

Fiscal Year 2025 Agency Report

State Tribal Collaboration Act Annual Report

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Table of Contents

I.	Executive Summary	1
A.	Mission Statement	2
B.	Agency Overview.....	3
II.	Office of the State Engineer Tribal Communication and Collaboration Policy	5
III.	FY 2025 OSE/ISC Collaboration and Communication	7
A.	FY 2025 Status of IWRS	8
B.	FY 2025 OSE/ISC Collaboration & Communication.....	9
C.	FY2025 Investing in Capacity and Collaboration	10
IV.	FY2026 OSE/ISC Priorities	11
A.	FY 2026 Supporting Federal Legislation for Tribal Water Rights Settlements	12
B.	Implementing Tribal Water Settlement Agreements	12
1.	<i>Aamodt</i> Settlement of the Water Rights of Pueblos of Nambé, Tesuque, and San Ildefonso	12
2.	Taos Pueblo Water Rights Settlement	14
3.	Zuni Tribe Water Rights Settlement	15
4.	Ohkay Owingeh Rio Chama Water Rights Settlement	15
5.	Pueblo of Acoma, Pueblo of Laguna, & Navajo Nation Rio San José Water Rights Settlements	16
V.	ISC Program - FY 2025 Updates and FY 2026 Priorities.....	17
A.	Colorado River Basin Bureau	17
B.	Rio Grande Bureau	20
C.	Water Planning Program	21
D.	Indian Water Resources Team	22
VI.	Additional Activities, Rules, and Settlement Resources	23
A.	Appropriations and Distribution of Funds.....	23
B.	Training and Employee Notification (NMSA 1978,	23
C.	Governing Statutes, Rules, and Settlements	23
VII.	OSE/ISC Key Names and Contact Information.....	24

I. Executive Summary

The State Engineer has authority over the measurement, appropriation, and distribution of all surface and groundwater in New Mexico, including streams and rivers that cross state boundaries. The New Mexico Office of the State Engineer (OSE or Agency), under the direction of the State Engineer, administers the State's water resources.

The Interstate Stream Commission (ISC) is a nine-member Commission charged with separate duties including protecting New Mexico's right to water under eight interstate stream compacts, ensuring the State complies with each of those compacts, ongoing water planning, and administering the Indian Water Rights Settlement Fund. The ISC is also charged with investigating water supply and developing, conserving, and protecting the waters of the State.

New Mexico is facing its most severe drought in decades. Climate change is making water shortages worse by reducing snowpack, shifting precipitation patterns, prolonging drought, increasing evaporation, and fueling more wildfires. These changes threaten communities, farmers, businesses, and wildlife that depend on our State's water. With an ever-dwindling water supply, water security for all New Mexicans is increasingly important.

To meet this challenge, the OSE and ISC have committed to resolving Tribal water rights claims, engaging in effective water planning, prioritizing Government to Government consultation, and increasing communication with Tribal leadership and staff to achieve comprehensive water management statewide.

The unique and independent status of Tribal Governments in New Mexico requires the OSE and ISC to prioritize coordination, consultation, and education among the sovereigns, State, Tribal, and federal agencies, and the public. The Pueblos, Tribes, and Nations of New Mexico hold the oldest and largest water rights in the state. Working together as sovereign governments is essential to managing our shared water resources in a meaningful way and ensuring a sustainable future for all New Mexicans.

The OSE/ISC Tribal Liaison has an integral role in facilitating relationships and communications between the agency and Tribal communities. The Tribal Liaison deals with matters related to adjudication, negotiation, and implementation of Tribal water rights settlements and water planning. The Liaison also assists individual Pueblos, Tribes, and Nations to bridge cultural and jurisdictional gaps with the State and non-Tribal water users. The Tribal Liaison also ensures that Tribal leadership has access to the State Engineer and other agency leadership and a seat at the table for agency-wide issues impacting Tribal communities.

Fiscal Year (FY) 2025 was a successful year for collaboration with the Pueblos, Tribes, and Nations in New Mexico. Six Indian Water Rights Settlement bills were reintroduced into Congress, two federal negotiations teams were appointed to address the water rights claims for the Ute Mountain Ute Tribe and the Six Middle Rio Grande Pueblos, the Blessing Ceremony and groundbreaking event kicked off construction of the San Juan Lateral for the Navajo-Gallup Water Supply Project, the Water Planning Program facilitated the creation of the Water Security Tribal Advisory Council, and the Tribal Water Institute was revived by the OSE/ISC Tribal Liaison. The Agency intends to continue to build on these accomplishments to ensure the furtherance of OSE/ISC's goals for FY2026.



A. Mission Statement

Our Mission

To actively protect and manage New Mexico's water resources for the beneficial use of its people, in accordance with the law.

- **Efficient Water Management:** Investigate, measure, and distribute water efficiently in compliance with state laws, court adjudications, and State Engineer regulations.
- **Water Rights Administration:** Administer a water rights system that lawfully allocates and reallocates water through permits, licenses, and court adjudications to meet the needs of New Mexico's growing population.
- **Sustainable Water Use:** Maximize the use of New Mexico's renewable interstate stream apportionments to ensure the sustainability of the state's water supplies.
- **Future Planning:** Plan for the future water needs of New Mexico's people and environment, considering both current and anticipated demands.

Our Guiding Values

We are committed to serving New Mexico through:

- Accountability
- Collaboration
- Communication
- Efficiency
- Effectiveness
- Fiscal Responsibility
- Service
- Quality

In fulfilling the mission of the OSE/ISC, water quality issues will be integrated into the protection of water resources and stream systems.

Our Vision

The Office of the State Engineer and the Interstate Stream Commission aim to be the preeminent water management agency, trusted by the public to manage, allocate, and protect New Mexico's water resources effectively and transparently.

B. Agency Overview

The State Engineer is responsible for managing and protecting the waters of New Mexico—one of our most precious and limited resources. The State Engineer is appointed by the Governor of New Mexico and confirmed by the State Senate. She holds statutory authority over New Mexico’s water resources overseeing measurement, appropriation, and distribution statewide. The State Engineer also sits as secretary on the Interstate Stream Commission, an independent commission appointed by the Governor to investigate, protect, and develop New Mexico’s waters, including both interstate and intrastate stream systems.

The 1907 Water Code assigned supervision of the surface waters of the then Territory of New Mexico to the Territorial Engineer. When New Mexico became a state in 1912, the agency was renamed from the Office of the Territorial Engineer to the Office of the State Engineer. In 1931, the State Engineer’s authority expanded to include the regulation of groundwater throughout the State. OSE plays a critical role in ensuring that water is administered legally and fairly across New Mexico. The Legislature created the Interstate Stream Commission in 1935. Its separate duties include protecting New Mexico’s right to water under eight interstate stream compacts and ensuring the State complies with each of those compacts, as well as developing and promoting regional and statewide water planning. Today, the Office of the State Engineer and Interstate Stream Commission includes a Litigation & Adjudication Program, the Water Resource Allocation Program (WRAP), the Interstate Stream Commission Program, and Program Support. This OSE plays a critical role in ensuring that water is administered legally, fairly, and wisely across New Mexico.

