

Photo Credit: Fall 2025 Trout
Unlimited “EcoFlight” in the LRG

New Mexico Interstate Stream Commission

Lower Rio Grande Water Rights Purchase Program

Public Information Meetings

May 26, 2026 – Anthony, New Mexico

May 27, 2026 – Las Cruces, New Mexico

May 28, 2026 – Hatch, New Mexico

June 3, 2026 – Online via Zoom





1a. Introductions

Presenters

Ryan J. Serrano, LRG Bureau Chief

Ray Hartwell, Summit Conservation Strategies

J.R. Hennessey, OSE D4 Deputy Manager

Support Staff & Contractors

Christina Hernandez, LRG Bureau

Anita Tafoya, LRG Bureau

Kate Fauske-Maynard, LRG Bureau

Colin McVaugh, Agri-Land Advisors LLC

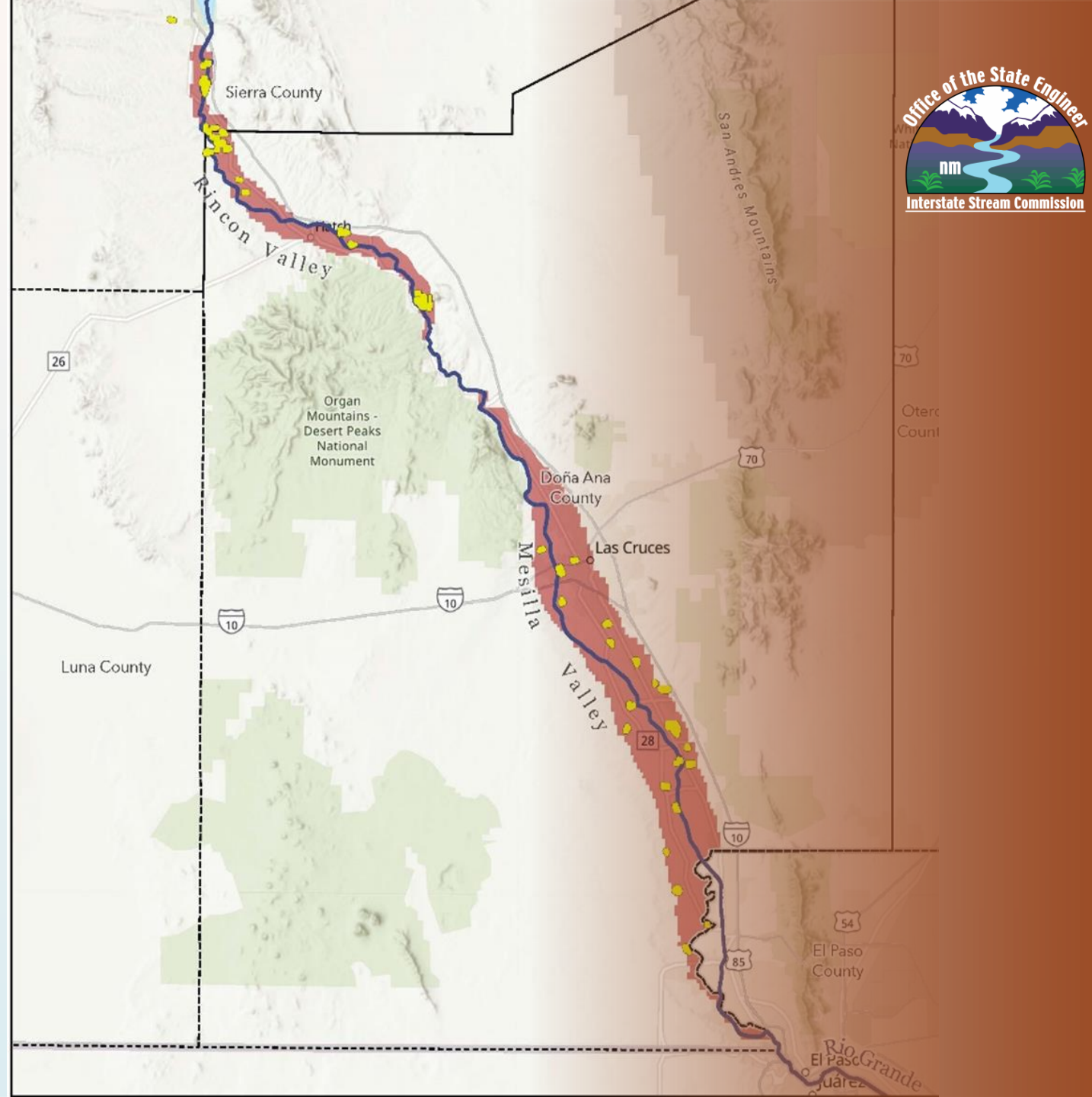
Christian Lopez, WSP

Clarissa Cervantes, WSP



Agenda

1. Introductions and Meeting Goals
2. Texas v. New Mexico Settlement Overview
3. Program Design and Outreach to Date
