

PRESS RELEASE

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SAN JUAN WATER COMMISSION SECURES WATER RIGHTS FROM STATE AND SETTLES OBJECTIONS TO NAVAJO SETTLEMENT

FARMINGTON (February 6, 2013) – The San Juan Water Commission voted 4-0 at its meeting on Wednesday to approve a settlement agreement with the State of New Mexico and the State Engineer that would secure 6,300 acre feet a year (AFY) of water (depletions) from an application that the Commission filed in 2001. The City of Farmington abstained from the vote.

Representatives of the Commission and the State worked out the terms of the settlement in the last three weeks, according to the staff. The application was filed in 2001 after the Animas-La Plata Project was downsized, and the application requested the water that was no longer needed for the project. The State Engineer refused to publish the application, and the Commission appealed. In August 2011, the State District Court in San Juan County ruled in favor of the Commission and ordered the State Engineer to publish the application. The State Engineer appealed, and the case is pending in the Court of Appeals.

The Commission also objected to the pending Navajo settlement based on its application.

The Navajo water rights settlement is before the District Court for approval, and the Commission had raised four objections to it. The Commission's primary objection was that the settlement interfered with the Commission's application for the released water. The settlement approved Wednesday would resolve that objection. The State Engineer will ask the Secretary of the Interior, which holds the water rights from the ALP Project, to assign 6,300 AFY of depletions and 10,000

AFY of diversions to the Commission. After the assignment, the State Engineer will formalize the assignment by issuing a permit to the Commission.

In the settlement agreement, the State also agreed to ask for assignments of additional water to the La Plata Conservancy District and the Navajo Nation. The La Plata Conservancy District, which unanimously approved a similar settlement agreement at its board meeting on Tuesday, will receive 277 AFY depletions and 440 AFY of additional water diversions. The Navajo Nation will receive 1,840 AFY of additional depletions and 2,920 AFY of diversions.

All of the additional water comes from the permit that the United States holds for the ALP. In addition, both the San Juan Water Commission and the La Plata Conservancy District will receive assignments and permits for the ALP water that they currently have been allocated from the project.

The settlement agreement provides that the State Engineer will ask the Secretary of the Interior for the water assignments. Under the federal legislation that authorized the Animas-La Plata Project in 2000 and downsized it, the Secretary is required to assign the United States' interest in the water rights permit to ALP beneficiaries if the State Engineer requests it.

Under the settlement with the State, the Commission agreed to withdraw its four objections to the Navajo settlement after the Secretary makes the assignment and the State Engineer issues the permit to the Commission. Other than its particular objections, the Commission had not voted whether to support or oppose the Navajo settlement. The new settlement with the State does not require the Commission to support the Navajo settlement.

Trial to decide whether the Navajo settlement should be approved currently is scheduled for June.