Office of the State Engineer



Interstate Stream Commission

2026 OSE/ISC Annual Report on Funding for Indian Water Rights Settlements

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Date: November 10, 2026

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Re: 2026 Funding for Indian Water Rights Settlements & Indian Water Rights Settlement Fund Annual Report

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The New Mexico Office of the State Engineer (NMOSE) and the New Mexico Interstate Stream Commission (NMISC) are working with the Tribes, Pueblos, and Nations of New Mexico to settle their water rights claims. The purpose of this report is to update the Interim Indian Affairs Committee, Interim Water and Natural Resources Committee, and the Legislative Finance Committee on the status of Tribal water rights settlements requiring state financing pursuant to the 2005 Indian Water Rights Settlement Fund Act (Act) in NMSA 1978, § 72-1-11. The 2005 Act requires the State Engineer and the Interstate Stream Commission to report by November 15th every year to the Interim Indian Affairs Committee and the Legislative Finance Committee on the following three subjects:

1. The status of proposed Indian water rights settlements requiring state financing;
2. The distribution of funds from the Indian water rights settlement fund to implement approved settlements; and
3. Recommendations on appropriations to the fund necessary to timely implement action of Indian water rights settlements.

This report presents the current status of State funding for Indian water rights settlements. It covers the Indian Water Rights Settlement Fund, which the NMISC administers, and special appropriations the New Mexico Legislature made to the NMOSE in state fiscal year (FY) 2024, FY2025, and FY2026.

STATUS OF INDIAN WATER RIGHTS CLAIMS IN NEW MEXICO

Pending Legislation for Congressional Support of IWRS

- Acoma and Laguna in the Rio San José Stream System (S.562/H.R.1322)
- Jemez and Zia in the Rio Jemez Stream System (S.562/H.R.1322)
- Ohkay Owingeh in the Rio Chama Stream System (S.563/H.R.1323)
- Navajo Nation in the Rio San José Stream System (S.565/H.R.1324)
- Zuni Indian Tribe in the Zuni River Stream System, and Zuni Salt Lake Protection (S.564/H.R.1444)
- Taos Pueblo Indian Water Rights Settlement Act Amendment (S.3242/H.R.6205)
- Technical Corrections to the Northwestern New Mexico Rural Water Projects Act, Taos Pueblo Indian Water Rights Settlement Act and Aamodt Litigation Settlement Act (H.R.4598)
- Navajo-Gallup Project Amendments Act of 2025 (S.637/H.R.1482)

Litigated Claims

- Mescalero Apache in the Rio Hondo/Pecos River Stream System (*State ex rel. Reynolds v. Lewis*, 116 N.M. 194 (Ct. App. 1993))

Finalized & Funded IWRS

- Jicarilla Apache in the San Juan River Basin & the Rio Chama Stream System
- Navajo Nation in the San Juan River Basin
- The four Pueblos of Nambé, Pojoaque, Tesuque, and San Ildefonso in the Rio Pojoaque Basin adjudication
- Taos Pueblo in the Rio Pueblo de Taos/Rio Hondo Stream System adjudication

Settlements Currently in Negotiation

- Santa Clara Pueblo & Ohkay Owingeh in the Santa Cruz/Truchas Stream Systems
- Navajo Nation in the Zuni River Basin
- Ute Mountain Ute Tribe in the San Juan River Basin
- The Six Pueblos of Sandia, Santa Ana, Isleta, Kewa (Santo Domingo), Cochiti, and San Felipe in the Middle Rio Grande Stream System

Summary

The NMISC Indian Water Rights Settlement (IWRS) Fund currently holds accounts for three Congressionally authorized settlements: the Navajo Nation San Juan River Basin Water Rights Settlement (aka Navajo Gallup Water Supply Project), the Taos Pueblo-*Abeyta* Water Rights Settlement, and the *Aamodt* Settlement of Pojoaque River Basin Water Rights for the Pueblos of Nambé, Tesuque, Pojoaque, and San Ildefonso. Although the State has satisfied its cost share obligation under the original agreements, the construction costs have increased significantly since they were estimated at the time the settlements were entered, resulting in a deficit for all three of these project-based settlements. There are three legislative bills awaiting congressional support for the Taos Pueblo, Navajo-Gallup Water Supply Project and Aamodt Settlements to provide supplemental funding for full implementation.

There are five pending legislative bills awaiting congressional support for fund-based settlements that establish trust funds for the Tribe, Pueblo or Nation to use for water related needs, rather than project-based settlements funding specific infrastructure. The fund-based Indian water rights settlements allow more flexibility for the Tribes, Pueblos, and Nations to make decisions according to the needs of their members and adjust plans as needs change. The total obligation for the pending settlements is nearly $3.3 billion for the federal government and approximately $235 million for the State of New Mexico.

