

TX v NM Settlement Agreement Fact Sheet

The proposed settlement of the *Texas v New Mexico No. 141* U.S. Supreme Court litigation in the Lower Rio Grande is intended to ensure that local communities and economies in New Mexico can continue to thrive. On February 6, 2026 the Special Master filed a report supporting Court adoption of the settlement — the Court is expected to act by summer 2026.

In addition to current Rio Grande Compact requirements to deliver water to Elephant Butte Reservoir, the settlement will require New Mexico make a *new state-line delivery to Texas*.

Benefits of the Settlement

Here's why the proposed settlement is so important for local communities and the state:

- **Protection of Groundwater Use**

The settlement protects significant groundwater pumping in New Mexico. The United States argued that groundwater use beyond 1938 levels be shut down, with the potential to devastate the region. New Mexico is committing to reduce annual groundwater pumping by 18,200 acre-feet, or approximately 5-7% of current use. That reduction in groundwater pumping will help protect other uses. The Settlement allows time to implement these necessary reductions.

- **Stakeholder Driven Long-Term Solutions**

The settlement preserves the ability for local stakeholders to determine a long-term groundwater management plan. The reductions committed to by New Mexico will support aquifer health, but more is likely to be needed. The settlement provides for 2 years to determine a Lower Rio Grande Plan to ensure long-term groundwater sustainability. New Mexico is committed to work with local stakeholders to finalize a plan with local input and buy-in.

- **NM Retains the Ability Administer**

The settlement protects New Mexico's ability to administer water rights and provides for additional tools to meet the new state-line delivery requirement. Current efforts are underway to resolve outstanding water rights adjudication issues and craft alternative administration plans.

- **Increased Certainty**

The settlement clarifies two key areas which the 1938 Compact left open — how water is divided below Elephant Butte Reservoir (57% to NM and 43% to Texas) and groundwater pumping in the Lower Rio Grande.

- **Investments in Solutions not Litigation**

The state has spent over \$35 million on this costly and long-standing litigation. Reaching a settlement allows the parties to shift resources to solutions on the ground.

The settlement resolved multiple long-standing issues amongst various parties and was only possible through 5 inter-related agreements.

Resolving the disputes required all of the following five agreements:

U.S. Supreme Court Compact Decree

Parties: New Mexico (NM), Texas (TX), Colorado (CO)

Purpose: Resolves pending U.S. Supreme Court litigation; establishes equitable apportionment of surface water between NM and TX below Elephant Butte Reservoir; allows for a reasonable level of continued groundwater pumping in both NM and TX; establishes a framework for water accounting, including a state line index obligation setting forth allowable positive and negative departures.

Operations Settlement Agreement

Parties: NM, United States (US), Elephant Butte Irrigation District (EBID), El Paso County Water Improvement District #1

Purpose: Resolves outstanding disputes regarding Rio Grande Project operations and accounting; ensures alignment of Rio Grande Project operations with the Rio Grande Compact accounting framework established in the Compact Decree; includes tools such as allowing transfers of water allocations between the two irrigation districts under certain conditions to ensure Compact 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 Lower Rio Grande Adjudication

Groundwater Settlement Agreement

Parties: NM, US

Purpose: Resolves US claims of Rio Grande Project interference related to groundwater pumping in NM; requires groundwater depletion reduction in

NM of 18,200 acre/feet per year; establishes a process for consultation regarding Project efficiency and continued aquifer decline under certain conditions; requires NM to adopt a Lower Rio Grande (LRG) Plan to manage and administer water within two years of the agreement effective date; LRG Plan will include stakeholder input and will allow for a reasonable level of continued groundwater pumping in NM.

Miscellaneous Purposes Act (MPA) Contract

Parties: US, EBID

Purpose: Allows Rio Grande Project water to be used for purposes other than irrigation; provides for implementing contracts between EBID and other potential users of Project water; The MPA allows for up to 100,000 acre feet of Rio Grande project water to be converted annually and for fees to be assessed per acre foot of converted water; Some of these fees are reserved by Reclamation for future O&M needs of project facilities.

Third Party Implementing Contract Under the MPA Contract

Parties: EBID, NM

Purpose: Provides a toolkit for flexible water management with various options for NM to use EBID Rio Grande project water to meet Compact delivery obligations; provides clear contractually defined tools for NM to manage interstate water obligations proactively and fairly; designed to be collaborative by relying on compensation and voluntary participation; built-in annual guard rails intended to mitigate impacts to EBID operations including annual volume restricts and limits on timing when transfers can occur.