4. Administration and Management of Participating Lands
5. Questions and Feedback
6. Table Discussion





1b. Meeting Goals

Provide Background & Overview
of the Texas v. New Mexico and
Colorado Settlement in the U.S.
Supreme Court

- Groundwater Settlement Agreement
- Water Rights Purchase Program

Explain Water Rights Purchase Program

- Development
- Work to Date

Gather Community Feedback
on the Water Rights Purchase Program



2a. Texas v. New Mexico Settlement Background

2008 - Dispute between EBID, EP No 1 and the U.S. resulted in the “Operating Agreement”

2011 - NM sued US in NM Federal Court alleging harm from the Operating Agreement

2013 - TX sued NM in U.S. Supreme Court alleging Rio Grande Compact violations

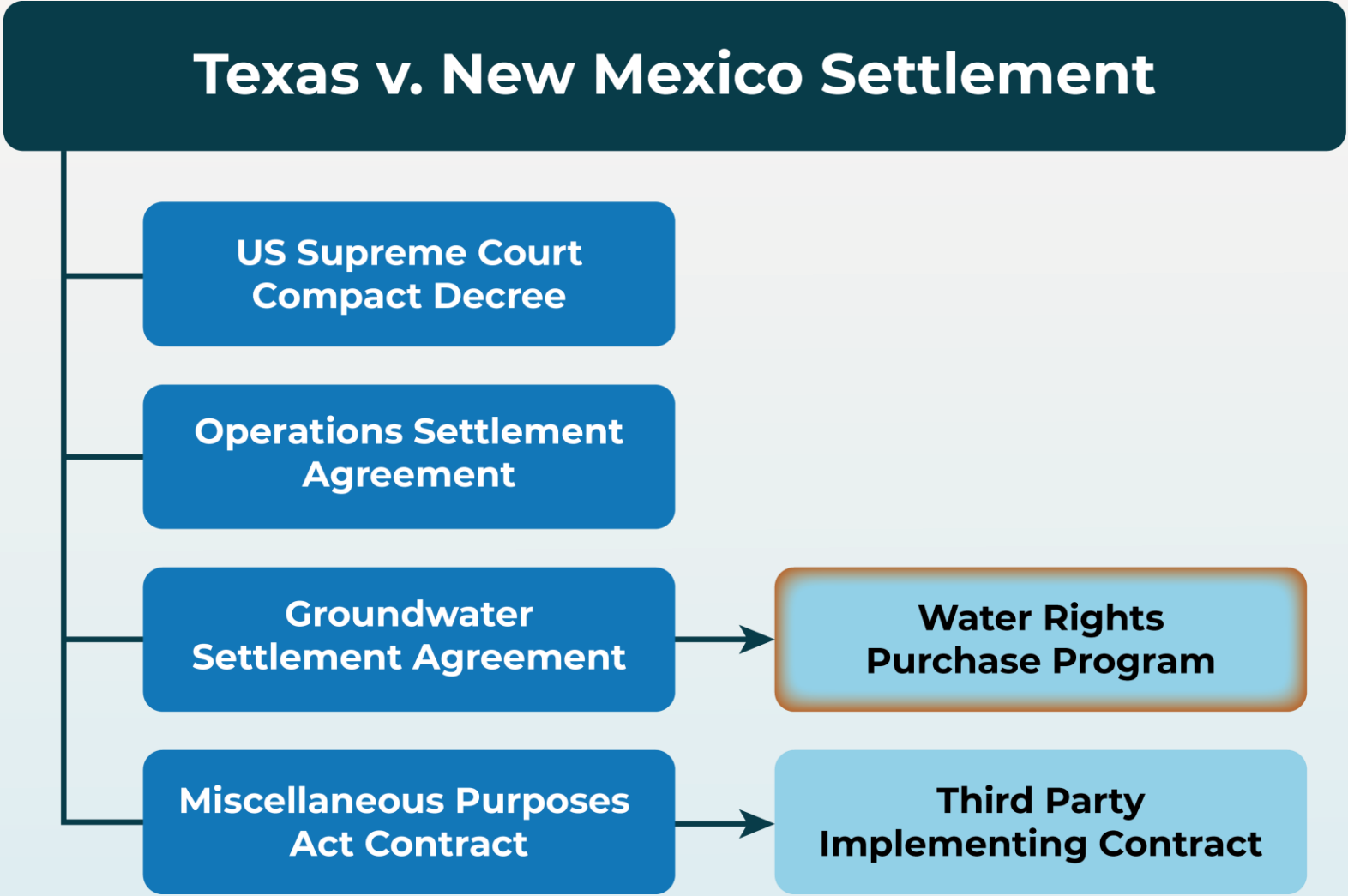
2024 - The previous version of the Settlement proposed by the compacting states was not accepted by the U.S. Supreme Court