For some of these pending settlements, the state agreed to fund a portion of its obligation early so that a non-tribal party may expeditiously assess their hydrologic needs prior to Congressional approval. Since 2024, the New Mexico State Legislature allocated a total of $60 million in special appropriations to support Indian water settlements and reaffirm its commitment to the agreements made with New Mexico Tribes, Pueblos, and Nations.

I. Current Sources of Funding for Indian Water Rights Settlements

A. NMISC Indian Water Rights Settlement Fund Appropriations

Table 1 shows the remaining funds in the Indian Water Rights Settlement Fund (IWRS Fund) and to which settlement these funds are allocated.

Table 1. Indian Water Rights Settlement Fund Appropriation Balances

Description of Appropriation	Total Appropriation	Expended	Balance	Earmarked Funds	Remaining IWRSF Balance After Payments
2009- appropriation for Navajo-San Juan and Taos[1]	$10,000,000	$9,498,030	$501,970	$0	$501,970
2011-appropriation for Navajo-San Juan, Aamodt, and Taos	$15,000,000	$10,692,674	$4,307,326	$0	$4,307,326
2013, 2018, 2019, 2020, 2021, and 2022-appropriations for Aamodt[2]	$93,425,000	$87,535,976	$5,889,024	$5,800,000	$89,024
2015 - appropriations for Taos	$12,735,000	$11,980,000	$755,000	$0	$755,000
2018 - appropriation for Aamodt and Taos	$6,175,000	$6,175,000	$0	$0	$0
Total:	**$137,335,000**	**$125,881,680**	**$11,453,320**	**$5,800,000**	**$5,653,320**

[1] All state obligations have been met for each settlement (Aamodt, Taos, and Navajo-San Juan). Of the remaining amount in the IWRS Fund, $5,563,320 is reserved for the State's cost-share obligations under the 2010 Taos Settlement Agreement.
[2] The remaining state cost-share obligations for Aamodt include the final index payments to the Bureau of Reclamation for 2027 ($1,300,000) and $4,500,000 for the connection and impairment fund.

Table 2 shows the status of the project costs, federal and state appropriations, and the outstanding state obligations for each congressionally signed settlement.

Table 2. Funding Obligations Under Congressionally Signed Settlements

Settlement Agreement	Estimated Settlement Project Costs	Federal Appropriations	State Appropriations	Total Appropriated to Date	Outstanding State Obligation[3]
The Pueblos of Pojoaque, Tesuque, Nambe, San Ildefonso (*Aamodt)* Settlement Agreement[4]	$406,000,000	$140,000,000	$105,000,000	$282,000,000	$0
Taos Water Rights Settlement Agreement[5]	$144,000,000	$146,000,000	$20,000,000	$166,000,000	$0
Navajo Nation San Juan Basin Settlement Agreement	$2,194,000,000	$1,785,000,000	$60,000,000	$1,899,000,000	$0
Total:	**$2,768,000,000**	**$2,071,000,000**	**$185,000,000**	**$2,347,000,000**	**$0**

[3] In terms of required appropriations.
[4] Estimated settlement project costs are based on the 2019 611(g) agreement of Title VI of the Claims Resolution Act of 2010. These have increased significantly since 2019, but there is no formal agreement in place to document the current estimated total project cost.
[5] Estimated settlement project costs are based on the Federal and State cost shares as agreed to in the December 12, 2012, Taos Pueblo Water Rights Settlement Agreement.

B. NMOSE Special Appropriations to Support Indian Water Rights Settlements

In the 2024 legislative session, the New Mexico Legislature appropriated $20 million for the NMOSE to spend on Tribal water rights settlements from FY2025 through FY2027. This funding was not appropriated into the IWRS Fund but was instead provided separately to enable the NMOSE to start funding negotiated settlements that were not yet congressionally approved. The legislation appears in the Laws of 2024, Chapter 69, Section 5, Subsection 108, and reads, "[t]o support and fund Indian water rights settlements, for expenditure in fiscal years 2025 through 2027." The NMOSE has allocated approximately $18.2 million out of the 2024 special appropriation into funding agreements with active purchase orders, leaving roughly $1.8 million unallocated. Table 3 is a breakdown of current funding allocated from the 2024 legislative session special appropriation by settlement and project including funded amounts (signed funding agreements with active purchase orders with one exception-see footnote), expended amounts (invoiced project reimbursements), and remaining amounts.

