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A MARKET SUMMARY OF:

Lower Rio Grande Water Rights

Prepared For:
Interstate Stream Commission
1680 Hickory Loop, Suite J
Las Cruces, New Mexico 88005

Prepared By:
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Date of Report:
September 15, 2026

September 15, 2026

Ryan J. Serrano
New Mexico Interstate Stream Commission
1680 Hickory Loop, Suite J
Las Cruces, New Mexico 88005

RE: Lower Rio Grande Basin Water Rights Market Summary

Dear Mr. Serrano:

In accordance with our Professional Services Agreement, Agri-Land Advisors, LLC is pleased to submit the enclosed Market Summary of water rights within the Lower Rio Grande Basin and the Elephant Butte Irrigation District (EBID), with an effective date of December 31, 2025.

The Market Summary presents closed transactions from 2016 through 2025 involving primary groundwater rights, EBID surface rights, combined surface and groundwater rights, and commercial rights. It summarizes the transaction data using observed ranges, averages, medians, and recent market brackets. Pending transactions identified after the effective date are discussed separately as supplemental market indicators and are excluded from the closed-transaction statistics. At the Commission's request, the report also includes an addendum prepared by Ray Hartwell, Director of Summit Conservation Strategies, applying additional statistical and program-specific analysis to the market data.

This assignment is a market summary and not an appraisal. It provides market context for Commission use and does not establish a value for any specific water right, ownership interest, or proposed acquisition.

We appreciate the opportunity to assist the New Mexico Interstate Stream Commission with this assignment.

Respectfully submitted,

Colin S. McVaugh, ARA
Agri-Land Advisors, LLC

LOWER RIO GRANDE BASIN WATER RIGHTS MARKET SUMMARY

Effective Date: December 31, 2025

Purpose and Scope

Agri-Land Advisors, LLC was retained by the New Mexico Interstate Stream Commission to prepare a market summary of water rights within the Lower Rio Grande Basin and EBID. The report presents the available transaction data and descriptive market statistics to support planning, budgeting, acquisition prioritization, market monitoring, and related decisions.

The Market Summary considers closed transactions from 2016 through 2025 involving primary groundwater rights, EBID surface rights, combined surface and groundwater rights, and commercial rights. It reports observed transaction ranges, averages, medians, and recent market brackets. It does not apply regression analysis or attempt to isolate and quantify the effect of individual transaction characteristics. Pending transactions identified after the effective date are discussed separately as supplemental market indicators and are excluded from the closed-transaction statistics. Transaction information was obtained from EBID, the Office of the State Engineer, county records, transfer documents, and market participants.

This assignment is not an appraisal and does not provide a value conclusion for any specific asset. New Mexico is a non-disclosure state, and complete verification of every transaction term is not always possible. Information obtained through confidential market contacts has not been presented where disclosure could identify the parties or compromise confidential information.

An addendum prepared by Ray Hartwell, Director of Summit Conservation Strategies, is included at the Commission's request. The addendum builds upon the transaction data presented in this Market Summary and applies additional calculations and analytical methods to evaluate pricing relationships and considerations relevant to the Water Rights Purchase Program. The interpretations and conclusions in the addendum are those of Summit Conservation Strategies.

Market Conditions and Water Resources

The market area extends from Arrey and Rincon south through Hatch, Las Cruces, Mesquite, Vado, and Anthony to the New Mexico-Texas state line. Water use depends upon EBID surface water, groundwater, or a combination of the two. Surface deliveries vary with reservoir storage, annual allocations, drought, Rio Grande Project operations, and administrative conditions; groundwater provides an important primary or supplemental source when surface supplies are limited.

Groundwater rights are administered under New Mexico's prior appropriation system. Priority date is an important consideration, but pricing is also influenced by transferability, historic beneficial use, location, reliability, quantity, permitted use, operational utility, transaction size, and buyer motivation. Because this Market Summary presents descriptive market information and does not statistically isolate the influence of individual transaction characteristics, no specific adjustment for priority date has been developed. Historical transactions provide longer-term context, while greater consideration is given to more recent activity in evaluating conditions as of the effective date.

Water Rights Market

The market includes several distinct classes of water rights that differ in source, permitted use, quantity convention, and operational characteristics. The transaction data for each class are therefore summarized separately.