2025 - New Settlement Package filled with the Special Master

2026 - (Feb. 26) Special Master files report with Court, recommends acceptance

2026 - (May. 21) Matter docketed for conference with the Court

2b. Texas v. New Mexico Settlement Framework





2c. Texas v. New Mexico Settlement Background

Resolving the disputes requires several related agreements:

Compact Decree in U.S. Supreme Court

Parties: CO, NM, TX

- Resolves pending litigation
- Does not change the 1938 Compact but does resolve ambiguities
- Clarifies New Mexico's water delivery obligation below Elephant Butte Reservoir and specifies how to measure and demonstrate Compact compliance
- Establishes a framework for water accounting, including a state line index obligation with allowable positive and negative departures
- Allows for a reasonable level of continued groundwater pumping in both NM and TX



2d. Texas v. New Mexico Settlement Background

Project Operations Settlement Agreement

Parties: US, NM, EBID, EP No. 1

- Resolves outstanding disputes regarding Rio Grande Project operations and accounting
- Operating Agreement continues with modifications that “harmonize” project operations with the Compact Decree accounting framework
- Includes allocation transfers under certain conditions to assist with Compact Decree compliance
- Resolves outstanding issues regarding priority dates for supplemental groundwater rights within EBID
- Provides a framework for a negotiated resolution of other outstanding issues in the LRG Adjudication (currently ongoing – October 2026 deadline)



2e. Texas v. New Mexico Settlement Background

Groundwater Settlement Agreement

Parties: US, NM

- Resolves US claims of Rio Grande Project interference related to groundwater pumping in NM
- Requires the state to permanently retire groundwater rights to reduce depletions by **18,200 acre-feet per year**
- Establishes a process for state consultation with federal partners on water management actions if key aquifer health metrics are hit, ensuring we address potential issues before they become crises
- Requires New Mexico to adopt Water Management Plan for the LRG within two years of the effective date of the agreement, to create a public roadmap for future water administration in the LRG
- LRG Plan will include stakeholder input and will allow for a reasonable level of continued groundwater pumping in NM



2f. Texas v. New Mexico Settlement Background

Miscellaneous Purposes Act Contract

Parties: US, EBID

- Allows Rio Grande Project water to be used for purposes other than irrigation within the Project
- Important contract terms
 - Annual conversion limit – 100,000 ac-ft
 - Administrative fees for EBID and Reclamation
 - Reclamation fees are reserved for Project maintenance
 - Priority to NM for water needed to comply with Compact Decree
- Third-Party Implementing Contracts
 - Establishes terms for specific users to acquire MPA water from EBID
 - EBID may enter into one or more contracts to provide water for specific uses



