

EVALUATION PROCESS AND APPLICATION FOR PROJECTS OR WATER UTILIZATION ALTERNATIVES PROPOSALS TO BE FUNDED UNDER THE ARIZONA WATER SETTLEMENTS ACT

SUMMARY OF PROCESS

Pursuant to the Arizona Water Settlements Act of 2004 (AWSA), P.L. 108-251, the New Mexico Interstate Stream Commission (ISC) will accept applications for the New Mexico Unit of the Central Arizona Project (NM Unit) or water utilization alternatives that meet water supply demands to be funded with funds available under the AWSA. Application submission and evaluation will be in a two-tiered format. Applications for proposals satisfying both tiers may be considered by the ISC for further review and possible funding as the State develops a plan for developing AWSA water and available funding.

Tier-1: Tier-1 applications must provide, as best and with as much detail as the applicant is able, the information required in Section 1. Applicants seeking an optional preliminary review of an application must submit the Tier-1 application by May 1, 2011. Final Tier-1 applications must be submitted no later than June 30, 2011. **Applications to develop AWSA water or funding will not be accepted after June 30, 2011.**

Tier-2: Only those applications that satisfy Tier-1 requirements will be eligible for Tier-2 consideration. Applicants seeking an optional preliminary review of a Tier 2 application must submit the by October 14, 2011. Final Tier 2 applications must be submitted by December 15, 2011. Only those applications that qualify for Tier-2 consideration will be eligible for selection by the ISC for initial funding and/or further study and assessment.

Individuals and entities eligible to submit applications include: (i) local governments or municipalities; (ii) soil and water conservation districts, irrigation districts or commissions, acequias, or other political subdivision of the State of New Mexico; (iii) institutions of higher education or a consortium of such institutions; (iv) non-profit organizations or associations; (v) private individual/s; (vi) corporations; and (vii) federal agencies.

Section 1. Tier-1 Applications

Tier-1 applicants must use the Tier-1 application form. The application and schedule is attached or is available on the ISC's website at http://www.ose.state.nm.us/isc_colorado_gila_sanfran_committee.html. The preferred method to submit Tier-1 applications is electronically via email to craig.roepke@state.nm.us. Alternatively, ten (10) hardcopies may be delivered via postal mail or courier service with a postmark or courier service's time and date stamp dated on or before 5:00 pm MST on June 30, 2011. Hardcopy applications may be requested from the New Mexico Interstate Stream Commission, Attn: Craig Roepke, P.O. Box 25102, Santa Fe, NM 87504-5102. Completed hardcopy applications should be sent to the New Mexico Interstate Stream Commission, Attn: Craig Roepke, P.O. Box 25102, Santa Fe, NM 87504-5102, or delivered to the ISC at 407 Galisteo Street, Bataan Memorial Bldg. in Santa Fe.

Comprehensive responses to each criteria listed should be supported by the best available science and scientific data, studies, models, and, where applicable, cite state, regional, or other water plans. Where such data and information is not available, applications should include best estimates and describe how such information would be obtained. Applications that do not include the requested information will not satisfy Tier-1 standards and, therefore, will not be eligible for Tier-2 consideration.

Tier-1 Evaluation Panel. The Tier-1 Evaluation Panel will consist of technical staff representing New Mexico Environment Department,; New Mexico Energy, Minerals and Natural Resources Department; New Mexico Department of Game and Fish; Office of State Engineer, and ISC. ISC shall also provide legal counsel. The Panel will evaluate each application according to the Tier-1 criteria below.

Tier-1 Evaluation Method. The Tier-1 Evaluation Panel will evaluate Tier-1 applications against the Tier-1 criteria and will score the application on a pass/fail basis. An application failing any of the criteria shall be judged to have failed the Tier-1 evaluation. The Panel will complete initial evaluations by July 31, 2011 and submit the Panel's final evaluations to the ISC by August 29, 2011.

Optional Preliminary Review. Applicants may request an optional preliminary review by submitting the application with a request for a preliminary review by May 1, 2011. The Tier-1 Evaluation Panel will conduct the preliminary review and responses will be mailed to applicants no later than June 1, 2011. The preliminary review will only examine the application for completeness; i.e., look for missing required responses or information. At the sole discretion of the Panel, the Panel may indicate where information or data should be clarified or strengthened. The Panel's response to a preliminary review does not guarantee or certify that an application is complete or that it satisfies Tier-1 criteria. Request for a preliminary review does not constitute application submission by the June 30, 2011 deadline; an applicant must submit a final Tier-1 application by the June 30, 2011 deadline for full consideration by the Tier-1 Evaluation Panel.

