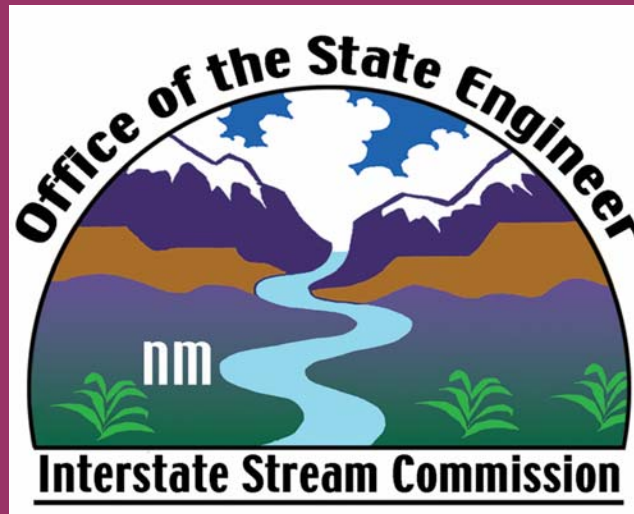
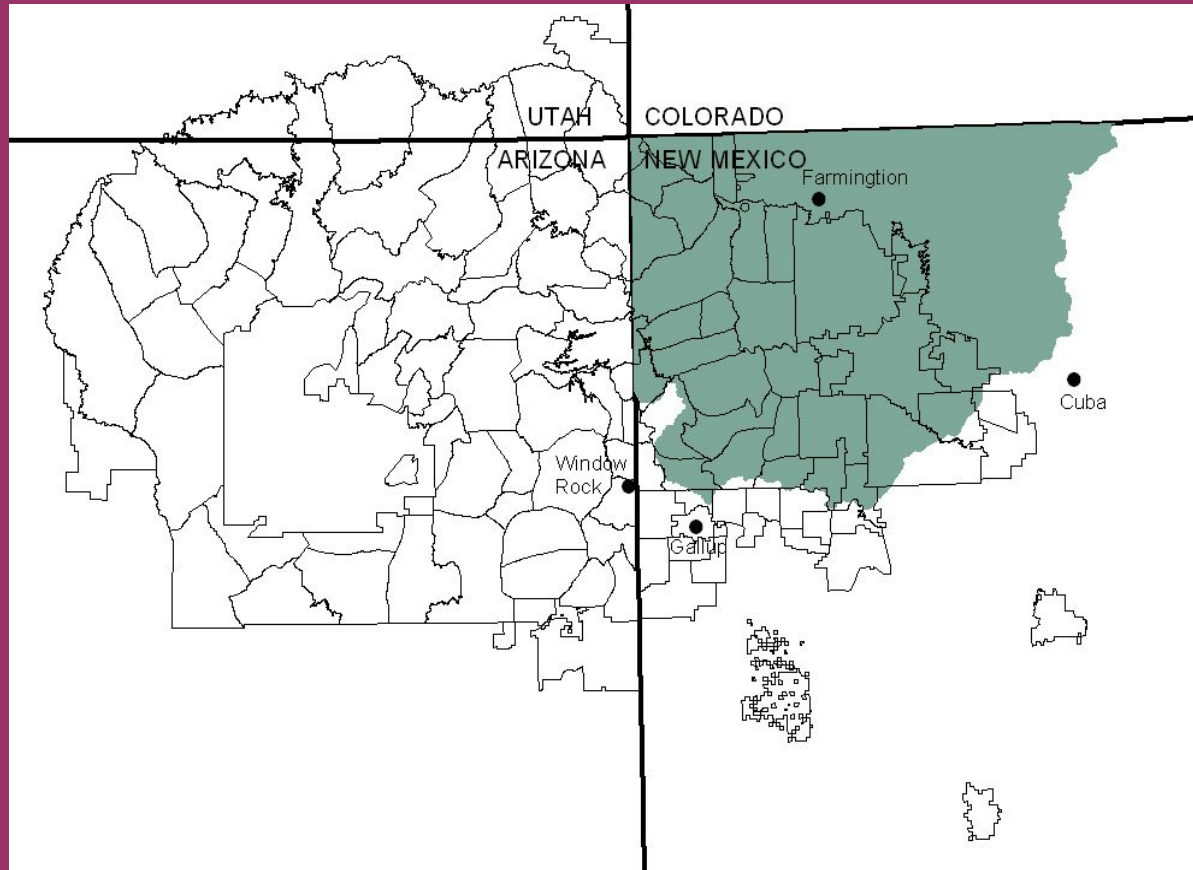