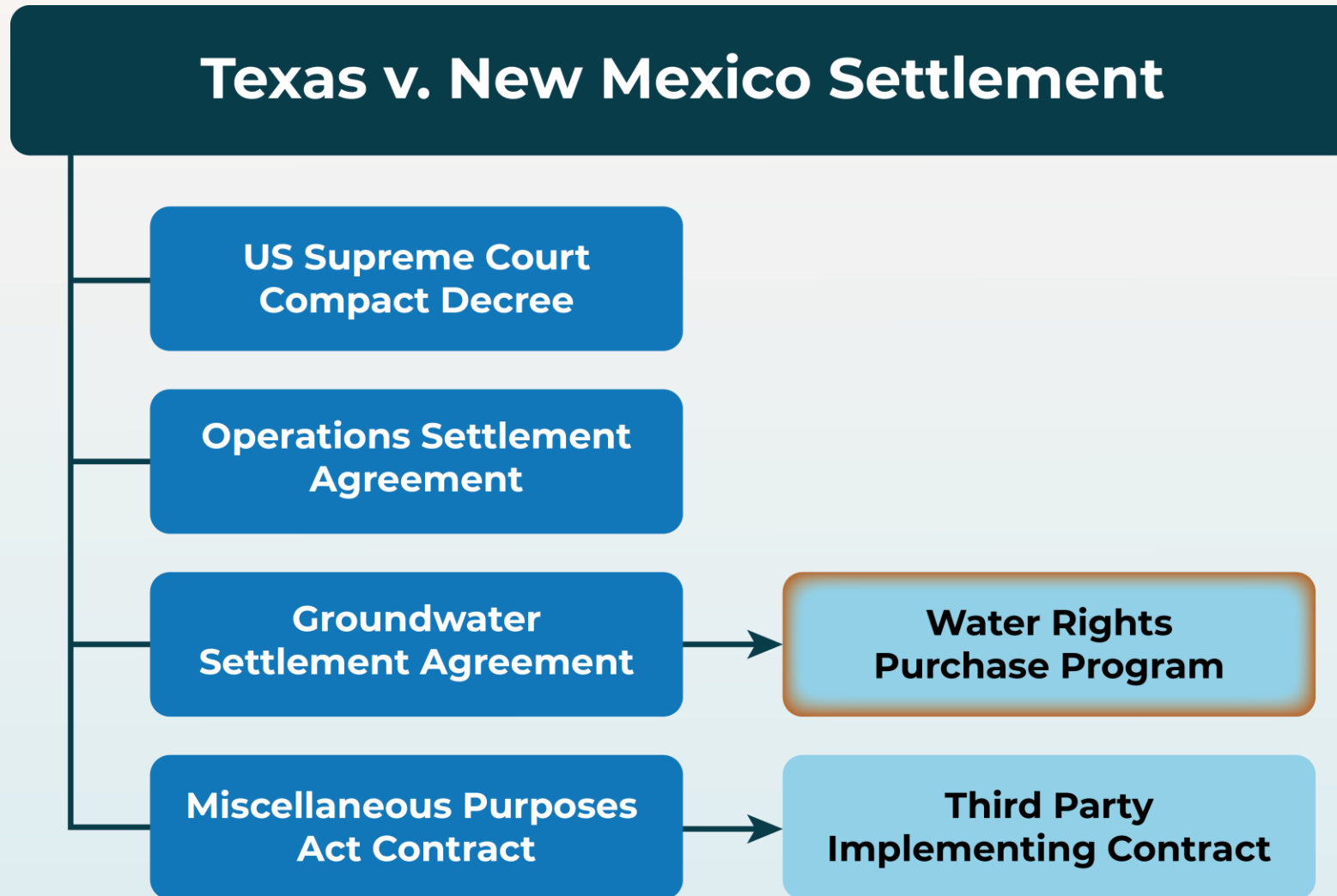
2g. Texas v. New Mexico Settlement Background

