

(5) Renumber the present section 6 as section 7 and change page 5, line 2, to read "by or incurred under this Act: *Provided*, That there are hereby authorized to be appropriated such sums as may be necessary to establish the fish and wildlife and recreation plan authorized by this Act. The Secretary is authorized".

There is not as yet a definitive plan for development of the recreation potential of the project. Presently there is considerable use of Ocean Lake for recreational purposes and it is reasonable to expect that this use of project facilities will continue. Moreover, it is anticipated that the State agency, in executing its fish and wildlife responsibilities, will construct and operate some facilities normally considered recreational in nature, such as boat-launching ramps, boat docks, and public toilets.

Our review of the crop data for the region, including the third division, indicates that these lands, if properly cared for, should be as productive as those of the present Midvale District. Our conclusions are buttressed by widespread interest in the area in acquisition of these lands, based not upon expectations of re-acquisition by the United States but upon a realistic appraisal of the productive capability of the lands involved, which have been successfully leased for several years.

We have estimated, carefully and conservatively, the payment capacity of the third division if this bill were to be enacted. The payment capacity for the irrigable acreage of the third division has been determined on the basis of a farm budget analysis for Class 2, 3, and 4 lands, which comprise the irrigable area of the division. The land class budgets were for farms containing the equivalent of 160 acres of Class 1 land. Crop yields used were conservative as compared to values established by the Soil Conservation Service and the Wyoming Extension Service for use in conservation planning in the Pavillion and Wind River Soil and Water Conservation District. Prices used were the averages of Wyoming for calendar year 1965 or for the applicable portion of that year. The farm budget analysis indicates that the average full-size farm of the third division will produce sufficient returns to meet farm expenses, pay water charges of \$4.66 per acre, and provide cash for family living to the extent of \$4,370 per year, exclusive of farm perquisites. Assuming that operation and maintenance for the irrigation system will average \$3.00 per acre per year (the current Midvale rate), the amount available to amortize the construction charge obligation would be \$1.60 for an average acre, or \$2.60 for each acre of Class 2 land; \$1.55 for each acre of Class 3 land; and 54 cents for each acre of Class 4 land. It is estimated that \$2,794,624 would be the portion of the reimbursable costs beyond the water users' repayment ability and the amount that would be required for the third division from Missouri River Basin power revenues if S. 670 were enacted.

It is our feeling that, although the possibility of future rehabilitation of the third division exists, the consolidation and reorganization of the entire project will minimize that possibility. Further, the costs of any such rehabilitation appear quite small when compared with the economic effects of virtual abandonment of the well-designed and constructed works of the third division with resultant loss of resource benefits of the existing Federal investment of approximately \$18 million in irrigation storage, conveyance, distribution, and drainage systems.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

KENNETH HOLUM,
Assistant Secretary of the Interior.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., November 17, 1967.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
United States Senate,
Room 3106, New Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for the views of the Bureau of the Budget on S. 670, a bill "To authorize the Riverton extension Unit,