TIER-1 CRITERIA

1. State whether the proposal is for the "New Mexico Unit," a "water utilization alternative," or both. A "New Mexico Unit" is a project or activity that will develop additional water from the Gila basin above that allocated to New Mexico prior to the 2004 AWSA and require the Secretary of the Interior to exchange CAP water for any additional depletions in New Mexico. A "water utilization alternative" is a project or activity that does not develop additional water from the Gila basin above that allocated to New Mexico prior to the 2004 AWSA or does not require exchange of CAP water for additional depletions by New Mexico in the Gila basin. (see Exhibit A. **Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)**)
2. Describe how the proposal will meet a "water supply demand" in the Southwest New Mexico Water Planning Region, comprised of Catron, Grant, Hidalgo and Luna Counties. The 2004 AWSA requires a "New Mexico Unit," a "water utilization alternative," or both to meet a

water supply demand in the Southwest New Mexico Water Planning Region. The proposal must identify the demand that will be met and how the proposal will meet the demand identified. (see Exhibit A. **Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)**)

3. Describe how the proposal considers the Gila environment and describe how any negative impacts might be mitigated. The ISC Gila Policy requires full consideration of the Gila environment. If the proposal impacts the Gila environment, the proposal must describe the impact, whether negative or positive, or both. The proposal must indicate how negative impacts are to be mitigated. (see Exhibit A. **Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)**)
4. Describe how the proposal considers the historic uses of and future demands for water in the Southwest New Mexico Water Planning Region and the traditions, cultures and customs affecting those uses. The proposal must demonstrate how it conforms to the ISC Gila Policy to fully consider historic uses of and future demands for water in the Basin and the traditions, cultures and customs affecting those uses. Describe any impacts on historic uses of and future demands for water in the Basin and the traditions, cultures and customs affecting those uses, whether negative or positive, or both. The proposal must indicate how the negative impacts are to be mitigated. (see Exhibit A. **Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)**)

TIER-1 SCHEDULE:

<u>Date</u>	<u>Action</u>
May 1, 2011	: Submission of preliminary Tier-1 proposals for review (optional)
June 1, 2011	: Review and return of preliminary Tier-1 proposals
June 30, 2011	: Final Tier-1 submission
July 30, 2011	: Evaluation panel review and ranking of Tier-1 proposals complete
August 6, 2011	: Request for reconsideration of evaluation panel rankings
August 22, 2011	: Response to request for reconsideration
August 29, 2011	: Evaluation panel submission to Commission of ranking of Tier-1 proposals
September 28, 2011	: Commission action on Tier-1 proposals

(TIER-2 TIER-2 PROCESS, CRITERIA, APPLICATION, AND SCHEDULE ARE TO BE FINALIZED AND NOT CURRENTLY AVAILABLE.)

**TIER-1 APPLICATION TO THE NEW MEXICO INTERSTATE STREAM COMMISSION
FOR NEW MEXICO UNIT OR WATER UTILIZATION ALTERNATIVE
UNDER THE ARIZONA WATER SETTLEMENTS ACT**