Third-Party Implementing Contract

Parties: NM, EBID

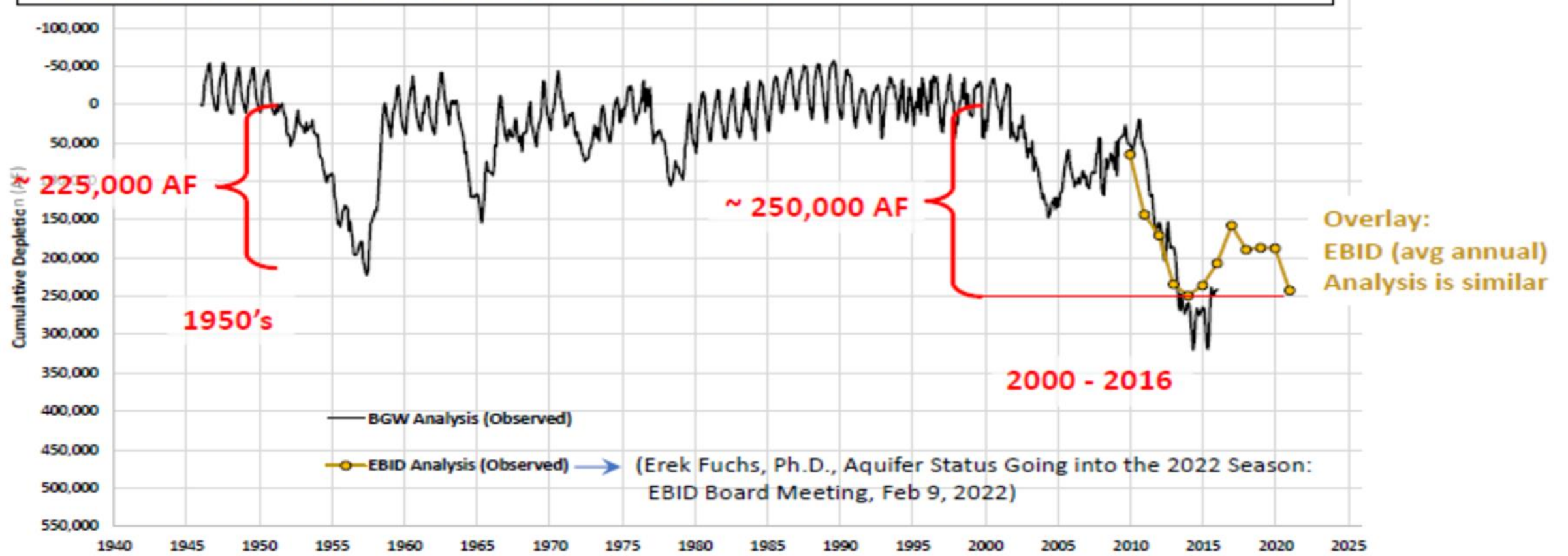
- Arguably, the settlement's most critical innovation is this new contract that creates a flexibility for meeting our Compact Decree obligations
 - Water is transferred from EBID to EP1
- Sources of water for NM transfers
 - Purchased water rights – Annual pro-rata allotment
 - Water leased from another EBID member's Annual Allotment
 - Allocation Forbearance – Water made available to NM prior to member allotment
 - Credit available from prior year unused purchased water rights
- Annual constraints
 - Intended to mitigate impacts to EBID operations
 - Limits volume based on water available to EBID
 - Sets restrictions on when transfers can occur (before irrigation season)

2h. Recap – Texas v. New Mexico & the Water Rights Purchase Program



Why is this important? – Hydrologic Reality

Analysis of observational data and groundwater modeling both indicate the aquifer hole is between 250,000 and 290,000 AF.



Settlement requires 18,200 AF in annual depletion reductions within 10 years (by 2036):

- 2.6 AF of depletion reduction for every acre of primary groundwater permanently retired
- 1.97 AF of depletion reductions for every acre of combined EBID surface + groundwater rights retired
- 50% of goal to be acquired within 5 years

What does this mean for the Water Rights Purchase Program?

- If met through acquisition and retirement of combined surface/groundwater rights = 9,240 acres
 - $(18,200 \text{ AF} / 1.97 \text{ AF/acre} = 9,240 \text{ acres})$
- Other types of GW rights also eligible (e.g. primary groundwater, commercial rights)

Depletion Reduction Timeline and Accounting

Groundwater Settlement: Water Right Eligibility Requirements



Location:

Mesilla and Rincon aquifers between Caballo and El Paso gage

Type of Use:

Irrigation, Commercial, Municipal, or Industrial rights

Eligibility:

“...irrigation groundwater rights must have been used on the lands to be Permanently Retired a minimum of 5 years out of every moving 10-year period since 2010.”

“...non-irrigation rights must have been used a minimum of 5 years out of every moving 10-year period since 2010.”

“...groundwater rights must be in good standing with the New Mexico Office of the State Engineer.”