Primary Groundwater Rights

The closed-transaction dataset includes 24 sales from 2016 through 2025. Prices ranged from $2,000 to $6,405 per acre-foot, with an average of $4,575 and a median of $4,500. The two sales occurring during the 2023 through 2025 update period were recorded at $5,541 and $6,349 per acre-foot, producing an average and median of $5,945 per acre-foot.

EBID Surface Water Rights

The closed-transaction dataset includes 23 sales from 2016 through 2025. Prices ranged from $2,030 to $5,000 per irrigable acre, with an average of $3,046 and a median of $3,000. The ten sales occurring during the 2023 through 2025 update period ranged from $2,030 to $5,000 per irrigable acre, with an average of $3,265 and a median of $3,500. Pricing may vary with water availability, reservoir conditions, location, transaction size, and buyer motivation.

Combined Surface and Groundwater Rights

Combined rights include both EBID surface rights and Lower Rio Grande groundwater rights. Six closed transactions were identified during 2023 and 2024. The quantities are reported in acre-feet of consumptive use, based on 2.6 acre-feet per irrigated acre. Prices ranged from $3,178 to $9,000 per acre-foot, with an average of $5,748 and a median of $4,656. This equates to a range of $8,263 to $23,400 per irrigated acre.

The range reflects differences in transaction size, priority date, location, transferability, and other characteristics. Transaction size and priority date may influence unit pricing. However, this Market Summary does not attempt to isolate or quantify the effect of either

factor because of the limited number of transactions and the differences among the sales. The range, average, and median should therefore be considered together.

Commercial Water Rights

Commercial rights are those recognized for commercial use by the Office of the State Engineer. Closed transactions through 2025 ranged from $10,000 to $22,000 per acre-foot, with an average of $16,250 and a median of $16,500. Smaller transactions generally occurred toward the upper end of the range, while larger transactions generally occurred toward the lower end.

Pending evidence identified after the effective date indicates a bracket of approximately $10,000 to $11,000 per acre-foot for larger-volume commercial rights. These transactions are discussed as supplemental market indicators and are excluded from the closed-transaction statistics.

Bracketing and Purchase Program Considerations

The transaction ranges, averages, medians, and brackets are descriptive measures of the available market data and should not be interpreted as value conclusions for a specific water right. The broader statistics describe longer-term activity, while recent closed transactions are generally more indicative of conditions as of the effective date. Pending transactions are discussed separately as supplemental market indicators and are excluded from the closed-transaction statistics. Additional weighting, statistical analysis, and program-specific interpretation are presented in the addendum.

Commission acquisitions may differ from individual market transactions because of program eligibility, geographic or hydrologic priorities, funding, timing, administrative requirements, and owner participation. The observed indicators should therefore inform, rather than predetermine, program purchase prices.

Market Conclusions

Closed transaction activity from 2016 through 2025 indicates continued demand for water rights in the Lower Rio Grande Basin. More recent evidence generally reflects stronger pricing for primary groundwater rights, while EBID surface, combined, and commercial rights continue to exhibit ranges influenced by the characteristics and circumstances of each transaction.

As of December 31, 2025, the available closed transaction evidence indicates generally stable to increasing market conditions. Water-right type, quantity, transaction size, priority date, permitted use, transferability, historic beneficial use, location, reliability, operational utility, and buyer motivation may influence pricing. The descriptive market indicators

presented in this report are intended to assist the Commission in understanding market activity. They should be considered with the characteristics of each proposed acquisition and the additional program-specific analysis presented in the addendum.

Assumptions and Limitations

The analysis relies upon transaction and water-right information obtained from sources considered reliable; however, no warranty is made as to completeness. No independent legal determination of validity, priority, title, transferability, or impairment was performed, nor were independent hydrologic, engineering, or environmental studies undertaken.

Pending transactions may change in price, quantity, terms, regulatory approval, or closing status. They are discussed as supplemental market indicators and are excluded from the closed-transaction statistics. Except for those transactions, the observations reflect the legal, regulatory, administrative, hydrologic, and market conditions existing as of December 31, 2025.

