordance with the Articles of Incorporation and Bylaws of said company. The ballots cast as aforesaid were canvassed by the Board of Directors of said company and the result declared on February 10, 1920.

F. G. Bell
Secretary.

(Seal)

Copy.

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The ballots cast as aforesaid were canvassed by the Board of Directors of said company and the result declared on February 10, 1920.

F. G. Belk

Secretary.

(Seal)

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- - -

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F. G. Belk

Secretary.

(Seal)

C-21-5

El Paso, Texas, December 31, 1919.

Mr. F. G. Belk, Sec'y & Treas.,
La Union Irrigation Company,
Vinton, Texas.

Dear Sir, -

In reply to your letter of December 24th, on the subject of the operation and maintenance charges in the Mesilla Valley, and particularly in the case of the contract with the La Union Irrigation Company for water service during 1919, it is noted that you desire further details as to operation and maintenance costs in order to compare operations of your canal during the seasons of 1918 and 1919.

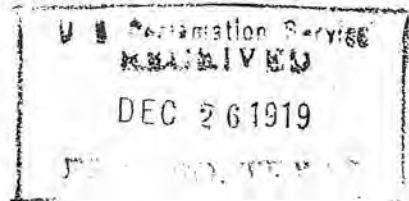
Your letter contains one or two statements that are susceptible of being misunderstood. This is particularly the case in your statement that the Service is requiring in advance an indefinite sum of more than \$12,000 before the Government will take over and operate the ditch. This represents our estimate of the amount required for the cleaning of the canal. If a satisfactory job can be done at less cost, it is obvious that the sum of \$12,000 should not be expended. No such demand for an advance of funds was made. The requirement of the Reclamation Service was that the canal should be cleaned to such an extent as would guarantee adequate and satisfactory water service during the coming year. Our proposition was that should the Service take the ditch over by transfer that a credit be allowed of the amount of adequate and satisfactory cleaning on the July 1st water bills.

With reference to the difference in cost to the La Union Irrigation Company of water service for 1918 and 1919, it can be stated that the cost for the operation and maintenance for the Mesilla Valley in 1919 was approximately \$104,000. This includes the Leasburg System as well as the Mesilla System. The Mesilla System, which is comprised of those lands actually irrigated from the Mesilla Dam, cost approximately \$65,000 for operation and maintenance. There are in this system approximately 38,000 acres. These costs do not include the 50¢ charge per acre. If this is deducted from the \$36,000 bill rendered the La Union Irrigation Company, they are paying for the cost of operation and maintenance \$30,000. This is not quite half the cost for the Mesilla System, and the acreage is not quite half of the acreage involved. Since all the charges are on the acre foot basis, and since the amount diverted for use in the La Union Canal is in excess of the average used

by individuals, it is quite reasonable to expect that the per acre charge will be in excess of the per acre charge to individuals.

Yours very truly,

L. M. Lawson
Project Manager.



Vinton

El Paso, Texas.

December 24, 1919

Mr. L. M. Lawson,
Project Mgr. U. S. R. S.,
El Paso, Texas.

Dear Sir:

Your misunderstanding of the manner in which the Irrigation District pro-rated the cost of water in 1918 probably accounts for our having to bother you again with our questions of December 16. Except for the last quarter of 1918 when it was pro-rated by acres because the number of acre feet of water used by ditches and individuals was not furnished by the U. S. R. S. as had been customary, the charges were pro-rated on the basis of the amount of water actually furnished to the various ditches.

At that time practically all of the ditches were using the old wasteful system of paying for the water in a lump sum (not on an acreage basis) and delivering it to the individual water users without restriction. We believe, that the large sums which the U. S. R. S. spent in reconstruction work on the other ditches enabled them to measure water to individuals, thereby cutting down the amount of water they used and automatically raising the prorata charges to us. Is it not a fact that it did not actually cost the U. S. R. S. any more to deliver to the La Union the 50,134 feet of water in 1919 than it did to deliver approximately 60,000 feet in 1918 and that the \$14,000 which we are required to pay this year accrues to the benefit of the irrigators under the government controlled ditches.

As stated in your letter of November 5th we believe that the expense of the West Side Canal was incurred with the understanding that the La Union Irrigation Company desired water from that source, but you could say further that it was our understanding that the same facilities would be open to us as the other ditches, all of which were reconstructed with U. S. R. S. funds and were given the greatest latitude in settling up their old water debt. In demanding that we advance an indefinite sum of more than \$22,000 before the U. S. R. S. will take over our ditch and at the same time require us to pay a \$35,000 dollar bill in its entirety before anymore water is furnished to us, you effectively

bar

bar us from receiving the benefirs^{of} the Government control~~ed~~.