Water rights enrolled in the “Lower Rio Grande Groundwater Conservation Program shall be deemed to have been used during the period of enrollment.”

*****All Requirements derived from Settlement (Section III. B)**

5 Years Out of Every Moving 10-year Period Eligibility Criteria



Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7
2010						
2011	2011					
2012	2012	2012				
2013	2013	2013	2013			
2014	2014	2014	2014	2014		
2015	2015	2015	2015	2015	2015	
2016	2016	2016	2016	2016	2016	2016
2017	2017	2017	2017	2017	2017	2017
2018	2018	2018	2018	2018	2018	2018
2019	2019	2019	2019	2019	2019	2019
	2020	2020	2020	2020	2020	2020
		2021	2021	2021	2021	2021
			2022	2022	2022	2022
				2023	2023	2023
					2024	2024
						2025

- Eligible water rights must have been used 5-years out of every moving 10-year period since 2010.
- Evidence of use includes, but is not limited to, historical aerial photography, records of historical diversions, or historical studies containing evidence regarding water use.



Questions & Feedback on TX v NM Settlement?



3. Program Design and Outreach to Date

- Core program elements under consideration
- Outreach to date
- Community feedback received
- Participation structure



Water Rights Purchase Program: Core Elements

Voluntary Participation

- Willing buyer-willing seller basis
- No one is forced to sell water rights

Fair Market Value

- Market study underway
- Purchases will occur within approved valuation range

Settlement “Sidebars” on Program Design

- Permanent retirement required (leases, duty reduction ineligible)
- All-or-nothing eligibility criteria
 - In basin, usage history thresholds
 - No distinction between priority, FDR, specific location



Funding and Enabling Resources

Funding Availability for Settlement Implementation

\$40 million in federal IRA funding available to support water right acquisitions.

State funding appropriated in 2026 legislative session: \$22.5M Special Appropriation

Additional funding will be sought from NM legislature; timing and amounts are uncertain

Cost

Total estimated cost on the order of ~ \$150 million (likely more)

Valuation still pending



Water Rights Purchase Program: Outreach to Date

The ISC team has proactively collected feedback on the program

- Targeted Interviews (Spring 2026 and ongoing)
- LRG Water Alliance Updates (2/5, 4/2)
- LRGWA Groundwater Conservation Work Group (10/28, 12/16, 4/22)
- EBID Grower's Meeting (5/1)
- Public Meetings (late May-early June)

Program recommendation to ISC expected late summer



Water Rights Purchase Program: Feedback to Date

- Local Impact: Concern around concentrated retirement of water rights in Hatch/Rincon
 - Row crop farmers seen as most likely to participate
 - Concern re: impact on local economy
- Rotational Land Management: Interest in rotating water rights onto lands from which rights were sold
- Retention of Some Water Rights: Interest in ability to retain some water rights to enable future land use
- Future Curtailment Risk: Concern about risk of future water right curtailment

Rincon/Hatch Valley Dilemma...



Rincon participation is high, consistent with potential for concentrated interest in the water right acquisition Program.

Area	Currently Irrigated		2024-25 GW Conservation Program			2026 GW Conservation Program		
	Acres	Pct. of EBID	Acres	Pct. of GW Program	Pct. of Area	Acres	Pct. of GW Program	Pct. of Area
Rincon	16,508	22.2%	2,238	36.1%	13.6%	3,045	37.0%	18.4%
Mesilla	57,863	77.8%	3,954	63.9%	6.8%	5,186	63.0%	9.0%
All of EBID	74,371	100%	6,192	100%	8.3%	8,231	100%	11.1%

- Groundwater Conservation Program (GWCP) Rincon enrollment rates already exceed a pro-rata share of the water rights acquisition program target (18.4% in the 2026 GWCP vs. 12.4%).
- A cap on total water rights acquisitions in Rincon?



Participation Structure

How can ISC structure the Water Rights Purchase Program to meet Settlement requirements and serve community needs?

Example Design Options:

- Statement of Interest Process
- Competitive Sealed Bid Process
- Other processes also possible

Purchase Program Over Time:
Limited by budget and participation

What is it?