APPLICANT INFORMATION (PRINT OR

DATE: 4/18/2011

<p>1. Legal Name: 1892 Luna Irrigation Ditch Association</p>	<p>2. Organization: Acequia, Irrigation Ditch Association</p>										
<p>3. Address (street, city, county, state, and zip code): PO Box 1 Luna, NM 87824</p>	<p>4. Name, email, and phone number of contract person: Janice Kiehne janlee23@gilanet.com 575-547-2711 575-649-9800 - cell</p>										
<p>5. TYPE OF APPLICATION (check one): <input checked="" type="checkbox"/> Final <input type="checkbox"/> Preliminary for review <input type="checkbox"/> Revised</p>	<p>6. TYPE OF APPLICANT (CHECK BOX): <input type="checkbox"/> local governments or municipalities <input checked="" type="checkbox"/> soil and water conservation districts, irrigation districts or commissions, acequias, or other political subdivision of the State of New Mexico <input type="checkbox"/> institutions of higher education or a consortium of such institutions <input type="checkbox"/> non-profit organizations or associations <input type="checkbox"/> private individual/s <input type="checkbox"/> federal agency (ies) <input type="checkbox"/> Other (specify)</p>										
<p>7. BRIEF PROJECT DESCRIPTION: Project would include installation of a more efficient diversion structure at the current diversion location and consideration of one, or a combination of several alternatives, including but not limited to, synthetic ditch liners, concrete lining or a pipeline to minimize water loss and maintenance costs in the irrigation ditches.</p>	<p>8. AREAS AFFECTED (describe by county, municipality, township, etc. as applicable): Our dam is at Luna Lake in Apache County, AZ. Water is utilized in Luna, Catron County, NM. Point of diversion is the North Bank of the San Francisco River in the NE1/4, NE1/4, NE1/4 Sec. 3, T.6S. R. 21W as shown in Gila River Hydrographic Survey Report, 1966, NM S.E.O., Vol. 7.</p>										
<p>9. TOTAL FUNDING REQUESTED (in \$1,000):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">2012: \$640</td> <td style="width: 20%;">2013: \$298</td> <td style="width: 20%;">2014: \$167</td> <td style="width: 20%;">2015: \$208</td> <td style="width: 20%;">2016: \$50</td> </tr> <tr> <td>2017:</td> <td>2018:</td> <td>2019:</td> <td>2020:</td> <td>2021:</td> </tr> </table>		2012: \$640	2013: \$298	2014: \$167	2015: \$208	2016: \$50	2017:	2018:	2019:	2020:	2021:
2012: \$640	2013: \$298	2014: \$167	2015: \$208	2016: \$50							
2017:	2018:	2019:	2020:	2021:							
<p>10a. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED REQUIREMENTS AND ASSURANCES IF THE PROPOSAL IS ACCEPTED.</p>											
<p>10b. TYPED OR PRINTED NAME OF AUTHORIZED REPRESENTATIVE: Janice Kiehne</p>	<p>11. TITLE: Secretary/Treasurer</p>	<p>12. PHONE NUMBER: 575-547-2711 575-649-9800 - cell</p>									
<p>13. SIGNATURE:</p>		<p>DATE: 4/18/2011</p>									

14. Evaluation criteria. Comprehensive responses to criteria A through D should be supported where possible by the best available science and scientific data, studies, models, and, where applicable, cite state, regional, or other water plans. Where such data and information is not available, applications should include best estimates and describe how such information would be obtained. Applications that do not include the requested information will not satisfy Tier-1 standards and, therefore, will not be eligible for Tier-2 consideration. Use Form 14a if needed.

A. State whether the proposal is for the “New Mexico Unit,” a “water utilization alternative,” or both.

The 1892 Luna Irrigation Ditch Association has the unique position of having our dam located in Apache County, AZ and the water being adjudicated in New Mexico. The proposal of the 1892 Luna Irrigation Ditch Association is therefore a water utilization alternative. Our proposal concerns the San Francisco River and our appropriated irrigation rights out of this river. Irrigation water is utilized to meet adjudicated water rights in Luna, Catron County, New Mexico.

B. Describe how the proposal will meet a “water supply demand” in the Southwest New Mexico Water Planning Region, comprised of Catron, Grant, Hidalgo and Luna Counties.

The 1892 Luna Irrigation Ditch Association is located in Luna, Catron County, New Mexico. We are the first user of the San Francisco River after it enters New Mexico from Arizona. We have developed a plan to utilize the water we have stored in Luna Lake, Alpine, AZ in a more efficient, beneficial manner, thus conserving water for our valley. This efficiency should provide a greater downstream flow for users of the San Francisco and Gila Rivers. This water conservation effort will benefit all four counties by conserving the water in the San Francisco River, thus benefiting all downstream water users.

C. Describe how the proposal considers the Gila environment and describe how any negative impacts might be mitigated.

This project is viewed as environmentally friendly as well as environmentally acceptable. The 1892 Luna Irrigation Ditch Association has an easement for the length of the entire ditch and its laterals. We have spoken to various governmental personnel about our need to work towards greater conservation of our resources and making our water delivery system more efficient. Concerns to the Gila environment could be viewed as the following: Permanent diversion point structure could disrupt river flow and hinder the movement of aquatic species. It is the intent of the 1892 Luna Irrigation Ditch Association to work with agencies and stakeholders to develop a design that will permit fish passage and have the least impact on environment and the aquatic species. Earthen dams must be replaced or repaired by means of heavy equipment in the channel. This causes deterioration and disruption to water quality, the river channel, and aquatic species. A more efficient design, possibly utilizing natural materials, to better meet the needs of the irrigators as well as the increased flows for the environment is planned. Head of the Ditch campground is not known to be willow fly catcher or endangered fish habitat.