Revised Proposed Settlement Agreement

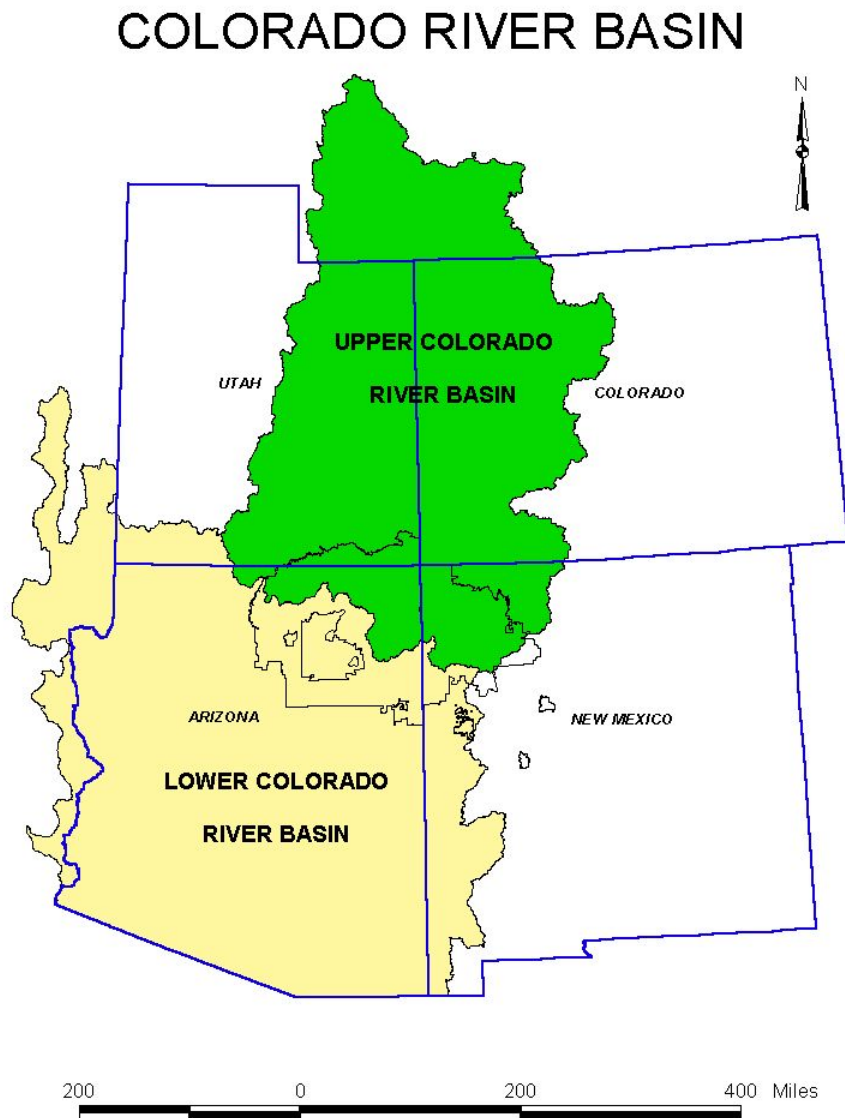


presented by
Estevan Lopez
Interstate Stream Commission
7/27/05



San Juan River Basin, New Mexico

Upper Colorado River Basin Compact of 1948



- Allocates 50,000 acre-feet of consumptive use to Arizona in Upper Basin
- Apportions water to Upper Basin States:
 - Colorado 51.75%
 - **New Mexico 11.25%**
 - Utah 23.00%
 - Wyoming 14.00%

Note: The Hydrologic Determination in 1989 shows the Upper Basin as having a firm yield of 6.0 million acre-feet per year once downstream Compact delivery obligations are accounted for.

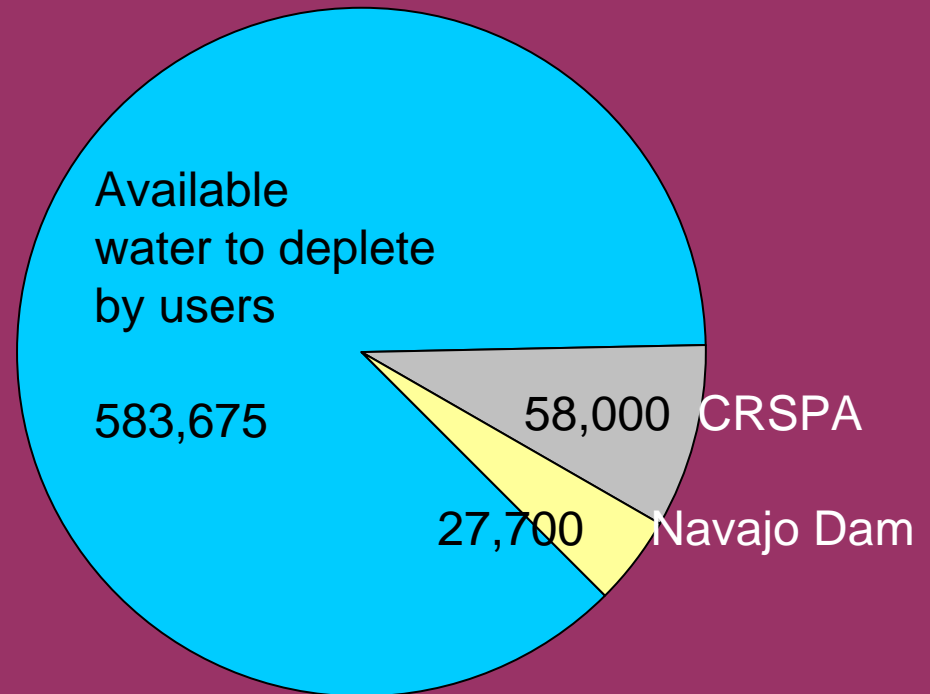
Why 11.25%?