The programs of the OSE/ISC are:

- **Litigation & Adjudication Program** handles adjudications, negotiations, and litigation issues through the Administrative Litigation Unit, Bureau for Pueblos, Tribes, & Nations, Hydrographic Survey Bureau, Lower Rio Grande Bureau, and Northern New Mexico & Pecos Bureau.
- **Water Resource Allocation Program (WRAP)** is responsible for processing water rights applications and conducting technical analysis through the Hydrology Bureau, Water Rights Division & District Offices, Water Use & Conservation Bureau, Dam Safety Bureau, and Statewide Program.
- **Interstate Stream Commission Program** implements projects throughout the state and protects New Mexico’s interest in interstate stream controversies through the Colorado River Basin Bureau, Rio Grande Bureau, Pecos River Bureau, Acequia Bureau, and Statewide Planning.
- **Program Support** keeps the agency rolling through the Human Resources Bureau, Budget & Finance Services Bureau, and the Information Systems technology Bureau.



Water Management in New Mexico

Water Management in New Mexico adheres to the constitutional principles of beneficial use and prior appropriation. Under New Mexico law, water belongs to the public and is subject to appropriation for beneficial use. Often stated as “first in time, first in right,” prior appropriation means that older, or senior, water rights take priority over newer, or junior, water right in times of shortage.

Since the enactment of the 1907 Water Code, permits have been mandatory for non-Tribal surface water appropriations and modifications. Similar requirements were extended to groundwater beginning in 1931. Applications for an OSE permit are rigorously assessed to ensure a permit will not impair existing rights, be contrary to the conservation of water within the State, or be detrimental to public welfare.

Tribal water rights are governed by federal law. Water rights management on Tribal land varies and is governed by each sovereign nation. Often, cooperative management is achieved through settlement agreements negotiated between Tribes, the State, the federal government, and other neighboring water users.

Adjudication of Tribal Water Rights

New Mexico began adjudicating water rights within New Mexico over a century ago. The water rights for the Pueblos, Tribes, and Nations within New Mexico are in the process of being adjudicated. The quantification and settlement of Tribal water rights improves water security for Tribal communities. Additionally, settlement agreements often resolve administrative challenges between Tribal and non-Tribal water users and foster collaboration and coordination among all users within the stream system. The goal of settlement is to recognize historic and current Tribal water uses and ensure water security for Tribal communities into the future.



II. Office of the State Engineer Tribal Communication and Collaboration Policy

In 2005, Governor Bill Richardson issued Executive Order 2005-004, *Statewide Adoption of Tribal Consultation Plans* to enhance and promote Government to Government relations among State agencies and the Pueblos, Tribes, and Nations in New Mexico.

In 2009, the New Mexico State-Tribal Collaboration Act was signed into law and formed the "Protecting and Promoting New Mexico's Environment Group," comprising representatives from key agencies such as the New Mexico Energy, Minerals and Natural Resources Department, New Mexico Department of Game and Fish, New Mexico Office of State Engineer, New Mexico Environment Department, and New Mexico Department of Agriculture. This group was established to develop a comprehensive Tribal communication and collaboration policy that:

- a) Enhances communication and collaboration effectiveness between state agencies and New Mexico Indian nations, tribes, and pueblos.
- b) Fosters positive Government-to-Government relations between the state and New Mexico Indian nations, tribes, and pueblos.
- c) Promotes cultural competence in delivering effective services to New Mexico Indian nations, tribes, and pueblos.
- d) Establishes procedures for informing state agency employees about the goals and requirements of the tribal communication and collaboration policy.

The OSE and ISC adopted the OSE Tribal Communication and Collaboration Policy in 2009 (OSE Policy) to ensure that these principles and goals are carried forward and that the OSE remains committed to building and maintaining strong, respectful relationships with the New Mexico Pueblos, Tribes, and Nations.

Role of the Tribal Liaison

This work is led by the OSE/ISC Tribal Liaison, who is responsible for facilitating Government to Government relations, consultations, and communications with the New Mexico Pueblos, Tribes, and Nations, and ensuring that Tribal perspectives are considered on policies across all departments of the agency.

The Tribal Liaison addresses matters related to the adjudication of Tribal and Pueblo water rights, negotiations regarding these rights, and assistance to individual Pueblos, Tribes, and Nations on other water administration or compact concerns and interests. Another goal is to resolve disputes between the State of New Mexico and Pueblos, Tribes, and Nations in a manner that will facilitate cooperative and sustainable management plans among sovereign partners.

The Tribal Liaison works with State and Tribal leadership and staff to improve communications and enhance collaboration efforts. The Liaison also guides OSE and ISC staff to ensure that programs and services are provided to Tribal communities. The Liaison promotes partnership and collaboration so that Tribal sovereignty and cultural practices are protected and considered in policy development and planning efforts. (OSE Policy V(D)(1)).

The Liaison's efforts to promote effective and culturally sound communication has strengthened the Agency's relationships with the Tribes, Pueblos, and Nations in New Mexico and facilitated meaningful collaboration statewide. Recognizing that each Tribal community is unique, the OSE/ISC staff, through the Tribal Liaison, communicates with each Pueblo, Tribe, and Nation in the preferred method of communication to determine the areas of interest for that community and the appropriate person and department to contact for day-to-day collaboration efforts. (OSE Policy V(D)(4)(a)).

The OSE/ISC and Tribal Liaison encourage staff to conduct face-to-face meetings between the appropriate Agency and Tribal policy and/or technical level staff to increase awareness of OSE actions and enhance the development of effective outcomes. (OSE Policy V(D)(4)(b)).



III. FY 2025 OSE/ISC Collaboration and Communication

Bureau for Pueblos, Tribes, and Nations

The Agency remains committed to Government-to-Government consultation, collaboration, honoring Tribal water rights, and supporting Tribal Government participation in shaping the future of New Mexico's water management. These efforts reflect the State's deep respect for Tribal sovereignty and the importance of building sustainable, long-term partnerships.

In 2022, the OSE created the Bureau for Pueblos, Tribes, and Nations (BPTN) with the goal of reaching settlement on pending Tribal water rights claims and to support the Tribal Liaison to efficiently address the needs Tribal communities.

The BPTN coordinates with all the departments within OSE on Tribal matters. The BPTN works collaboratively with the entire Agency to address the needs of Tribal communities and ensure that settlement goals are integrated into policy making and water administration in settlement basins.

In FY2025, OSE/ISC continued to build the BPTN and develop capacity to address ongoing issues among Tribal and non-Tribal water users. ISC added two dedicated staff positions to work on its Tribal water rights issues. ISC's new staff works closely with the Tribal Liaison and the BPTN to strengthen the State of New Mexico's relationships with Tribal leadership and protecting resources throughout the state.

