



United States Department of the Interior

BUREAU OF RECLAMATION

Upper Colorado Regional Office
125 South State Street, Room 6107
Salt Lake City, Utah 84138-1102

MAY 04 2005

IN REPLY REFER TO:

WCD-PPage
WTR-4.13

Joe Shirley, Jr.
President
Navajo Nation
P.O. Box 9000
Window Rock, AZ 86515

Subject: Proposed 2005 Operating Plan for Navajo Reservoir, Navajo Unit, Colorado River Storage Project, Colorado and New Mexico

Dear President Shirley:

Public Law 87-483, Section 11, directs Reclamation to apportion shortages to entitled users of Navajo Reservoir storage water, on a pro-rata basis, in the event shortages are anticipated. While current snowpack levels indicate that a shortage is not likely this year, notwithstanding the direction provided in Section 11, a group of ten water users have developed an agreement among themselves as to how they will allocate the water supply in a drought situation ("Recommendations for San Juan River Operations and Administration for 2005, November 15, 2004").

Because Reclamation has no ability to control or influence agreements among water users, and because this agreement among the users will not cause Reclamation to undertake any change in its operations from how we would operate under Section 11, the recommendations fall within our operating plan for the remainder of 2005. We also anticipate that operations under Section 11 will not cause releases to fall below the minimum allowable release rate from Navajo Dam.

We have received endorsement letters from the following Navajo Unit contractors, all endorsing this same plan:

Hammond Conservancy District
Jicarilla Apache Nation
Navajo Nation
Public Service Company of New Mexico (PNM)

In addition, we have received similar letters of endorsement from the following entities:

Arizona Public Service Company (APS)
BHP-Billiton
City of Farmington
Bloomfield Irrigation District

John # 648
JJ-23
SO Admin.

Farmers Mutual Ditch
Jewett Valley Ditch

As stated above, based on the most recent forecast, and using the methodology included in the Recommendations, no shortages are anticipated. The forecasted inflow will be updated biweekly, and if changes to the available supply are realized, the shortage calculation will be revised accordingly.

The plan recommends that Reclamation approve temporary water service subcontracts between the Jicarilla Apache Nation and the following entities: BHP-Billiton, APS, and PNM. These contracts are currently moving through our approval process.

Reclamation's acknowledgement of these recommendations does not constitute endorsement of any disclaimers included in any parties' endorsement letter.

We offer our congratulations and sincere appreciation to everyone who was involved in the development of this plan. If you have any questions, please contact Pat Page or Ed Warner at 970-385-6560 or 970-248-0654, respectively.

Sincerely,

Connie L. Rupp

Acting Rick L. Gold
for Regional Director

Identical Letters Sent to:

Mr. Levi Pesata, President
Jicarilla Apache Nation
P.O. Box 709
Dulce, NM 87528

Mr. Myron Crockett
President
Hammond Conservancy District
790 Road 4990
Bloomfield, NM 87413

Ms. Cindy Murray
Public Service Company of New Mexico
2401 Aztec N.E.
Albuquerque, NM 87107

cc: Mr. James Rogers
Jewett Valley Water Users Association
P.O. Box 39
Waterflow, NM 87421

Mr. Lawrence Stock
Farmers Mutual Ditch
P.O. Box 467
Kirtland, NM 87417

Mr. Ken Nordlander
Arizona Public Service Company
P.O. Box 53999
Phoenix, AZ 85072-3999

Mr. J.W. Grubb, President
BHP Billiton
300 West Arrington, Suite 200
Farmington, NM 87401

Mayor William E. Standley
City of Farmington
800 Municipal Drive
Farmington, NM 87401

Mr. Mike Buntjer
New Mexico Ecological Services Field Office
Fish & Wildlife Service
2105 Osuna Road NE
Albuquerque, NM 87113-1001

Mr. John Whipple
New Mexico Interstate Stream Commission
P.O. Box 25102
Santa Fe, NM 87504-5102

Mr. Robert Genualdi
New Mexico State Engineer's Office
100 South Oliver Drive
Aztec, NM 87410

Mr. John Leeper
Navajo Nation
Water Management Branch
P.O. Drawer 678
Fort Defiance, AZ 86504

Mr. Mike Hamman
Jicarilla Apache Nation
60 CR 119
Española, NM 87532

Mr. Bahe Billy
Bureau of Indian Affairs
Navajo Indian Irrigation Project
304 N. Auburn, Suite B
Farmington, NM 87401

Mr. Carroll Crawford
Bloomfield Irrigation District
P.O. Box 606
Bloomfield, NM 87413