



IN REPLY REFER TO:

# United States Department of the Interior

BUREAU OF RECLAMATION  
Upper Colorado Regional Office  
125 South State Street, Room 6107  
Salt Lake City, Utah 84138-1147

*John W. #1487*



*San Juan - 23  
San Juan Admin*

WTR-4.13  
WCD-PPage

MAY 22 2006

Mr. John D'Antonio Jr., PE  
State Engineer  
Office of the State Engineer  
State of New Mexico  
P.O. Box 25102  
Santa Fe, NM 87504

Subject: Proposed 2006 Operating Plan for Navajo Reservoir, Navajo Unit, Colorado River Storage Project, Colorado and New Mexico

Dear Mr. D'Antonio:

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 conditions (inflow forecast and reservoir content) 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 2006, December 19, 2005").

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 2006. 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  
Farmers Mutual Ditch  
Jewett Valley Ditch

As stated above, based on the most recent forecast and current reservoir storage content, and using the methodology included in the Recommendations, no shortages are anticipated in 2006. The forecasted inflow will be updated biweekly, and if changes to the available supply are realized, the anticipated 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 being drafted and we hope to get them approved in the near future.

While Reclamation recognizes these recommendations as a temporary solution to providing some means of water rights administration, we encourage the State Engineer to continue proceeding towards promulgation of rules and regulations for administering water rights within the San Juan River Basin in New Mexico. Also, please be advised that Reclamation's acknowledgement of these recommendations does not constitute endorsement of any disclaimers included in any parties' endorsement letter.

I offer my thanks to you and staff members of the Office of the State Engineer and the New Mexico Interstate Stream Commission who helped facilitate the development of these recommendations.

If you have any questions, please contact Pat Page at 970-385-6560.

Sincerely,



**ACTING FOR**

Rick L. Gold  
Regional Director

cc: See next page.

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Colorado River Storage Project, Colorado and New Mexico

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

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

Mr. Russell Smith  
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

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. Wayne Isaacs  
President  
BHP Billiton  
300 West Arrington, Suite 200  
Farmington, NM 87401

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cc: Honorable William E. Standley  
Mayor  
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  
Espanola, NM 87532

Mr. Steve Lynch  
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