The BPTN focuses on negotiation and implementation of settlements of Tribal water rights claims through the adjudication process. The BPTN has expanded to assist the Tribal Liaison on issues throughout the Agency. The Tribal Liaison communicates with Tribal leadership directly and the BPTN communicates regularly with Tribal staff and representatives to address issues related to Tribal water rights and cooperative administration.

A. FY 2025 Status of IWRS

Since 2022, Governor Lujan Grisham has signed five additional settlements, highlighting the administration's prioritization of Tribal collaboration. Those local settlements agreements are awaiting Congressional approval, and beginning the implementation phase:

- **Pueblos of Acoma and Laguna in the Rio San José Stream System adjudication.** *Kerr-McGee Corp, et al. v. State of New Mexico, ex rel. State Eng'r*, Case Nos. D-1333-CV-1983-00190 and D-1333-CV1983-00220 (consolidated) (13th Jud. Dist. Ct.).
- **Navajo Nation in the Rio San José Stream System adjudication.** *Kerr-McGee Corp, et al. v. State of New Mexico, ex rel. State Eng'r*, Case Nos. D-1333-CV-1983-00190 and D-1333-CV1983-00220 (consolidated) (13th Jud. Dist. Ct.).
- **Pueblos of Jemez and Zia in the Rio Jemez Stream System adjudication.** *United States of America, et al. v. Abousleman, et al.* Civil No. 83-cv-01041 (KWR-JHR (D.N.M.))
- **Zuni Tribe in the Zuni River Basin.** *U.S. v. A&R Production, et al.*, Case No. 6:01-cv-00072-DHU-JHR (D.N.M.), Subproceeding 1—Zuni Indian Claims, Case No. 6:07-cv-00681-DHU-JHR (D.N.M.)
- **Ohkay Owingeh claims in the Rio Chama Stream System.** *New Mexico ex rel. State Eng'r v. Aragon*, Case No. 6:69-cv-07941 KWR/KK (D.N.M.)

There are currently five finalized Tribal water rights settlement agreements in New Mexico:

- **Jicarilla Apache settlement in the San Juan River Basin.** *New Mexico ex rel. State Eng'r v. United States*, No. 75-184 (11th Jud. Dist., San Juan County, New Mexico).
- **Jicarilla Apache settlement in the Rio Chama Stream System.** *New Mexico ex rel. State Eng'r v. Aragon*, Case No. 69-cv-07941 KWR/KK (D.N.M.).
- **Navajo Nation settlement in the San Juan River adjudication in Northwest New Mexico.** *New Mexico ex rel. State Eng'r v. United States*, No. 75-184 (11th Jud. Dist., San Juan County, New Mexico).
- **Settlement agreement with the four Pueblos of Nambé, Pojoaque, Tesuque, and San Ildefonso in the Rio Pojoaque Basin adjudication.** *New Mexico ex rel. State Eng'r v. Aamodt*, 6:66-cv-6639 WJ/WPL (D.N.M.)
- **Taos Pueblo settlement in the Rio Pueblo de Taos/Rio Hondo Stream System adjudication.** *New Mexico ex rel. State Eng'r v. Abeyta and Arellano*, Nos. 69cv07896 BB and 69cv07939 BB (D.N.M.).

Four active negotiations are underway:

- **Santa Clara Pueblo and Ohkay Owingeh for water rights claims in the Santa Cruz/Truchas Stream Systems.** *New Mexico v. Abbott*, Case No. 68-7488 KWR/JHR (Santa Cruz) and Case No. 70-8650 KWR/JHR (Truchas) (N.M. D. Ct., N.M.)
- **Navajo Nation for water rights claims in the Zuni River Basin.** *U.S. v. A&R Production, et al.*, Case No. 6:01-cv-00072-DHU-JHR (D.N.M)
- **Ute Mountain Ute Tribe in the San Juan River Stream System.** *New Mexico ex rel. State Eng'r v. United States*, No. 75-184 (11th Jud. Dist., San Juan County, New Mexico)
- **The Six Pueblos of Sandia, Santa Ana, Isleta, Santo Domingo (Kewa), Cochiti, and San Felipe in the Middle Rio Grande Stream System.**

B. FY 2025 OSE/ISC Collaboration & Communication

In FY 2025, Agency-wide efforts to enhance communication with the Pueblos, Tribes, and Nations include:

- Engaged in Government-to-Government consultations with Ohkay Owingeh, the Pueblos of Cochiti, Picuris, and Sandia.
- Reconstituted the OSE Liaison's annual Tribal Water Institute. In August of 2025, Tribal Liaison and Governor of Santa Ana Myron Armijo revived the OSE-Tribal Water Institute of years past. Tribal leaders and water resources staff were invited to participate in an open forum with the State Engineer and ISC and OSE directors to discuss issues impacting Tribal communities.
- Increased interagency collaboration between OSE and ISC staff and leadership, including preparation for the Six Middle Rio Grande Pueblos settlement negotiations and issues regarding sediment build up on the Rio Chama.
- Increased collaboration with other state agencies and consultation with Governor Lujan Grisham's Office, including facilitation of provisions under the 2023 Water Security Planning Act with the NM Indian Affairs Department.
- Prioritized staff accessibility and commitment to regularly attending monthly meetings with Tribal Government representatives, including the Northern Pueblo Tributaries Water Rights Association, and the Six Middle Rio Grande Pueblos Coalition.
- Participated in regular meetings to implement Tribal water settlements, including the Taos Pueblo Water Rights Settlement, Zuni Tribe Water Rights Settlement, the Aamodt Water Rights Settlement of claims for the Pueblos of Nambe, Pojoaque, Tesuque, and San Ildefonso, and the Pueblos of Acoma and Laguna and Navajo Nation Water Rights Settlement Agreement.
- Participated in weekly meetings to implement the Interim Agreement and administer the shortage sharing schedule as intended under the Ohkay Owingeh Rio Chama Water Rights Settlement.
- Attended the Rio Jemez Opening/Closing Out of Irrigation Season biannual meeting hosted by the Pueblo of Jemez and followed up on issues presented by the Pueblos of Jemez and Zia, and the non-Tribal waters on the system.
- Collaborated with Zuni Tribal staff and consultants to finalize the Monitoring Plan for the Critical Protection Area and begin implementation of the Zuni Tribe's Water Rights Settlement Agreement.