- New Mexico geographically contributes “3%” to the water yield of the Upper Colorado River Basin

New Mexico's Upper Basin Allocation is 669,375 acre-feet

Some of New Mexico's allocation goes toward reservoir evaporation.

Only **583,675 acre-feet** is available for use by New Mexico.

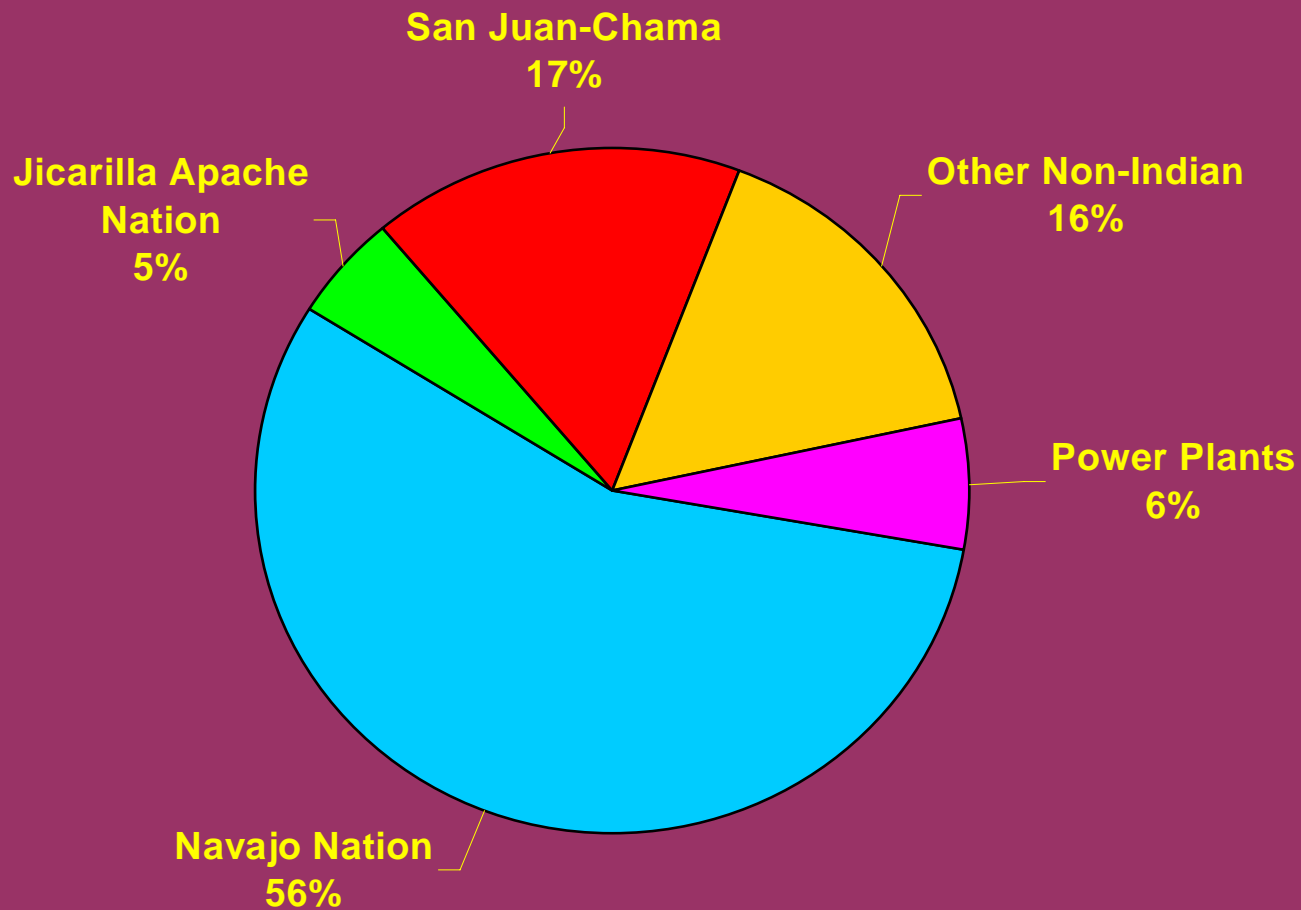


1 acre-foot = 325,851 gallons

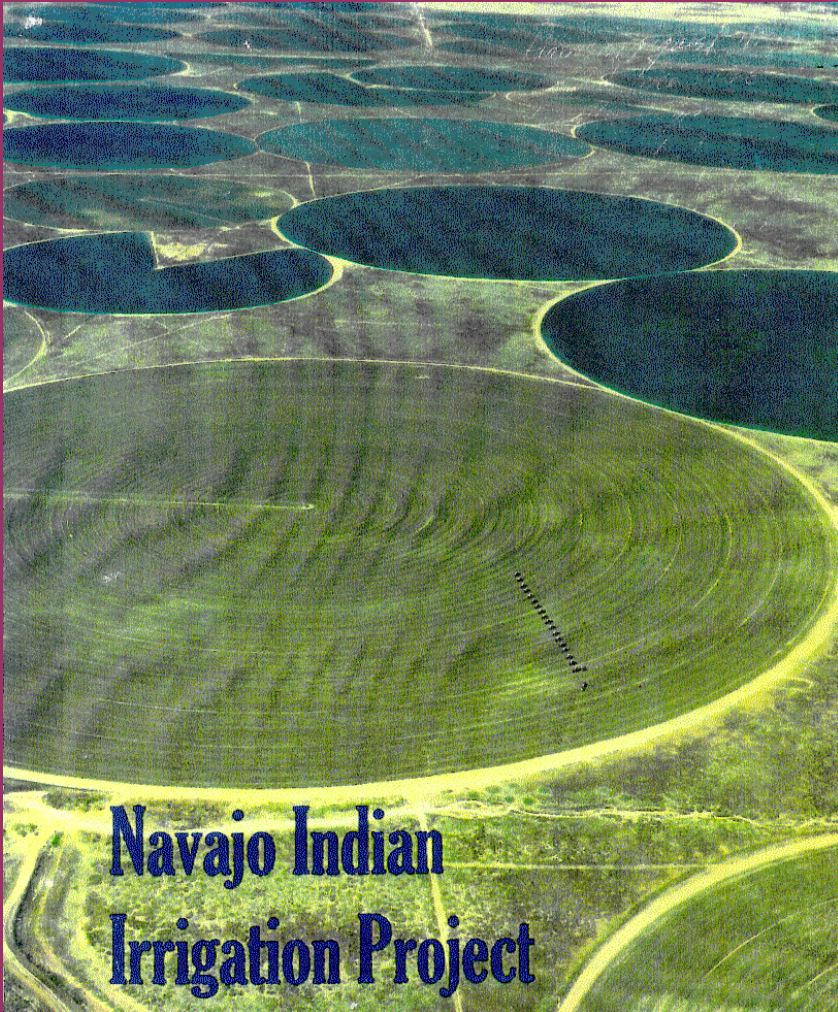
PROPOSED NAVAJO NATION WATER RIGHT

- San Juan River Basin in New Mexico
- Diversion: 606,060+ acre-feet per year
- Depletion: 325,370 acre-feet per year
- 50% of any additional apportionment

