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**MEMORANDUM**

To: House Memorial 42 Stakeholders

From: John Longworth, Cheri Vogel, Fred Abramowitz, Martha Franks

Subject: Draft Consensus Memo

Date: July 18, 2008 (as amended at the July 30, 2008 meeting)

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As a working document for the July 30, 2008 stakeholder meeting pursuant to House Memorial 42 (2007), the Office of the State Engineer (OSE) staff has tried to identify some general principles on which the stakeholders appear to agree, as well as areas where there is not yet agreement, based on our conversations so far. The OSE staff is not taking a position on these general principles, but is trying only to observe what has happened in the House Memorial 42 stakeholder process to date.

The following memorandum sets out the OSE's observations about agreement or disagreement on substantive principles without regard to the language of the existing statute that started these conversations, NMSA §72-1-9. The hope is that, to the extent that we can establish a common understanding of how we stand as a group on underlying general policies and ideas, it will be easier to work toward a practical, specific answer to the question of whether the law needs to be changed to reflect those policies and ideas, and then consider how that might be done.

The stakeholder group acknowledges the present state of the law. No changes to that law have yet been agreed upon. The discussion below is concerned only with general principles and does not constitute any agreement with regard to changing or not changing NMSA §72-1-9.

1. The Ability to Hold Water Rights Unused or Have an Extended Period of Time to Show Beneficial Use.

Because it is important to be able to plan responsibly for a long-term water future, we agree there may be circumstances under which water right owners have the need to hold water rights unused for extended periods of time or be given an extended period of time to put their water to beneficial use beyond the customary three or four-year period identified in permits (“a longer planning horizon”).

We agree that it is good public policy for New Mexico to allow for that.

**We agree that there needs to be a discussion of a set of criteria and/or guidelines to make such determinations and/or creation of/grandfathering/ a predetermined list. There is not yet agreement on which particular water right owners or permit holders should have a longer planning horizon, nor is there yet agreement on the exact circumstances under which a longer planning horizon should be recognized for any water right owner or permit holder.**

We agree that the central policy concern is finding the proper balance between the need for entities to do reasonable water planning and the danger of allowing speculation in water or hoarding of water.

2. The Length of Time

**We agree that there may be circumstances under which a water rights owner or permit holder should be permitted to hold water rights unused for could extend up to forty years.**

We agree that there may be exceptional circumstances where more than forty years may be justified, provided that certain criteria are met.

There is agreement that a number or cap is needed but not yet agreement on whether forty years is the right figure.

We agree that a discussion of “rolling forty-year planning period” is needed.

We agree that the central policy concern is finding the proper balance between the time realistically needed to develop water, and the urgency reflected in the constitutional principle that “beneficial use is the basis, the measure and the limit of a water right.”

3. Elements of a Water Development Plan

We agree that no one should be granted an application to hold water rights unused for an extended period of time automatically, but should be required to make a showing that justifies it.

We agree that there should be publicly developed and available criteria that are used to evaluate water rights applications before the State Engineer that include requests for a longer planning horizon.

**We agree that such criteria should apply to new requests by applicants as well as requests for extensions of time within which to put permitted rights to beneficial use where the applicant cannot demonstrate due diligence within the three-year statutory period.**

We agree that such criteria should incorporate at the very least the following showings:

- A. That the applicant is not attempting to speculate in water or hoard water.
- B. That the applicant has a genuine need to plan for the future, whether justified by population projections or other means, depending on the applicant.
- C. That projections are as reasonable as possible, under the circumstances.
- D. That before asking for permission to hold water rights unused, the applicant has done planning appropriate to its circumstances.
- E. That if granted, there will be appropriate review or status reports to the State Engineer, to assure that the applicant is being diligent in putting the water to use, and to assure that the assumptions made underlying the request are still valid.**

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- F. At the initial application there be assurances for an opportunity for public input or review.**
  - G. That there be conservation requirements for the use of the water.**

**There is not yet agreement on any particular criteria, although we have reviewed and commented upon some proposed elements of a template circulated by State Engineer staff.**

**We agree that the central policy concern with respect to criteria is to find the right balance between, on the one hand, a uniformity of standards and level of detail that ensures consistency and effectiveness in the consideration of water rights applications and, on the other hand, a flexibility that allows tailoring of data requirements as appropriate when the amounts of water are small or the analysis simple.**

**4. Consistency Between Water Development Plans as Described in the State Engineer Regulations and the Criteria Used to Evaluate Applications to Hold Water Rights Unused or for Extensions of Time.**

There is confusion as to the role that “water development plans,” as well as other types of water planning, have in relation to applications to hold water rights unused, either through request for extensions of time or 72-1-9 applications or otherwise. We agree that whatever inconsistencies there are among various avenues for water planning, they need to be addressed or resolved.

**5. The Importance of Further Conversation**

We agree that resolution of this matter is a critical one for the State of New Mexico and that we should continue to work together to create a workable compromise that furthers the interests of all stakeholders.