C. FY2025 Investing in Capacity and Collaboration

FY2025: Investing in Capacity and Collaboration with State Funding to Complement Federal Funding for Indian Water Rights Settlements

In FY2025, the OSE and ISC:

- Secured \$25 million from the support continued work on Indian water rights settlements (in addition to the \$20 million secured in 2024).
- Entered into \$13.6 million in funding agreements with multiple parties to continue work on the Mutual-Benefit Projects required by the Taos Pueblo Water Rights Settlement Agreement.
- Created a mechanism to fund \$7 million of projects with the Rio Chama acequias as required by the Ohkay Owingeh Rio Chama Water Rights Settlement Agreement.
- Entered into a \$750,000 funding agreement with consultants for the Pueblo of Zuni to implement the monitoring plan as required by the Zuni Indian Tribe Water Rights Settlement.
- Provided \$250,000 to the Rio San Jose Acequias as required by the Pueblo of Acoma, Pueblo of Laguna, and Navajo Nation Rio San Jose Water Rights Settlement Agreement.

FY2025: Investing in Water Security Planning Act Implementation

- Invested \$100,000 to organize and facilitate meeting of the Water Security Tribal Advisory Committee to ensure input is received from Pueblos, Tribes and Nations regarding regional planning efforts.
- Hired two full two employees for the ISC Indian Water Resources Team.



IV. FY2026 OSE/ISC Priorities

Looking ahead to Fiscal Year 2026, OSE has identified the following priorities and initiatives:

- Continue negotiations on the water rights claims of the Ute Mountain Ute Tribes in the San Juan River Basin, Ohkay Owingeh and Santa Clara Pueblo in the Santa Cruz-Truchas Stream System, and the Six Middle Rio Grande Pueblos.
- Begin the hydrographic survey of the Rio San José Stream System as obligated under the Pueblos of Acoma & Laguna Water Rights Settlement Agreement.
- Draft the Partial Final Judgment and Decrees for each pending local settlement.
- Draft amendments to state legislation as required under the pending local settlement agreements.
- Continue funding the State's cost share under the pending local settlement agreements and supplemental funding for the Taos-Abeyta Settlement parties.
- Support Federal Legislation for Tribal Water Rights Settlements.
- Continue development of budgetary framework to fund settlements to allocate state resources effectively and secure funding for the State's cost-share under Tribal Water Settlements.
- Promote inter-agency collaboration to better manage Tribal water issues.
- Develop inter-agency policies and guidelines for implementation and administration of Tribal water rights settlement agreements.
- Update the OSE Tribal Communication and Collaboration Policy to incorporate Traditional Ecological Knowledge and enhance engagement strategies.
- Develop guiding policies within the Bureau for Pueblos, Tribes, and Nations, aligned with the State Tribal Collaboration Act (STCA) and OSE Tribal Communications Policy.

A. FY 2026 Supporting Federal Legislation for Tribal Water Rights Settlements

- Obtaining Congressional approval of pending bills regarding the Tribal water settlements in the Rio San José (Pueblos of Acoma and Laguna, and Navajo Nation), Rio Jemez (Pueblos of Jemez and Zia), Zuni Tribe's Zuni River Basin, and Ohkay Owingeh's Rio Chama.
- Obtaining Congressional approval for the federal legislation to correct an indexing issue regarding the Abeyta/Taos settlement, Aamodt settlement, and the Navajo Nation & Jicarilla settlement in the San Juan River Basin.
- Obtaining Congressional approval for the amendment to the federal legislation for the Navajo-Gallup Water Supply Project.
- Supporting introduction of the Amendment to the Taos Pueblo Indian Water Rights Settlement Act.

B. Implementing Tribal Water Settlement Agreements

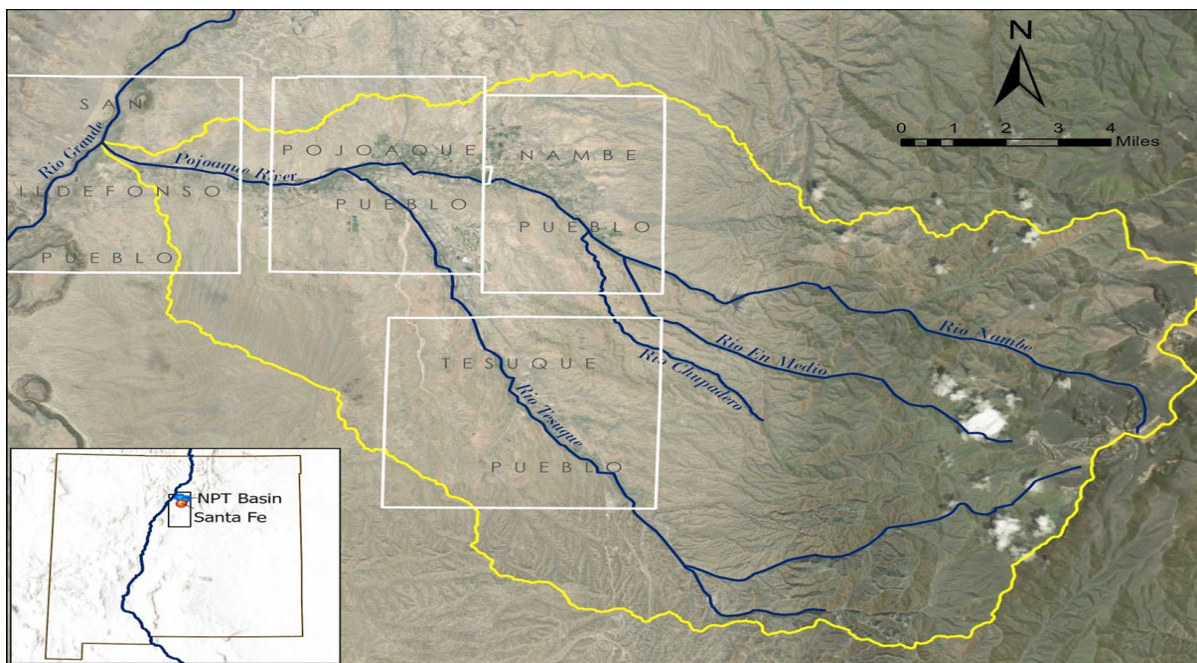
1. Aamodt Settlement of the Water Rights of Pueblos of Nambé, Tesuque, and San Ildefonso

Santa Fe County and the City of Santa Fe, executed a Settlement Agreement to resolve the water use claims of the four Pueblos in the Nambé-Pojoaque-Tesuque Stream System (NPT), a tributary of the Rio Grande in north-central New Mexico, in the case of *State of New Mexico ex rel. State Engineer v. Aamodt, et al.*, U.S.D.C. No. 66cv06639 WJ/WPL.

The Aamodt Settlement Agreement was enacted into law on December 8, 2010, when President Barack Obama signed the Claims Resolution Act of 2010. Title VI of this Act is the Aamodt Litigation Settlement Act (P.L. No. 111-291, § 601, et seq.).