ADDENDUM

Supplemental Analysis of Lower Rio Grande Water Right Market Pricing

Prepared by

Ray Hartwell

Director, Summit Conservation Strategies

September 11, 2026

At the direction of the New Mexico Interstate Stream Commission, the following supplemental analysis has been included as an addendum to the Market Summary. Prepared by Ray Hartwell, Director of Summit Conservation Strategies, the addendum builds upon the transaction data and descriptive statistics reported by Agri-Land Advisors, LLC. It applies additional calculations and analytical methods to evaluate pricing relationships and considerations relevant to the Water Rights Purchase Program.

The addendum presents the independent analysis and conclusions of Summit Conservation Strategies. The material that follows is produced as provided.

1. Market Summary

To gain insight into the Lower Rio Grande water market, ISC commissioned Agri-Land Advisors (Agri-Land) to prepare a market summary (Market Summary) of certain land and water right transactions in the Rincon and Mesilla Valleys. Agri-Land produced a Market Summary that included closed transactions that occurred between 2016 and 2025, including data on confirmed water right transactions as well as selected descriptive statistics (specifically median, average, maximum and minimum transaction prices).

This addendum leverages transaction data from the Market Summary to explore water market pricing in the Lower Rio Grande. The goal is to i) develop indicative pricing ranges for water rights that ISC may purchase and ii) to clearly describe key assumptions, outstanding questions, and areas of uncertainty. Pricing analysis is presented below by water right type and then summarized. Pricing ranges are intended to support the Water Rights Purchase Program planning and are not opinions of value for specific water rights or proposed acquisitions.

The addendum supplements the Market Summary and does not constitute an appraisal or establish a value conclusion for a specific asset.

2. Primary Groundwater Rights

Agri-Land's Market Summary included data on 24 sales of primary groundwater right between 2016 and 2025 totaling 1,452 acre-feet. The transaction-weighted average price of this combined data set is $4,575 per acre-foot based on nominal prices. This data set includes 14 transactions that are from 2021 or earlier and does not adjust their prices for inflation, potentially understating the current market pricing. Individual transactions vary both in size (acre-feet sold) and priority date.

By considering only recent transactions, it is possible to mitigate the impact of inflation on observed prices while still ensuring a reasonable sample size. Specifically, inclusion of the 10 transactions from 2022 to 2025 yields a transaction-weighted average price of $5,129 per acre-foot. Weighting the sales by transaction volume[1] yields a lower average price of $4,579 per acre-foot (note that the single largest transaction sold over 150 acre-feet for $4,000 per acre-foot in 2022). 8 of the 10 transactions closed in 2022 and two closed in 2024.

Table: Primary Groundwater Right Transaction Prices

	N	Date Range	Total Volume (AF)	Average	Median	Average (Volume Weighted)	Min	Max
Combined Data Set	24	2016 – 2025	1,452	$4,575	$4,500	$3,995	$2,000	$6,405
Recent Transactions	10	2022-2025	370	$5,129	$5,000	$4,579	$4,000	$6,405

[1] Volume-weighted average prices are presented throughout this addendum to provide additional pricing context. Volume-weighted average prices are calculated by dividing the sum of the prices of all transactions by the total volume sold. For example, if there were 1 acre sold for $5 and 99 acres sold for $10 per acre (or $990 total), then the volume-weighted average price would be ($990 + $5)/100) = $9.95 per acre. This is contrasted with a transaction-weighted approach that would average the $5 and $10 transaction prices per acre to arrive at a $7.50 average price.

The price of primary groundwater rights varies significantly with priority date with more senior water rights commanding higher prices on average. In the 24 identified transactions, statistical analysis showed that, holding other factors constant, on average water rights with priority dates of 1950 or earlier sold for $1,068 more per acre-foot compared to more junior rights. This result was statistically significant and held across different analytical models.[2]

The transaction data also showed that smaller transactions tended to occur at higher average prices, possibly due to strong demand for greenhouse or other low-volume water uses. In the data, the average price per acre-foot was lower by approximately $6.33 with each additional acre-foot sold. For example, a 110 acre-foot transaction would be expected to sell for $633 less per acre-foot on average as compared to sale of 10 acre-feet. Transactions in the data set ranged in size from 4.5 to 222 acre-feet.

The relationship between priority date, transaction size, and sale price are average market relationships derived from analysis of the transaction data set rather than adjustments applicable to a specific water right.