D. Describe how the proposal considers the historic uses of and future demands for water in the Southwest New Mexico Water Planning Region and the traditions, cultures and customs affecting those uses.

In 1883 the first settlers arrived in the Luna Valley. They started farms and began constructing an irrigation ditch system. In 1892 they filed declarations of ownership on all the un-appropriated water in the San Francisco River and its upstream tributaries and began construction of a dam ten miles upstream in Apache County, Arizona Territory, to store water to be used in dry seasons.

The ditch system, although state of the art in the 1890's, is still an open earthen ditch with all of the problems and inefficiencies connected thereto. From the diversion point on the river to the last water user, water is lost to percolation, evaporation, gopher holes, leaky check gates, etc. Flash floods during monsoon rains destroy ditch banks and/or cover ditches over. The diversion from the river has to be rebuilt a half dozen times each irrigation season due to flash floods and vandalism. More effective use of our resource will provide additional water for all downstream users in the Gila-San Francisco basin.

The 1892 Luna Irrigation Ditch Association believes that water conservation issues alone dictate that we do all in our power to bring our system up to more efficient standards. We who have lived all our lives in the desert southwest are aware of the fact that we must conserve the limited amount of water we have and use it wisely. Continued population growth and development and increasing demands for water, coupled with our unpredictable drought cycles, make it all more imperative that we act.

Exhibit A. Interstate Stream Commission Gila Policy Statement, September 2004, and 2004 Arizona Water Settlements Act, Section 212 (i)

INTERSTATE STREAM COMMISSION GILA POLICY STATEMENT, SEPTEMBER 2004:

The Interstate Stream Commission recognizes the unique and valuable ecology of the Gila Basin. In considering any proposal for water utilization under Section 212 of the Arizona Water Settlements Act, the Commission will apply the best available science to fully assess and mitigate the ecological impacts on Southwest New Mexico, the Gila River, its tributaries and associated riparian corridors, while also considering the historic uses of and future demands for water in the Basin and the traditions, cultures and customs affecting those uses.

2004 ARIZONA WATER SETTLEMENTS ACT, SECTION 212 (i)

(i) NEW MEXICO UNIT FUND- The Secretary shall deposit the amounts made available under paragraph (2)(D)(i) of section 403(f) of the Colorado River Basin Project Act (43 U.S.C. 1543(f)) (as amended by section 107(a)) into the New Mexico Unit Fund, a State of New Mexico Fund established and administered by the New Mexico Interstate Stream Commission. Withdrawals from the New Mexico Unit Fund shall be for the purpose of paying costs of the New Mexico Unit or other water utilization alternatives to meet water supply demands in the Southwest Water Planning Region of New Mexico, as determined by the New Mexico Interstate Stream Commission in consultation with the Southwest New Mexico Water Study Group or its successor, including costs associated with planning and environmental compliance activities and environmental mitigation and restoration.

FORM 14A

USE THIS FORM TO COMPLETE ANSWERS TO CRITERIA 1 THROUGH 4. NUMBER EACH ADDITIONAL RESPONSE WITH THE CORRESPONDING CRITERIA NUMBER AND SUB-CRITERIA. USE AS MANY PAGES AS NEEDED.

Our tier-1 application figures in question # 9 are based on figures for a pipeline. In conversation with shareholders on our ditch, we need expertise on the type of ditch that would best meet the needs of our climate where the temperature can get in the 30 below zero range in the winter. We utilize our water in late spring, summer, and early fall when the temperatures do not reach that severe of low but we need to be mindful that the temperature does get that cold and it will effect whatever type of ditch improvements we implement.

The numbers on # 9 of the tier-1 application are for a 5 year time period to implement the following 5 phases:

Phase I

Construct a permanent diversion structure a short distance upstream from our existing diversion point. Install pipeline replacing the North Side Irrigation Ditch complete with valves at existing exit points, air relief and pressure reducing stations as needed.

Phase II

Install pipeline for all multi-use laterals complete with necessary valves and other appurtenances as needed and connect to North Side Irrigation Ditch pipeline.

Phase III

Install pipeline from diversion structure to replace South Side Irrigation Ditch as far as last user west of Luna complete with necessary valves and other appurtenances as needed.

Phase IV

Construct permanent diversion structure at point of diversion for Phillip Swapp Ditch.

Phase V

Construct permanent diversion structure at point of diversion for North Side J.H. Beaver Ditch