FY2025: The settlement parties met monthly with the settlement parties on implementation issues and to discuss construction progress and draft the documents needed to create the Pojoaque Regional Water Utility. The parties have focused on modifying the construction plan based on available funding. Additionally, the BPTN and Santa Fe County have collaborated to track the elections of water users in the Pojoaque Valley regarding whether or not to connect to the water system. The parties hold regular public meetings to address concerns of the constituents along the pipeline and continue to conduct public outreach to share information and assist with implementation issues.

FY2026: Staff from the OSE and ISC continue to meet monthly with the settlement parties on implementation issues and to discuss construction progress. The Bureau of Reclamation is in phase one of the original construction plans. However, the project is currently being modified to adjust to increased construction and material pricing due to impacts from COVID, supply chain disruptions, inflation, and other unanticipated costs. The estimated cost needed to complete all three phases of the project may be close to \$120 million. The BOR anticipates completion of phase one as planned, but the settlement parties must decide how to proceed with the remaining of the construction necessary to complete the project. The parties will continue to meet regularly to complete the modified construction plans and continue working towards setting up the Regional Water Utility.





2. Taos Pueblo Water Rights Settlement

On May 30th, 2006, Taos Pueblo, the State of New Mexico, Taos Valley Acequia Association (and its 55-member acequias), the Town of Taos, El Prado Water and Sanitation District (EPWSD) and twelve Taos-area mutual domestic water consumer associations executed an agreement resolving the water rights claims of Taos Pueblo in the Rio Pueblo de Taos and Rio Hondo stream systems, tributaries of the Rio Grande in north-central New Mexico. (*State v. Abeyta*, Case No. 6:69-cv-07896-KWR-JRF & 6:69-cv-07939-KWR-JRF (Consolidated)).

FY2025: The settlement parties, working closely with the Federal Implementation Team and the Department of Interior Secretary's Indian Water Rights Office, continued seeking introduction of the amendments to the 2010 federal legislation to authorize an additional \$293 million of federal funding. Of that amount, \$129 million would pay for 75 percent of the additional Mutual-Benefit Projects on non-Tribal lands called for by the settlement, with the State contributing \$43 million as its 25 percent share.

The OSE entered into funding agreements with El Prado Water & Sanitation District, Llano Quemado Mutual Domestic Consumer Association, and the Acequia Madre and del Monte de Rio Chiquito for \$13.6 million to support mutual-benefit projects contemplated under the settlement. This will count towards the State cost share of supplemental funding requested in the amendment, as will approximately \$10 million of supplemental funding appropriated through capital outlay in FY2024.

2026: The parties were unable to introduce federal legislation amending the Taos Pueblo Water Rights Settlement in FY2025 but continue meet monthly to determine roles and obligations moving forward with the Mitigation Wells Mutual Benefit Project. The parties are anticipating the Department of Interior to reevaluate whether to support the amendment in FY2026. The State of New Mexico is committed to funding its supplemental cost-share and the New

3. Zuni Tribe Water Rights Settlement

In May of 2023, Zuni Pueblo and the State of New Mexico signed a settlement agreement resolving the water rights claims of the Zuni Pueblo in the Zuni River Stream System adjudication (*U.S. v. A&R Production, et al.*, Case No. 6:01-00072-DHYU-JHR, D.N.M.).

In 2023, the State Engineer issued Order No. 199 for protection of the sacred Zuni Salt Lake and Sanctuary and Order No. 197 closing a portion of the Gallup Underground Water Basin to new groundwater diversions other than livestock and domestic wells and prohibiting new surface water diversions.

FY2025: Federal legislation for the settlement of the Zuni Tribe's water rights claims was introduced in 2024 and heard in both the House and Senate. However, the House report on the legislation was not issued before the Congressional session ended. The federal legislation seeking Congressional approval of the Settlement Agreement was reintroduced in February of 2025.

OSE provided \$750,000 from the FY2025 special appropriation for water monitoring in protected areas in the Zuni River Basin. Zuni and the OSE established a groundwater and surface water monitoring program for an area in the northeast of Zuni's Reservation that is culturally and historically significant to the Tribe and has been designated as critical habitat for the critically endangered Zuni bluehead sucker fish.

FY2026: The OSE/ISC will continue the implementation of the monitoring program and begin the process for drafting an amendment to state legislation for 99-year leasing of Tribal Water Rights and the Partial Final Judgment and Decree.

4. Ohkay Owingeh Rio Chama Water Rights Settlement

In July of 2023, Ohkay Owingeh, the State of New Mexico, the United States, the City of Española, and over 80 Acequias on the Rio Chama, signed a settlement agreement resolving the water rights claims of Ohkay Owingeh in the Rio Chama Stream System adjudication (*New Mexico v. Aragon*, Case No. 69-cv-07941-KWR/KK, U.S. District Court, District of New Mexico). Federal legislation for the settlement of Ohkay Owingeh's water rights claims was introduced in 2024 and heard in both the House and Senate. However, the House report on the legislation was not issued before the Congressional session ended.

FY2026: The Agency intends to distribute \$7 million in early funding to the Rio Chama acequias. The funding will come out of the OSE 2024 and 2025 Special Appropriations and will contribute to the State's overall obligation under the settlement agreement. Additionally, the OSE/ISC is committed to collaboration with the settlement parties to continue working on implementation and related issues.



5. Pueblo of Acoma, Pueblo of Laguna, & Navajo Nation Rio San José Water Rights Settlements

FY2025: The federal legislation seeking Congressional approval of the Settlement Agreement was reintroduced in February of 2025. The settlement parties began implementation of the Interim Settlement Agreement and created shortage sharing schedule for the 2025 irrigation season on the Rio Chama. The OSE met with the shortage sharing parties numerous times leading up to irrigation season to address concerns and come to an agreement on the final administration terms.

In June 2022, the Pueblo of Acoma, the Pueblo of Laguna, the State of New Mexico, the City of Grants, the Village of Milan, the Association of Community Ditches of the Rio San José, and nine individual acequias and community ditches signed a settlement agreement resolving the water rights claims of the Pueblos of Acoma and Laguna in the ongoing Rio San José Stream System. In July of 2024, the same parties entered into an agreement with Navajo Nation to resolve its water rights claims in the Rio San José Stream System adjudication. (*State of New Mexico ex rel. State Engineer v. Kerr-McGee, et al.*, Nos. D-1333-CV-1983-00190 and D-1333-CV-1983-002200, consolidated).

Federal legislation for the settlement of the Pueblos of Acoma and Laguna, and Navajo Nation's water rights claims was introduced in 2024 and heard in both the House and Senate. However, the House report on the legislation was not issued before the Congressional session ended.

FY2025: The federal legislation seeking Congressional approval of the Settlement Agreement was reintroduced in February of 2025. The Rio San Jose acequias received \$250,000 for a hydrologic assessment of the acequia system from the ISC Acequia and Community Ditch Infrastructure fund.

The settlement parties started the process for drafting an amendment to state legislation for the 99-year leasing of Tribal Water Rights and review of settlement terms to ensure compliance for permitting. The parties have also started drafting the Partial Final Judgment and Decrees for the water rights of the Pueblos of Acoma and Laguna, and Navajo Nation.

