

Tuesday, August 19, 2014, 4:00am MDT

Colorado startup smooths flow of water-rights information in West

Cathy Proctor

Denver Business Journal

A startup company with its roots in mining and analyzing data about the oil and gas industry has turned its sights on another critical commodity: water in the West.

Water, in Colorado and much of the west, is considered a property right, similar to land. It's a right that can be bought, sold, or inherited as part of an estate.

But the details of those rights – such as who owns the water, how much water, from which stream, and what it can be used for – are often scattered across court records, state archives and county clerk's offices in different Western states.

“It's publicly available, but so hard to access and use,” said Kelly Bennett, the director of research and analytics at Denver's Ponderosa Advisors LLC, and one of four partners in the company.

Ponderosa, an information and analysis firm that focuses on water and the nation's oil and gas industry, has spent 18 months creating databases and software that can pull together key information about who owns water in three western states, Colorado, Montana and Wyoming, with a few clicks of the mouse. The company started in 2012.

The company's web-based program, called Water Sage, can search for and map a water right, with key information including the name of the owner, how old it is, where the water is diverted from in a stream or pumped from the ground,



where it can be used, and for what – such as crop irrigation, livestock or other uses.

It also allows customers to focus on specific geographic areas or streams and reservoirs to find information.

And it can be done in about 15 minutes, compared to the six hours an experienced water rights researcher would need to replicate the map and list, Bennett said.

"No one else is doing anything like this," said Mike Swan, the owner of Swan Land Co., based in Bozeman, Montana. The real estate company handles big farm and ranch transactions in several Western states, including Colorado, New Mexico, Wyoming and Montana.

"The service this [Water Sage] will provide will be revolutionary. I can sit down with a farmer at his kitchen table in about 15 minutes and give him a full breakdown of his water rights, where in the past those folks don't have the time to sit down at the regional office and research it – or it would cost them thousands or tens of thousands of dollars to do that same work," Swan said.

Swan said the information Water Sage provides will be used by buyers and sellers of ranch land to assess the quality, quantity and validity of water rights – a significant factor in figuring out the value of a piece of land.

"There's a lot of data that's out there that can't be easily extracted or interpreted. What we find in a lot our state offices is various documents or information, but it's not all brought together in one product the way Water Sage does it," Swan said.

Demonstrating the program, Bennett ran a quick search for a specific Montana landowner.

The program quickly listed information about the several water rights associated with the owner. While a map showed the location of the owner's land and the water rights.

A few more clicks uncovered information that the oldest water right on the owner's list dated to 1868 – pretty old in the West, where the oldest water rights have the most senior rights to use water in rivers and streams.

But Bennett continued clicking through the program, asking it to list other water rights in the area.

Bank of America
Merrill Lynch

Let us connect you
with rapid growth

Within seconds, the Water Sage program showed that the 1868 water right was actually younger than, and junior to, 84 other water rights upstream and downstream from the first owner.

That information is important because the owner of a senior water right that's downstream can make a "call" on the water – meaning owners of junior, or younger, water rights would have to shut their headgates and allow the water to flow by to reach the more senior rights holder.

"You can see where you are on the priority list, which is valuable information when you're trying to put a value on a piece of property or a right to water," Bennett said.

The company has already rolled out the software for Montana and Wyoming. A Colorado version of the software is expected to be ready for launch by the end of August.

Access to the data and the software is available by subscription. Customers can buy access to the information by the hour, or by the year.

A year-long license to the Colorado data will cost about \$6,000, Bennett said.

The idea started when Porter Bennett, Kelly's father, sold his previous company – Evergreen-based BenteK Energy, an analysis and information firm focused on the oil and gas industry – and the two were tossing around ideas about what they should do next.

"And I was buying our ranch up here [in Montana] and trying to sort through the water rights and figure out what to do," said Porter Bennett, president and CEO of Ponderosa Advisors. "It's a mess. If you're a neophyte trying to understand water rights, good luck. Understanding water rights in any state is very difficult, the websites are difficult to navigate, it's hard to understand, the data is fragmented. We pulled all that stuff together so it's easy to tell a story with,"

And the applications of the information go far beyond the oil and gas industry.

Kelly Bennett says the company worked with a real estate attorney whose client wanted to buy land to use as a summer fishing retreat for his family. They wanted to know if the stream through the property would have enough water in it in the summer to support good fishing.

The program confirmed that there were several water rights aimed at environmental or wildlife habitat in the part of the stream the land straddled and it would be a good place for fishing, he said.

“We’ve found historical water rights on land that people thought didn’t have any water and we’ve helped conservation groups figure out which right in the river would be the best one to buy to have the most impact on the stream,” Kelly Bennett said.

The program also can be used as to plan for emergencies such as a water dam failure, both Bennetts said.

“What happens if a dam is breached? Who is downstream of the dam and in danger? And who has headgates that can be opened to absorb the water coming downstream and send it across their fields? Who do you call?” Porter Bennett said.

“We can figure that out in about two minutes,” he said.

And the program can help oil and gas companies in Colorado, who are required by the state to test groundwater sources near new oil and gas wells before and after the wells are drilled.

“But the water right isn’t always connected to the land its on, or under, so the first question for the oil and gas company can be who do you call to get permission to perform the testing,” Kelly Bennett said.



Related Articles

Denver Post parent Digital First Media puts 51 buildings up for sale

Z Block project on Denver's Wazee will include Sage hotel

Almost 50% of Denver residents don't invest in stocks or bonds, survey finds

A flu shot without a needle – PharmaJet injector gets FDA OK

Denver Post parent Digital First Media puts 51 buildings up for sale



3
4

DENVER BUSINESS JOURNAL

[View the full site](#)



The material on this site may not be reproduced, distributed, transmitted, cached or otherwise used, except with the prior written permission of American City Business Journals.

[Ad Choices.](#)