San Juan River Depletions



NIIP



**Navajo Indian
Irrigation Project**

110,630 Acres

Diversion Right: 508,000 afy

Depletion Right: 270,000 afy

**1868 Priority satisfied out of
Navajo Reservoir storage.**

**Right to reuse tail water, so
long as the depletion is not
increased.**

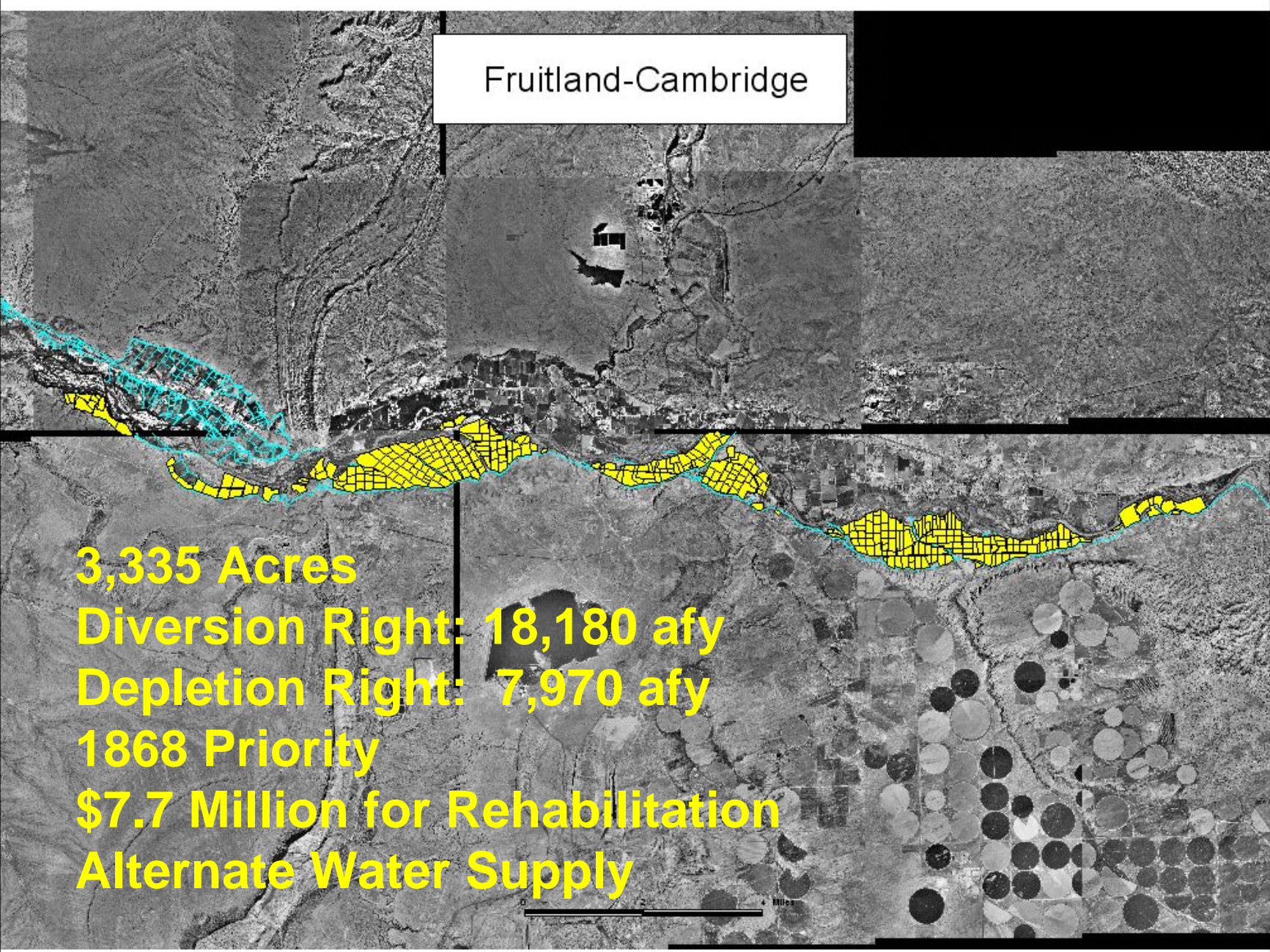
**Water right transferable to
other uses by Navajo Nation.**

1868 Reserved Right and Navajo Dam Storage Right

All Navajo Reserved Water Rights have a priority of June 1, 1868, based on the Treaty of 1868.



The 1868 priority is subordinated for NIIP and Navajo-Gallup unless water from Navajo Dam is “irretrievably lost.”