FY2026: The OSE/ISC will continue drafting the required state legislation and Partial Final Judgment and Decree. Additionally, the OSE has taken steps towards conducting a hydrographic survey of non-Pueblo Tribal claims in the Rio San Jose stream system and plan to complete that mapping in FY2026.



V. ISC Program - FY 2025 Updates and FY 2026 Priorities

A. Colorado River Basin Bureau

FY2025 Updates:

Jicarilla Apache Nation Lease: Colorado River Basin Bureau (CRB) staff continued to work with the Jicarilla Apache Nation (Jicarilla) on implementation of the 2022 Water Supply Agreement, which allows the New Mexico Interstate Stream Commission (ISC) to place 20,000 acre-feet of water leased from the Jicarilla in the Strategic Water Reserve and release it to the San Juan River. On April 28-29, 2025, staff participated in the Law of the Colorado River CLE in Tucson, AZ, and gave a presentation on the opportunities under the lease agreement in conjunction with the Jicarilla.

2024 Releases: The entire leased water for calendar year 2024 was released in two periods. Each of these block releases were about 10,000 acre-feet and took place over an approximate 15-day period with a maximum daily rate of about 500 cubic feet/second (cfs):

- Between July 31 and August 14, 2024, to augment summer baseflow in the San Juan River to support recruitment of larval Colorado Pikeminnow into the next age class.
- Between November 18 and December 3, 2024, to reconnect or improve water quality in backwater areas potentially used as overwintering areas by juvenile Colorado Pikeminnow and Razorback Sucker.

2025 Releases: On August 29, 2024, the ISC submitted a Request to Reserve to Jicarilla for 20,000 acre-feet of water for calendar year 2025. On March 31, 2025, the ISC sent to Jicarilla a Notice To Take Delivery in Calendar Year 2025 of 20,000 acre-feet of leased water. The ISC is planning a release pattern similar to that of 2024, but with a slightly higher magnitude and shorter duration to observe the movement and deposition of sediment near critical backwater larval fish rearing areas for Colorado Pikeminnow or Razorback Sucker.

Northern Arizona Indian Water Rights Settlement (NAIWS): In May 2024, the State of Arizona and the Navajo Nation reached settlement on Navajo Nation's water rights claims in Arizona. On May 23, 2024, the Navajo Nation Council unanimously passed the settlement with the State of Arizona titled Northeastern Arizona Indian Water Rights Settlement (NAIWS). On July 8, 2024, the Arizona delegation in Congress introduced the NAIWS Act of 2024. On July 23, 2024, the House Natural Resources Subcommittee on Water, Wildlife and Fisheries held a hearing during which this draft legislation was also heard. The State of New Mexico submitted a testimony letter on this legislation, as well as a series of other Indian water rights settlements. In its testimony letter, the State outlined its issues and concerns with the draft legislation and stated that the State supports the legislation with the inclusion of certain amendments to be further drafted in coordination with the Navajo Nation and other parties to the Arizona settlement. The other Upper Division States also submitted testimony letters and raised issues.

Navajo-Gallup Water Supply Project (NGWSP) Implementation: On May 23, 2024, July 25, 2024, and November 7, 2024, staff attended three Partnership Meetings of the Navajo-Gallup Water Supply Project (NGWSP). Discussions included status updates on PL 111-11 amendments legislation and the NAIWS. In addition, staff discussed with Reclamation potential impacts of the NAIWS on NGWSP and explained the need for New Mexico's

Between May and December 2024, the ISC held recurring meetings with the Navajo Nation (including an in-person meeting in Window Rock, AZ on June 12, 2024) regarding the NAIWS, its potential impacts on New Mexico, and proposed amendments to be added to the draft legislation to allow the Navajo Nation to move forward with its legislation, while protecting the State of New Mexico's interests. However, the NAIWS and all other Indian Water Rights Settlements bills, including the PL 111-11 amendments legislation, which would have provided \$700+ million to Reclamation for the implementation of the Navajo-Gallup Water Supply Project (NGWSP), failed to pass in the 118th Congress.

amendments to be part of the legislative process in Congress, as mentioned above. On December 20, 2024, Congress passed the Continuing Resolution (CR), in which the appropriations ceiling was raised for the period of the CR with no additional funding. By increasing the ceiling, Congress provided access to Reclamation Water Settlement Funds that the NGWSP is entitled to under the original PL 111-11. This increase in the amount of \$120 million will help fund Reclamation's efforts related to the NGWSP for at least a year to move the San Juan Lateral Water Treatment Plant and procure several other large contracts, but Reclamation will need another raise this year.

On April 16, 2025, ISC staff attended the NGWSP San Juan Lateral Blessing Ceremony and groundbreaking event. According to Navajo tradition, the Navajo Blessing Ceremony is performed in order for permission to disturb the earth and to bring harmony and good fortune to the new construction. The Navajo Nation and representatives from New Mexico's congressional delegation recognized the collaboration of governments working to bring water to the Diné people. Speakers at the ceremony included Deputy State Engineer Tanya Trujillo, Rep. Leger Fernandez, President Nygren of the Navajo Nation, and David Palumbo, the Acting Commissioner of the U.S. Bureau of Reclamation.

On April 24, 2025, staff virtually attended the NGWSP Project Construction Committee and the NGWSP Partnership meetings. The San Juan Lateral is more than 60% complete. Recently, the Navajo Nation Council passed an expenditure plan for using up to \$25 million from the Navajo Nation Water Resources Development Trust Fund established under P.L. 111-11 for upsizing

Reaches 2 and 3 of the NGWSP and the connection projects.

