LOS ANGELES (Reuters) - California's main source of irrigation water is expected to go dry this year for most of its growers due to drought, idling at least 60,000 workers and up to 1 million acres of farmland, federal officials and experts said on Friday.

The zero allocation for most of the farmers who buy water from the federally managed Central Valley Project was declared as California water officials repeated their plans to cut amounts supplied from a separate state-run water system to 15 percent of normal.

The drought-forced cutbacks are a huge blow to thousands of farmers in the Central Valley, which produces over half of the fruit, vegetables and nuts grown in the United States. Higher prices are likely for a wide range of crops as a result.

The Central Valley, a fertile but arid region stretching some 500 miles from Bakersfield to Redding, is the agricultural heartland of California, which ranks as the nation's No. 1 farm state in terms of the value of crops produced -- more than $36 billion a year.

The principal source of water for farms and ranches in the valley is the federally built and managed CVP, a vast network of dams, pumping stations and canals that collects runoff from the Sierra Nevada mountain range and delivers it to irrigation districts throughout the region.

A recent forecast by University of California economists projected losses of 60,000 to 80,000 jobs and over $2 billion in income from a scenario like the one announced on Friday.

The state unemployment rate already tops 9 percent, well above the national average.

'IT DOESN'T GET WORSE'

Richard Howitt, a co-author of that study, said he expected that 850,000 acres of land would be left dry and fallow, and another 2 million acres would grow less food than normal. His analysis assumes farmers will make greater use of groundwater to help offset cutbacks from the state and federal government.

Officials at the U.S. Bureau of Reclamation, which runs the CVP, estimated that 1 million acres, roughly a third of the land irrigated by the system, would be put out of production. Agency spokeswoman Lynnette Wirth called the situation "grim."

"It doesn't get any worse than zero," California Farm Bureau Federation President Doug Mosebar said in a statement. "Our water reliability has hit rock bottom."

He called on state authorities to take any steps possible to ease the situation, including ensuring that short-term water sales and transfers between farmers can proceed smoothly.

The Westlands Water District, the largest on the CVP and the nation's largest overall, encompasses just over 700 farmers on 600,000 acres of land, two-thirds of which will be idled by the cutoff in water supplies, spokeswoman Sarah Woolf said.
She said layoffs already have begun in anticipation of the cutbacks. Some growers will do their best to get by with unused water supplies left over from last year and local groundwater.

Federal officials say allocations might be increased later in the year to 10 percent of contracted amounts, but only if an unexpectedly large amount of rain and snow falls.

The CVP last declared a zero supply in 1992, but farmers ultimately received 25 percent of their normal allotment that year after conditions improved, Wirth said.

Despite a recent flurry of winter storms, California is in the third year of a drought shaping up as the state's worst ever. The snowpack in the Sierras remains far below normal, and reservoirs fed by mountain runoff are badly depleted as well.

Complicating matters are federal court restrictions on water that can be pumped from the Sacramento-San Joaquin Delta in Northern California, which furnishes much of the state's irrigation and drinking supplies, in order to protect endangered fish species.

(Editing by Dan Whitcomb, Bernard Orr)