Fruitland-Cambridge

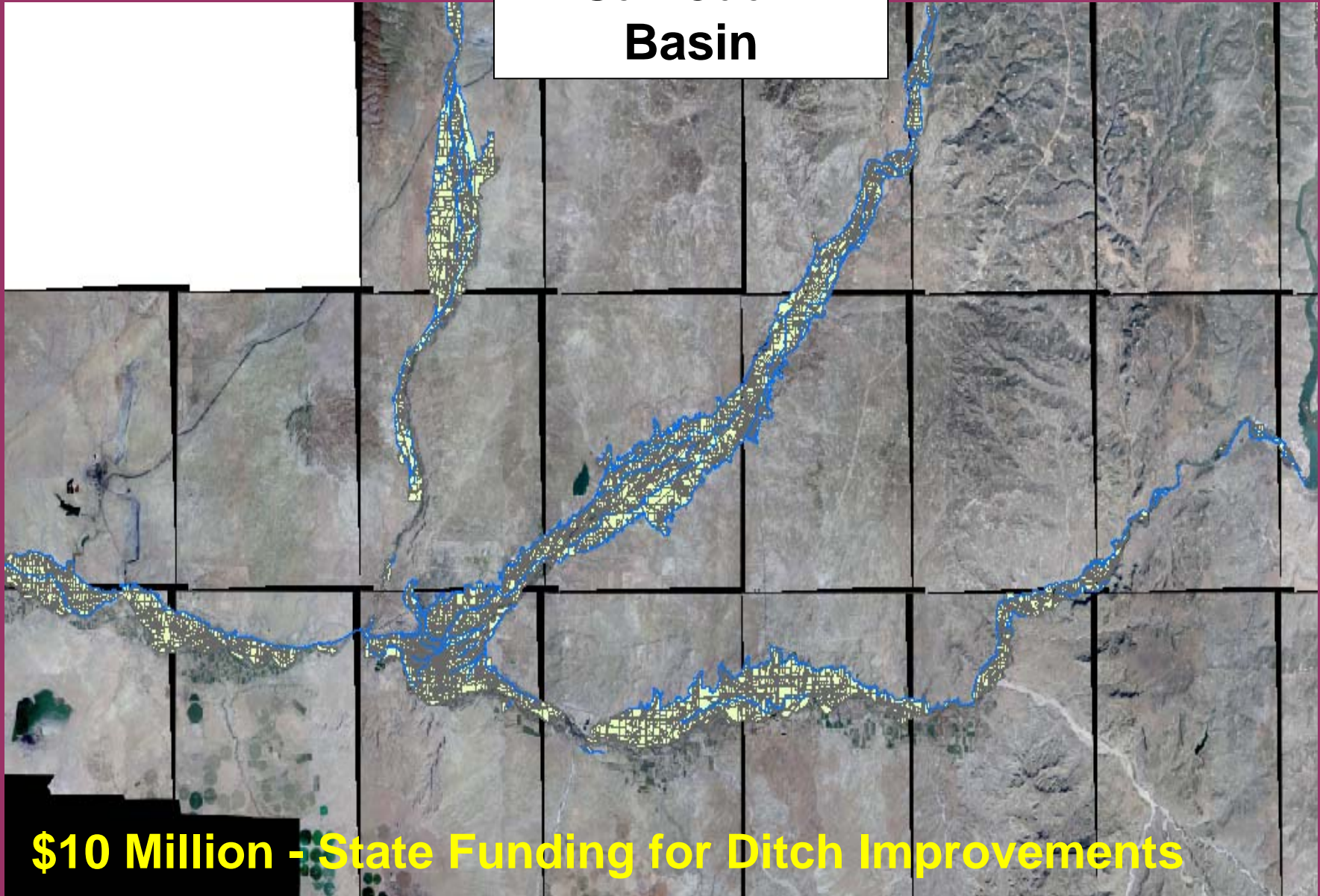
3,335 Acres
Diversion Right: 18,180 afy
Depletion Right: 7,970 afy
1868 Priority
\$7.7 Million for Rehabilitation
Alternate Water Supply

Hogback, Cudei, Area 7

8,830 Acres
Diversion Right: 48,550 afy
Depletion Right: 21,280 afy
1868 Priority
\$15.7 Million for Rehabilitation
Alternate Water Supply

2 4 6 Miles

San Juan Basin



\$10 Million - State Funding for Ditch Improvements

Alternate Water Supply



- Pre-approved transfer of NIIP water right, within authorized depletion.
- Hogback & Fruitland to receive up to 15,000 AF/yr out of NIIP water supply, so long as no shortage occurs in NIIP water supply.
- Depletions are charged against NIIP; NIIP depletions increased to 270,000 AF/yr to allow protection of wet water supply for Hogback and Fruitland.
- Eliminates need to assert “call” against other water users in most years.
- Increases NIIP flexibility through ten (10) year average.