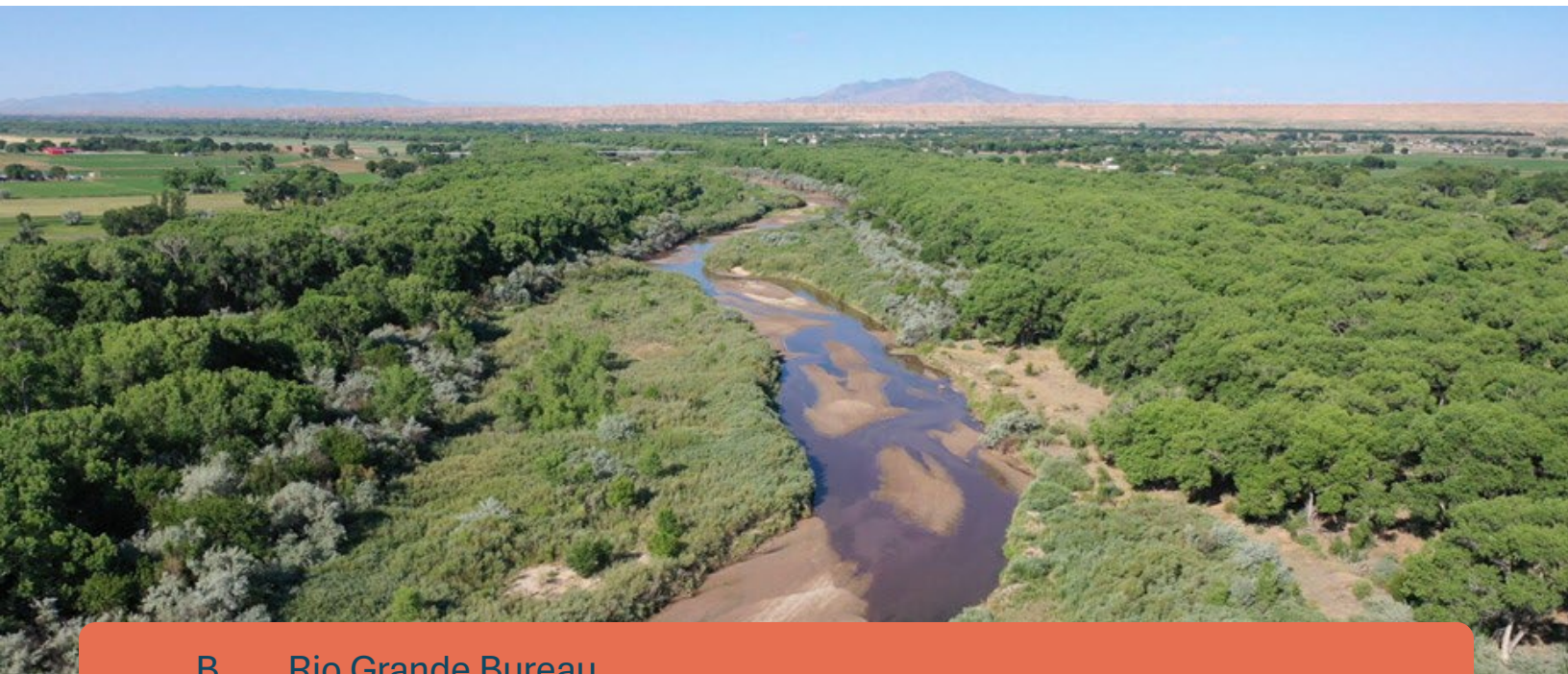
Upper Basin States-Tribes MOU: In the past year, staff attended three meetings with the 6 Upper Colorado River Basin tribes and the Upper Division States (UDS) under the 2024 Memorandum of Understanding (MOU) through the Upper Colorado River Commission (UCRC). Those meetings were in Salt Lake City, and twice in Albuquerque

(April and July 2025). As part of these meetings, the UDS and the Upper Basin tribes continue their dialogue related to high-level issues such as the Post-2026 process.

FY2026 Colorado River Basin Priorities:

- Continue implementation of the Jicarilla Apache Nation lease agreement for calendar years 2025 and 2026.
- Continue engagement with the Jicarilla Apache Nation under the lease agreement.
- Continue discussions with the Jicarilla Apache Nation and the Navajo Nation on basin-wide programs and matters, such as the San Juan Basin Recovery Implementation Program and the UCRC Tribal MOU.
- Conduct discussions with the Navajo Nation and the Pueblo of Zuni on matters related to the Glen Canyon Dam Adaptive Management Program on as-needed basis.
- Continue discussions with Reclamation, the Navajo Nation, the Jicarilla Apache Nation, and the City of Gallup related to the implementation of the NGWSP.
- Continue discussions with the Navajo Nation and the other basin states related to the NAIWRS under the 119th Congress.
- Continue discussions with Ute Mountain Ute Tribe to further settlement of water rights claims in the San Juan River Basin.





B. Rio Grande Bureau

FY2025 Updates:

The Rio Grande Bureau (RGB) primarily engaged with the Federal Assessment Team through 2024 and then with the appointed Federal Negotiation Team (Team) in 2025 to address the Six Middle Rio Grande Pueblos' water rights claims. RGB staff provided presentations to the Team on the status of the Rio Grande Compact. Staff also routinely attend the Coalition of the Six Middle Rio Grande Pueblos monthly meetings.

RGB staff engaged with Tribal government representatives on environmental compliance and Endangered Species Act (ESA) requirements under the 2016 Biological Opinion. As mutual signatories of the Middle Rio Grande Endangered Species Collaborative Program, the ISC has worked with several Pueblos to address ecological and river management concerns.

FY2026 Rio Grande Bureau Priorities:

- RGB staff will continue to provide technical skills and information during the 6 Middle Rio Grande settlement negotiations as needed.
- RGB staff will continue to engage with Pueblos, Tribes, and Nations on environmental compliance and ESA requirements. In addition, the RGB will engage in habitat and ecological restoration projects and river management projects within the Upper and Middle Rio Grande.

C. Water Planning Program

FY2025 Updates:

The Water Security Planning Act (WSPA) was passed by the Legislature in 2023. In FY 2025, the Water Planning Program initiated the rulemaking process. The WSPA requires the ISC to re-envision regional water planning in New Mexico starting by developing new rules and guidelines that prioritize the unique needs of local communities, make use of the best available science and data, and comply with state laws and priorities.