Table 3. 2024 Legislative Session Special Appropriation Funding for Indian Water Right Settlements – Current Spending by Settlement and Project

Settlement and Project	Funded Amount	Expended Amount	Remaining Amount
Taos Pueblo-*Abeyta* Settlement El Prado Water and Sanitation District SAP24-01 – Midway Wells	$ 2,200,000	$ 2,038,102	$ 161,898
Taos Pueblo-*Abeyta* Settlement El Prado Water and Sanitation District SAP24-04 – Upper Ranchitos Mitigation Well B	$ 3,100,000	$ 22,912	$ 3,077,088
Taos Pueblo-*Abeyta* Settlement El Prado Water and Sanitation District SAP24-07 – Midway Wells and Rio Grande Well	$ 2,800,000	$ 500,000	$ 2,300,000
Taos Pueblo-*Abeyta* Settlement Llano Quemado MDWCA SAP24-02 – Mitigation Well D	$ 1,600,000	$ 1,445,227	$ 154,773
Taos Pueblo-*Abeyta* Settlement Llano Quemado MDWCA SAP24-05 – Mitigation Well D	$ 3,200,000	-	$ 3,200,000
Taos Pueblo-*Abeyta* Settlement Acequia del Monte del Rio Chiquito SAP24-03 – Mitigation Well E	$ 3,500,000	$ 2,199	$ 3,497,801
Ohkay Owingeh – *Aragon* Settlement[6] City of Española	$ 1,758,800	-	$ 1,758,800
Totals	**$ 18,158,800**	**$ 4,008,440**	**$ 14,150,360**

In the 2025 legislative session, the New Mexico Legislature appropriated $25 million for NMOSE to spend on Indian water rights settlements from FY2025 through FY2028. This funding was not appropriated into the NMISC's IWRS Fund and could be spent on early funding for non-pueblo projects associated with Indian water rights settlements. Funds appropriated, funds spent, and remaining amounts from this legislative appropriation are shown in Table 4.

[6] The OSE allocated funding to the City of Española to meet some of the State's funding commitment to the City under the Ohkay Owingeh-*Aragon* Settlement. A funding agreement still needs to be drafted.

Table 4. 2025 Legislative Session Special Appropriation Funding for Non-Pueblo Expenses Associated with Indian Water Right Settlements – Current Spending and Projected Spending by Settlement and Project

Settlement and Project	Funded Amount	Expended Amount	Remaining Amount
Zuni Pueblo – *Zuni* Settlement Zuni River Basin and Zuni Salt Lake Monitoring GGI/GZA – Prof. Serv. Agr. - Contract ID: 25162	$ 232,590	$ 232,590	-
Acéquias Norteñas – *Aragon* Settlement Planning and Engineering Studies for Infrastructure & Ditch Improvements, including Storage Impoundments	$ 1,400,000	-	$ 1,400,000
Rio Chama Acéquia Association – *Aragon* Settlement Engineering Studies for diversion structure and ditch improvements, for water and water rights, storage acquisition, and associated administrative costs for technical, legal and auditing needs	$ 2,800,000	-	$ 2,800,000
La Asociación de las Acéquias del Rio Vallecitos, Tusas y Ojo Caliente – *Aragon* Settlement Planning and Engineering Studies for Infrastructure and Ditch Improvements	$ 1,400,000	-	$ 1,400,000
El Rito Ditch Association – *Aragon* Settlement Planning and Engineering Studies for Infrastructure & Ditch Improvements, including Storage Impoundments	$ 1,400,000	-	$ 1,400,000
Association of Community Ditches of Rio San Jose – *Kerr McGee* Settlement Hydrologic Needs Assessment	$ 250,000	-	$ 250,000
Total	**$ 7,482,590**	**$232,590**	**$ 7,250,000**

The NMOSE is in the process of drafting contracts with East Rio Arriba and Upper Chama Soil and Water Conservation Districts to fund $7 million of early funding for the Signatory Acequias of the Ohkay Owingeh Rio Chama Water Rights Settlement Agreement. NMOSE is ensuring that these agreements conform to the Department of Finance and Administration (DFA)'s updated templates and working with the Soil and Water Conservation Districts to craft memorandums of agreement between the districts and the Signatory Acequias. The Signatory Acequias on the Rio Chama and its tributaries are represented by the Acéquias Norteñas de Rio Arriba, the El Rito Ditch Association, the Rio Chama Acéquia Association, and the La Asociación de las Acéquias del Rio Vallecitos, Tusas y Ojo Caliente. These associations will designate projects on behalf of their member acequias where funding will be spent on planning and engineering studies for diversion structure, infrastructure, and ditch improvements; water and water rights; storage acquisition; storage impoundments; and associated administrative costs for technical, legal, and auditing needs. The NMOSE anticipates that these funds will be disbursed from the 2025 special appropriations to the Soil and Water Conservation Districts. NMOSE is also in the process of contracting for a hydrologic needs assessment for acequia communities in the Rio San Jose Stream System. The planned work to be funded under the 2025 special appropriation for non-Pueblo settlement parties is also shown in Table 4.