3. EBID Surface Water Rights

The Agri-Land's Market Summary included data on 23 sales of EBID surface water rights between 2016 and 2025 totaling 156 acres.

The price per acre across these transactions ranged from $2,030 to $5,000, with a transaction-weighted average price of $3,046. Weighting the average price by acreage transaction yields a higher price of $3,127 per acre. Prices are higher for more recent transactions, and particularly for larger purchases. Analysis of the 12 transactions since 2022 balances focus on recent sales with inclusion of more high-volume transactions.[3] The volume-weighted average price for these transactions is $4,247 per acre as compared to a transaction-weighted average of $3,388. Exclusion of sales under 2 acres leaves 5 transactions with a volume-weighted average price of $4,488 per acre. This higher figure is likely more reflective of the cost to acquire EBID surface water rights at scale.

There are multiple reasons to favor a volume-weighted pricing approach. EBID surface water from "flat rate" parcels of fewer than 2 acres is administered differently than larger "farm rate" tracts.[4] In recent drought years, small acreage water rights have received very little irrigation water. This has led many flat rate water rights holders to sell their rights rather than to continue paying EBID assessments for an unreliable small supply of water. In the full set of observations, 16 of the 23 total sales were smaller than 2 acres in size, accounting for 14.84 acres in total. These transactions tend to occur at low prices, with the price per acre across these 16 transactions averaging $2,772. It is important to recognize that these small-parcel sales may be less relevant to ISC water right purchases, which are focused on higher volume acquisitions.

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[2] For example, specifications comparing priority dates of 1955 or earlier to more junior rights found that senior rights sold for $900 more per acre-foot on average. Models that attempt to normalize transactions across time using a 3% average inflation adjustment found that rights with priority date of 1950 or earlier sold for $1,273 more per acre-foot.

[3] In the combined data set, there were 11 transactions from the period between 2016 and 2019, no transactions in 2020 or 2021, and 12 transactions from 2022 or later. This implies that 2022 is a reasonable demarcation for analysis of the current market.
Also, there were two transactions from 2022, and both of them were at least 2 acres, which is helpful in weighting larger sales.

[4] EBID "flat rate" patrons hold 2 or fewer acres of water rights and are limited to irrigation at designated times. This is in contrast to larger "farm rate" parcels that can order water.

Table: EBID Surface Water Right Transaction Prices

	N	Date Range	Total Volume (acres)	Average	Median	Average (Volume Weighted)	Min	Max
Combined Data Set	23	2016 - 2025	156	$3,046	$3,000	$3,127	$2,030	$5,000
Recent Transactions	12	2022 – 2025	62	$3,388	$3,500	$4,247	$2,030	$5,000
Recent Transactions >=2 acres	5	2022 – 2025	53	$4,100	$4,500	$4,488	$3,000	$5,000

4. Combined EBID Surface Water and Supplemental Groundwater Rights

Agri-Land identified 6 confirmed transactions for combined EBID surface water and supplemental groundwater rights. These sales were all recent, dating from 2023 and 2024. Approximately 100 acres were sold. (Sales are expressed as acre feet with 256 acre-feet sold at 2.6 acre-feet per acre.)

Combined right prices ranged from $8,262 to $23,400 per acre ($3,178 to $9,000 per acre-foot), with an average price of $14,945. The median transaction price was $12,104 per acre.

The bulk of sales volume occurs at the lower end of the observed price range, with over 2/3 of the water rights sold at or below $12,350 per acre ($4,750 per acre-foot).

5. Commercial Water Rights

The Agri-Land Market Summary included data on 6 closed sales of commercial water rights comprising 191 acre-feet at prices between $10,000 and $22,000 per acre-foot. The transaction-weighted average price was $16,250 per acre-foot and the median transaction price was $16,500 per acre-foot. The bulk of the volume transacted occurred at the lower end of this price range, with over ¾ of the volume sold at a price of $10,000 per acre-foot. The volume-weighted average price of the closed sales was $11,372 per acre-foot.

Agri-Land also identified pending sales that would transact an additional 181 acre-feet of commercial water rights. The average price of these pending transactions was $10,500 per acre-foot, suggesting that most commercial rights are sold at the lower end of the observed price range.