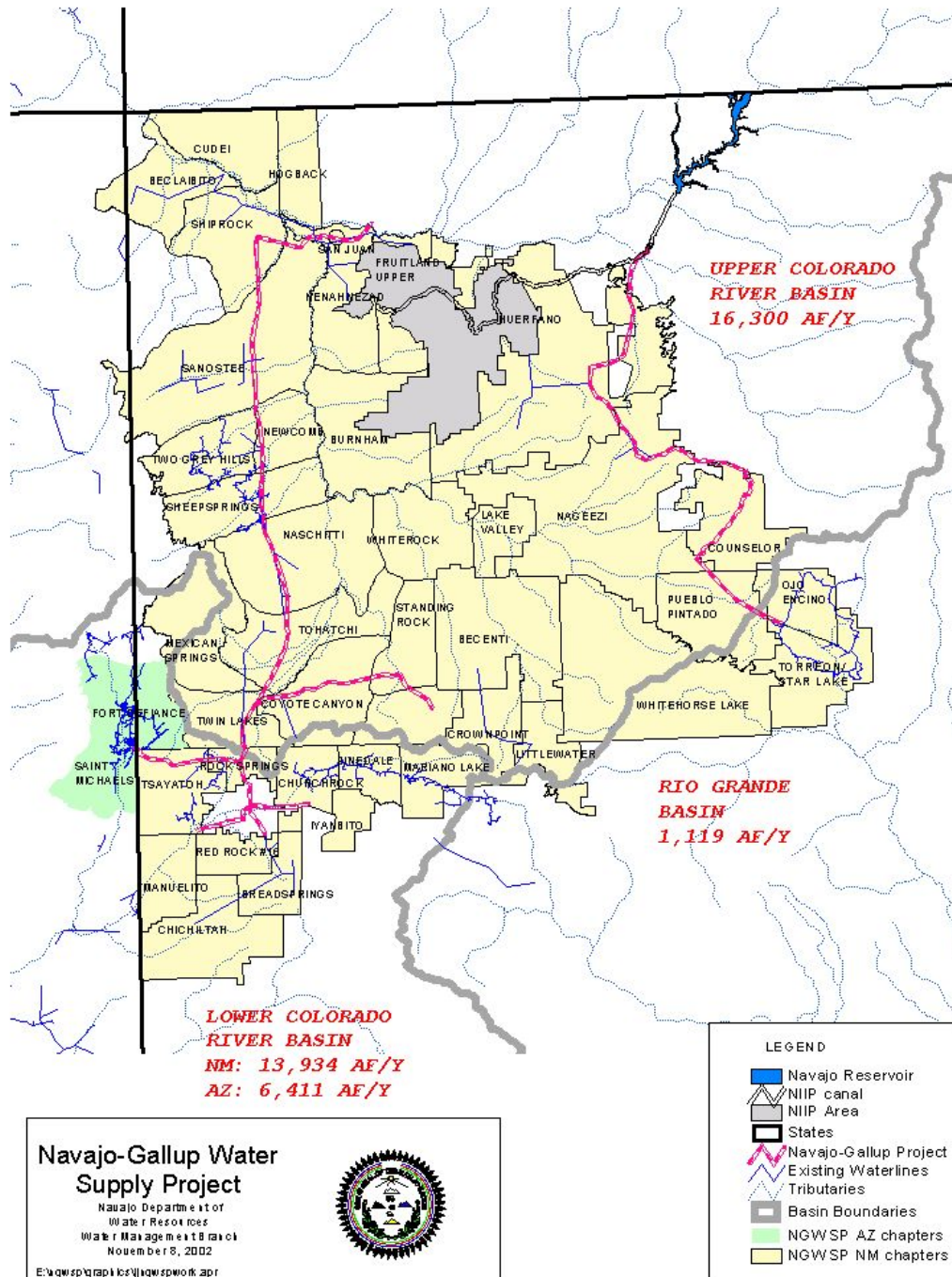
Navajo-Gallup Water Supply Project

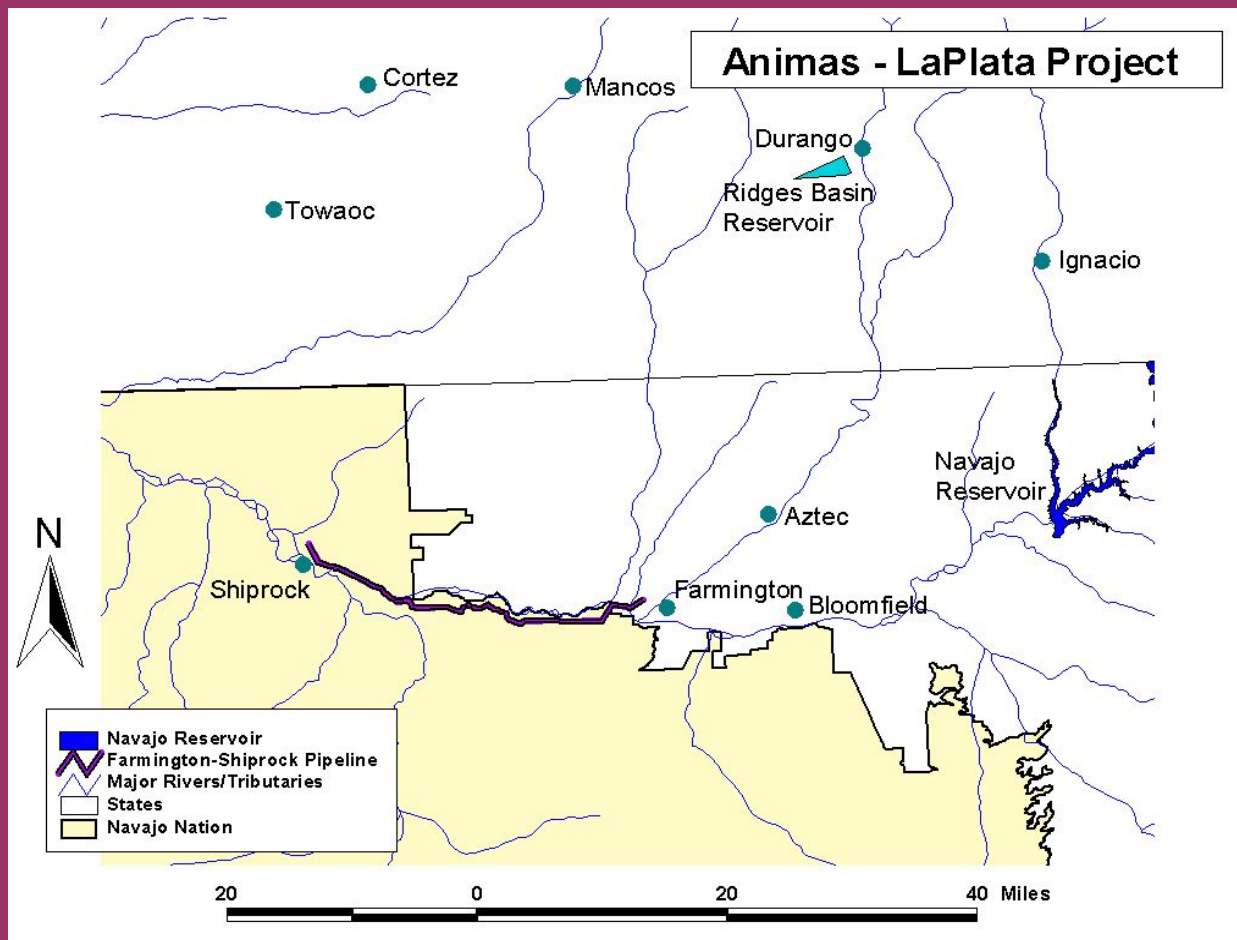
Total Diversion: 37,760 acre-feet
 Total Depletion: 35,890 acre-feet
 Settlement Depletion: 20,780 acre-feet