This community can not stand the expense of operating its own ditch, pay a penalty of 65% on its water account and continue to exist in competition with neighbors who have unlimited funds of the U. S. R. S. with which to construct and operate their ditches. Believing as we do that it has produced a system of unequal taxation from which we are entitled to relief may we not ask that you be specific in advising us if it actually cost anymore to deliver the water to the La Union in 1919^{than} it did in 1918, and if so, how much?

Yours truly,

LA UNION IRRIGATION CO.,

By

J. G. Bell

Secretary & Treasurer.

understanding Between the La Union Irrigation Company and the Elephant Butte Irrigation District could be obtained with dependable accuracy only from the corporate records of the La Union Irrigation Company and from the minutes of the meetings of the Board of Directors of the Elephant Butte Irrigation District, respectively.

4. The only arrangement for credits in which the Bureau of Reclamation was involved was in connection with a credit to landowners under the La Union Irrigation Company of one dollar an acre on operation and maintenance charges on account of maintenance expense incurred and paid by the La Union Irrigation Company just before the system was taken over by the Bureau of Reclamation. This credit was apparently extended in full and entirely disposed of by a reduction as to those lands on account of operation and maintenance charges from \$1.50 to 50 cents.

5. A letter of February 12, 1920, from Mr. Lawson, the then project manager, to the President of the Elephant Butte Irrigation District, contains the following further expression: "It must be understood, however, that the Reclamation Service accepts the La Union ditch without the discussed conditions, since these conditions can govern only the actions of the irrigation districts and not the Reclamation Service in its operation", the "discussed conditions" apparently referring to the arrangement contemplated between the district and the La Union Irrigation Company with respect to credits.

6. From the above recited facts, it is concluded that the Elephant Butte Irrigation District should be advised that under no possible interpretation could a construction be placed upon the transaction which would obligate, authorize, or permit the Bureau of Reclamation to participate in any extension of credits to landowners formerly under the La Union Irrigation Company on account of the transfer of the system to the Bureau of Reclamation and that any plan evolved for extension of such credits will of necessity have to be solely a matter between the districts and such landowners.

7. For your further information, I will add that in my opinion the United States could not now be disturbed in its possession and occupancy of the La Union ditch right of way for the reason that it appears that the United States has been in adverse possession and had the operation, maintenance and control of the ditch system under color of title (deed of February 18, 1920) for more than the ten-year period of the statute of limitations, laws of New Mexico, insofar as the New Mexico portion of the system is concerned.

8. I return herewith Mr. Fleming's letter of December 31, 1930, together with its inclosures and such papers as you have loaned us from your project file.

H. J. S. Devries.

STATE OF TEXAS : ss.
COUNTY OF EL PASO:

On this 18th day of February 1920, before me appeared Sam B. Gillett, to me personally known, who being by me duly sworn did say that he is the president of La Union Irrigation Company, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Sam B. Gillett acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and a
affixed my official seal the day and year in this certificate
first above written.

Approved (his date) 1920.

Morris Bien

Acting Director.

J. L. HILL

Notary Public

My commission expires June 1, 1921.

C-21-5

El Paso, Texas, November 8, 1919.

La Union Irrigation Company,
Mr. F. G. Holt, Secretary,
Vinton, Texas.

Gentlemen:

Replying to yours of November 5th, relative to the terms of the proposed transfer of the La Union Irrigation Company's ditch to the Reclamation Service, it is noted that you request a statement from this office concerning the credit of \$8.50 per acre, as voted at a meeting of the directors of the Elephant Butte Irrigation District, and also wish me to advise you whether the expenditures by the La Union Company for cleaning should be deducted from the amount now due for water used in 1919 or from the charge which will be due on July 1, 1920, assuming that this has the approval of the Elephant Butte Irrigation District.

With regard to the first proposition, as indicated in my previous letter, the matter of credit allowed is not one over which the Service has any control, and, therefore, the policy of the district officials is to be taken as final in the matter.

Concerning the date and method of crediting expenditures for necessary ditch cleaning, since the contract for water service was made directly with the Reclamation Service by the La Union Irrigation Company during 1919, and the minimum charge due on last July 1st, it would seem a better business arrangement to allow the credit for cleaning on water charges due July 1, 1920.

One difficulty in the method you suggest is the existence of the present contract, which calls for payment of these water charges and does not contain any provision for crediting. Another important reason is the scarcity of funds for construction as well as operation and maintenance work. The funds advanced at the beginning of the year for operation and maintenance work are expected to be paid on the contracted dates. Any reduction in this amount will affect future expenditures.

A further argument lies in the fact that the Irrigation district has advanced funds for drainage work, and is paying interest on these funds, which would be unnecessary if the La Union Irrigation Company made its payment of water charges according to the terms of the contract.