

# NEW MEXICO INTERSTATE STREAM COMMISSION

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January 26, 2012

Mr. Randy N. Chandler, Area Manager  
U.S. Bureau of Reclamation  
6150 West Thunderbird Road  
Glendale, AZ 85306-4001

**Re: Arizona Water Settlements Act – Payments to New Mexico Unit Fund**

Dear Mr. Chandler:

Thank you for your letter of January 11, 2012. The Interstate Stream Commission ("ISC") hereby acknowledges receipt of two payments received from the Bureau of Reclamation ("Reclamation") in January 2012. One payment, in the amount of \$6,600,000, was received on January 3, 2012. It constitutes the first of ten equal annual payments to be disbursed pursuant to the Arizona Water Settlements Act, Pub. L. 108-451("AWSA"). The other payment, in the amount of \$2,440,000, was received on January 12, 2012. It represents the annual adjustment for inflation on \$6.6 million, from January 1, 2004. In total, those two payments amount to \$9,040,000, consistent with the expectations of the parties at the time of settlement, as outlined in Exhibit 29.1.1 of the Gila River Indian Community Water Rights Settlement Agreement.

At its January 18, 2012 meeting, the Interstate Stream Commission approved the indexing method agreed upon by the ISC and the Bureau of Reclamation. According to this method, Reclamation will provide \$9,040,000 per annum to New Mexico in 2012, 2013 and 2014, or until the Secretary of the Interior receives notice of New Mexico's intentions concerning a New Mexico Unit and/or water utilization project. Once New Mexico notifies the Secretary of its intent, the indexed adjustments will be recalculated and prior adjustment payments will be reconciled using cost indices appropriate for the type of construction involved in the New Mexico Unit and/or water utilization project.

We look forward to the continuation of our productive cooperation in the future. If you have any questions regarding this matter, please contact Craig Roepke at (505) 977-4699 or at [craig.roepke@state.nm.us](mailto:craig.roepke@state.nm.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Estevan R. Lopez".

Estevan R. López, P.E., Director  
New Mexico Interstate Stream Commission

ERL/lmt

cc: Mr. Jim Dunlap, Chairman, ISC  
Mr. Craig Roepke, Deputy Director, ISC  
Ms. Amy Haas, General Counsel, ISC  
Ms. Dominique Work, Attorney, ISC