Navajo in NM: 20,780 acre-feet
 Navajo In AZ: 6,410 acre-feet
 City of Gallup: 7,500 acre-feet
 Jicarilla Apache: 1,200 acre-feet
 Total: 35,890

Navajo uses in Arizona water to come from Arizona's allocation of water.
 City of Gallup needs to find its own supply of water.
 Jicarilla Apache will use its decreed water rights in New Mexico.

The Project is designed so that each chapter shown on the map would get enough water to meet the projected demands for the 2040 population. Some chapters would get conjunctive ground water development. Water for community development is included.



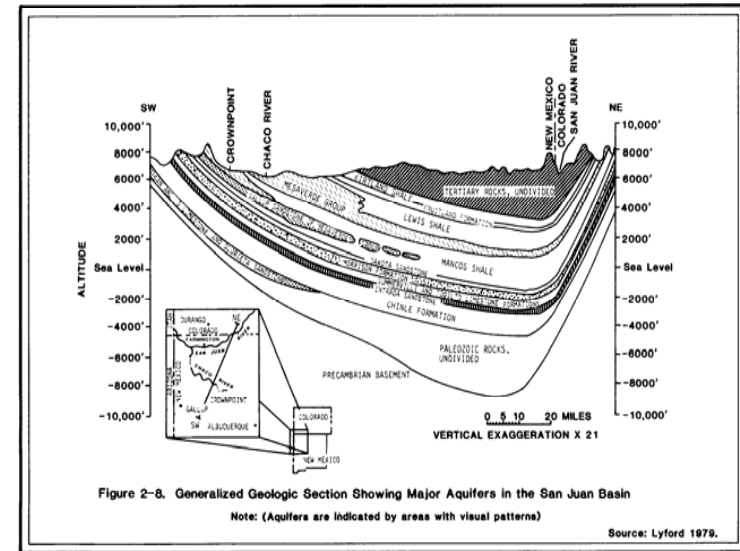


ALP

Municipal water for Upper Fruitland, Nenahnezad, San Juan, Hogback, and Shiprock.
 4,680 Diversion/2,340 Depletion

Ground Water

- 2,000 AF/yr (1868 Priority)
- Navajo administration on trust lands
- OSE administration on fee lands
- NTUA AZ/NM Systems
- Right to additional ground water:
 - Subject to non-impairment of existing ground water users.
 - Depletions > 2,000 AF/yr from San Juan River subject to offset plan approved by OSE.



Miscellaneous Uses



Additional water, including small irrigation projects, stockponds, stockwells, and livestock uses to be added after hydrographic survey. 1868 Priority.

Funding Summary

- Settlement of claims for water development
- Development funds authorized by settlement legislation -
 - ◆ Fruitland rehabilitation: -- \$7.7 million
 - ◆ Hogback rehabilitation: -- \$15.7 million
 - ◆ NGWSP construction: -- \$710 million
 - ◆ NN Municipal Pipeline: -- authorized
 - ◆ Ground water wells: -- \$77.6 million

Funding Summary

■ Additional funds

- ◆ Hydrographic Survey -- \$5.0 million
- ◆ Navajo Water Trust Fund -- \$50.0 million
(half federal, half NM)

SCHEDULE

- Approve Settlement Agreement 2005
- Enact Settlement Act 2006
- Complete NGWSP EIS/ROD 2006
- Complete Hydrographic Survey 2011
- Entry of Partial Final Decree 2015
- Complete Trust Fund deposits 2016
- Last date for revocation of decree 2025

Significant Changes from the December 5, 2003 Draft

- Alternative Water Supply
- Navajo Indian Irrigation Project
- Navajo-Gallup Water Supply Project
- Addition Allocations
- Ground Water Rights
- Water Administration
- Other Provisions