Standing offer to purchase water rights for a fixed price: \$A per acre (within fair market value range)

Offers accepted in order received until budget exhausted

Terms:

- Eligibility: Rights must meet Settlement eligibility criteria; can add additional criteria (e.g. location)
- Time Limited Offer: Offers only accepted during a defined time window
- Budget Limited: Limited budget allocated first come, first served

Pros: Simple, easy to understand, and easy to implement

Cons:

Challenging to set price for new program

Inflexible for participants due to take-it-or-leave-it structure

What is it?

Participants submit offers to sell water rights in a bid format

Offers accepted from lowest to highest bid subject to terms

Terms:

- Eligibility: Rights must meet Settlement eligibility criteria; can add additional criteria (e.g. location)
- Time Limited Offer: Offers only considered during a defined time window
- Budget Limited: Limited budget, allocated based on offer price (with tiebreak factors)
- Reserve (Maximum) Price: Offers bidding above the confidential reserve price will not be accepted

Pros:

Flexible – Bidding allows potential participants to explore participation on their own terms

Objective – All bids are evaluated concurrently by the same criteria

Efficient – Acquire eligible water rights at least cost and least economic disruption

Cons: More complex process

Photo Credit: Karen Ray, Media Consultant



Questions & Feedback on Program Design?



4. Management of Participating Lands

Land Use After Water Right Sale

- Block management and crop rotations
 - Separate OSE application required
- Conditions on water right transfers to land associated with sold water
 - Valid water rights may be transferred onto participating lands, if the transfer results in no net increase in depletions.
 - Transferred-on water rights must satisfy the eligibility requirements of the Groundwater Settlement Agreement.
- Cover cropping and land stewardship
 - “The surface water rights from Permanently Retired Lands may not be used on the lands from which they were acquired except for uses incidental to land ownership such as planting a cover crop or nuisance control.”



Future Irrigation of Participating Lands

- Irrigation of participating lands may not occur unless valid water rights are transferred or rotated to those lands
- The Groundwater Settlement Agreement requires permanent conditions on water right transfers to lands associated with the purchase program
- Purpose of the condition is to ensure depletion reduction is maintained
- Water rights transferred to participating lands must be in good standing and have been used a minimum of 5 years out of every moving 10-year period since 2010

Block Management/Rotation Concept



81 ac Water Rights on 152.5 ac Block			
Block	2026	2027	2028
1	X	X	X
2	X	X	X
3	X	X	X
4	X	X	
5	X		
6			X
7		X	X
8	X		
9		X	
10		X	X
11	X		X
Tot Ac.	81	81	81



Cover Cropping Program

Goals & Objectives:

- Improve soil structure & moisture retention
- Support long-term farm resilience
- Reduce wind erosion

Cover Crop Program offers:

- Soil Stabilization Techniques/Options
- Drought Tolerant Seed mix
- Land Management (prep/plant/maint.)
- Financial Assistance
- Data Collection

Cover crop growth with single surface watering in late summer, 2024

Seed blend:

- 4 grass species (Foxtail Millet, Cereal Rye, Hay N Graze hybrid sudan, Proso Millet)
- 1 brassica species (Rapeseed)
- 3 broadleaf species (Okra, Safflower, Sunflower)



Cover Crop Success

Total enrolled LRG **CCP acres:** 1,483

C-SWCD 732 ac DA-SWCD 751 ac



Questions & Feedback on Management of Participating Lands?

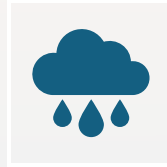
Other Ongoing LRG Work Moving in Parallel



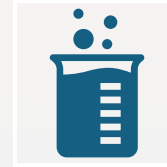
Groundwater
Conservation
Program



Water Purchase
Program



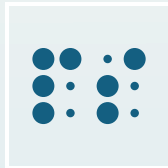
Stormwater
Capture and
Aquifer
Recharge



Geohydrology
and Water
Quality
Monitoring



Supply
augmentation
or importation



Brackish water
and re-use
evaluation



Hydrological
Studies



Texas v New
Mexico



Community
Outreach and
Engagement



Photo Credit: Fall 2025 Trout Unlimited
“EcoFlight” in the LRG- Elephant Butte Reservoir

5. Program Questions and Feedback

**Written comments and
feedback can be submitted
at:**

NMISCPurchaseProgram@wsp.com

**For more information
please visit:**

www.ose.nm.gov/LRGWPP