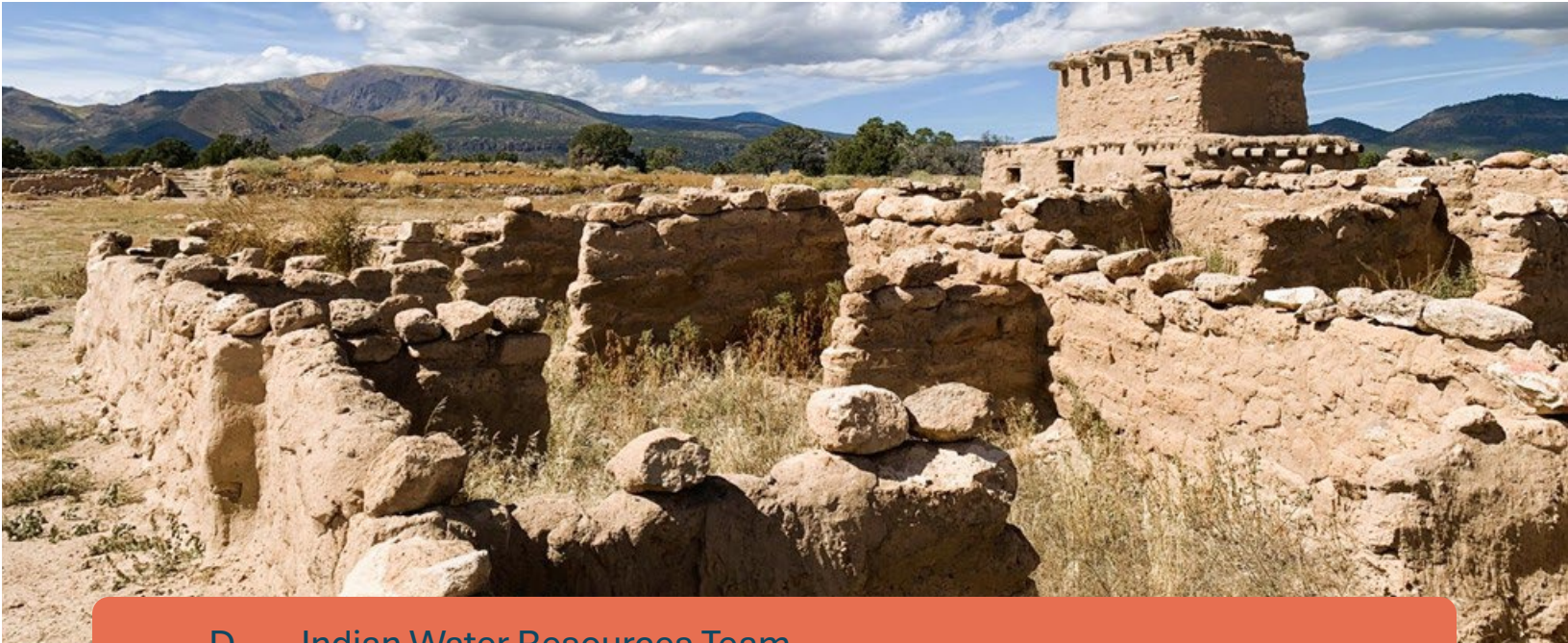
In consultation with the New Mexico Indian Affairs Department and with participation from the Governor's Office, the Water Planning Program engaged with all New Mexico Pueblos, Tribes and Nations to establish the Water Security Tribal Advisory Council (WSTAC), which was formalized in October of 2024. An ad-hoc steering committee was appointed by Tribal leadership to coordinate schedules, facilitate communication, and enhance continuity. The purpose of WSTAC is to ensure that Tribal sovereignty, Tribal water rights and the water needs of Tribal communities are taken into account in regional planning and plans.

In 2025 the priority work of the ad-hoc steering committee included providing the ISC with considerations for the rule and guidelines. The Water Planning Program participated in multiple hybrid discussions with WSTAC and the ad-hoc steering committee to provide information and hear feedback on the discussion draft rule and guidelines. In May of 2025, the ad-hoc steering committee submitted comments on the discussion draft rule and guidelines on behalf of WSTAC. Multiple Pueblos, Tribes, and Nations submitted their own comments on the discussion draft rule and guidelines as well. The work of WSTAC continues, as the Proposed Rule is currently open for comment and the Proposed Rule provides an initial and ongoing role for WSTAC to participate in planning efforts and plan submittals.

FY2026 Water Planning Program Priorities:

- The Proposed Rule was released on July 14, 2025. The Water Planning Program petitioned the Commission for a hearing on the Proposed Rule on July 18, 2025, at which time a hearing in front of the Commission was requested in mid-October of 2025. The Water Planning Program anticipates participating in meetings with WSTAC and the ad-hoc steering committee to discuss the Proposed Rule during the comment period, which will extend for approximately 60-days.
- If the Commission adopts the Proposed Rule, the Water Planning Program will commence to support the formation of regional councils. The Water Planning Program will assist WSTAC in participation in regional planning and in the development of operating principles.
- The Water Planning Program will work to develop Tribal-specific guidance documents for regional councils to consider when developing and evaluating plans, policies and projects.

<https://mainstreamnm.org/>



D. Indian Water Resources Team

FY2025 Updates:

In FY2025, the ISC created and hired new technical and legal positions to address compact issues as they relate to Tribal communities. These employees and this work aids and supports the OSE's Bureau of Pueblos, Tribes and Nations, and the Water Planning Program. ISC staff have attended numerous settlement implementation meetings and participated in settlement negotiation meetings with the 6 Middle Rio Grande Pueblos, Ute Mountain Ute Tribe, and the Pueblos of Santa Clara and Ohkay Owingeh on the Abbott Settlement. In addition, ISC Staff regularly attend the 6 Middle Rio Grande Pueblo Coalition meetings, the Northern Pueblo Tributaries Water Rights Association meetings, and the Water Security Tribal Advisory Council meetings.

FY2026 Priorities:

- Continue to participate in the implementation of Congressionally authorized settlement agreements with Nations, Pueblos, and Tribes in conjunction with OSE.
- Continue to participate in the implementation and early funding of locally authorized settlement agreements with Nations, Pueblos, and Tribes in conjunction with OSE.
- Continue to aid and support ongoing negotiations with Nations, Pueblos, and Tribes in conjunction with OSE.
- Continue to administer the Indian Water Rights Settlement Fund.

VI. Additional Activities, Rules, and Settlement Resources

A. Appropriations and Distribution of Funds

In FY2025, OSE committed \$21.35 million of the FY2025 and FY2026 special appropriations for projects required by the pending settlement agreements. For FY2026, the OSE will continue to implement the existing and pending settlements and anticipates requesting additional funding for Indian Water Rights Settlements.

B. Training and Employee Notification (NMSA 1978, § 11-18-4.C (3))

Senate Bill 196, the State-Tribal Collaboration Act, established a process to ensure that employees of each state agency are properly trained to collaborate with Tribal communities. The OSE and ISC will continue their practice of informing and consulting in good faith on a Government-to-Government basis.

C. Governing Statutes, Rules, and Settlements

https://www.ose.nm.gov/Legal/settlements_IWR.php

[NMSA 1978, § 72-2-9 Supervising Apportionment of Waters](#)

[NMSA 1978, § 72-3-2 Water Masters; Appointment, Removal, Duties](#)

[NMSA 1978, § 72-4A-4 Water Trust Board Created](#)

[NMSA 1978, § 72-4A-5.1 Implementation of the State Water Plan](#)

[NMSA 1978, § 72-5-22 Transfer of Water Rights](#)

[NMSA 1978, § 72-5-24 Change of purpose; Change of Point of Diversion](#)

[NMSA 1978, § 75-5A-14 Obligations to Indian Nations, Tribes or Pueblos](#)

[NMSA 1978, § 72-14-3.1 State Water Plan](#)

[NMSA 1978, § 72-12A-1 Mine De-Watering Act](#)

[NMSA 1978, § 72-12-1 Underground Waters Declared to be Public](#)

[NMSA 72-6-1 Water Use Leasing](#)

[NMSA 72-4B-2 Water Data Act](#)

[NMSA 1978, § 11-18 State Tribal Collaboration Act](#)

[NMAC 19.25.13 Active Water Resource Management](#)

[NMAC 19.25.20 Nambe-Pojoaque-Tesuque Water Master District: Active Water Resource Management](#)

OSE Tribal Communication and Collaboration Policy (attached)

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