In the 2026 legislative session, the New Mexico Legislature appropriated $15 million for NMOSE to spend on Indian water rights settlements from FY2026 through FY2029. This funding is currently allocated to be spent on early funding for the Zuni Pueblo Settlement. Early funding includes hydrologic monitoring for the Zuni critical protection area and Zuni Salt Lake. NMOSE and NMISC plan to spend $517,410 from the 2026 legislative appropriation to fund hydrologic monitoring activities for Zuni Pueblo.

II. Funding Status for Indian Water Rights Settlements

A. Funded Indian Water Rights Settlements – NMISC Indian Water Rights Settlement Fund.

The State has fulfilled its cost share obligations under three Indian water rights settlements, each funded by the State legislature through the NMISC IWRS Fund. Each of these settlements is currently in the implementation phase, and the associated water infrastructure projects are underway. Although all three projects are in need of additional funding, the state has met its obligations under the existing agreements and amendments.

1. Navajo Nation San Juan River Basin Water Rights Settlement. *New Mexico ex rel. State Eng'r v. United States, No. 75-184* (11th Jud. Dist., San Juan County, New Mexico).

Status of Settlement

On April 19, 2005, Navajo Nation and the State of New Mexico executed a settlement agreement to resolve the claims of Navajo Nation for use of waters in the San Juan River Basin in northwestern New Mexico. This settlement provides water development projects for the benefit of Navajo Nation and non-Indian communities in the San Juan River Basin. A primary element of the settlement is the Northwestern New Mexico Rural Water Supply Project, commonly known as the Navajo-Gallup Water Supply Project (NGWSP), which is under construction by the Bureau of Reclamation (Reclamation). The NGWSP includes two pipelines that divert water from the San Juan River, each with its own water treatment plant: the Cutter Lateral and the San Juan Lateral. The Cutter Lateral is complete and delivers water to the eastern Navajo Nation and the southwestern portion of the Jicarilla Apache Nation. Reclamation is currently constructing the San Juan Lateral and its water treatment plant. When finished, the NGWSP will provide a long-term, sustainable supply of 31,350 acre-feet per year (AFY) of drinking water to 43 Navajo Chapters in northwestern New Mexico, the City of Gallup, and the southwestern portion of the Jicarilla Apache Nation.

The United States, the Navajo Nation, and the NMISC agreed to extend the NGWSP's completion deadline from December 31, 2024, to December 31, 2029. The additional time is needed to analyze, acquire, and incorporate water storage and intake features from the San Juan Generating Station into the project. These features will provide substantial benefits to the project. Initial water deliveries from the San Juan Lateral are expected in 2028.

Implementation

Reclamation has the overall responsibility for the design and construction of the NGWSP, which consists of two separate laterals, the Cutter Lateral and San Juan Lateral. As explained above, the Cutter Lateral is completed and is operational.

Project Status

Construction of the San Juan Lateral is over 70% complete with work continuing on the San Juan Lateral Water Treatment Plant, one of the primary features of the lateral. Final design work, design data collection, environmental and cultural resources permitting, and right-of-way acquisition continue on those reaches of the NGWSP that are not yet under construction. However, there is a sizeable budget shortfall, in excess of nearly $600 million in federal fiscal year 2026 dollars, and this budget shortfall will need to be rectified to ensure successful completion of the San Juan Lateral. New Mexico's congressional representatives are actively seeking passage of additional funding as described below.

Funding for Navajo-Gallup Water Supply Project

Federal Contribution

The original federal legislation (Omnibus Public Land Management Act of 2009) authorized the appropriation of $870 million to Reclamation to plan, design and build the NGWSP. The Consolidated Appropriations Act, 2026 (P.L. 119-75) raised the NGWSP's authorization to approximately $1.815 billion and capped the City of Gallup's capital contribution at $76 million.

For federal fiscal years 2010 to 2025, Congress appropriated and provided funding for the NGWSP totaling $1.65 billion. For federal fiscal year 2026, the NGWSP received $55 million through the Energy and Water Development appropriations bill and $120 million from the Reclamation Water Settlements Fund, which Reclamation released in March 2026. Total federal funding through federal fiscal year 2026 is approximately $1.815 billion**.**

The Technical Corrections to the Northwestern New Mexico Rural Water Projects Act, Taos Pueblo Indian Water Rights Settlement Act, and Aamodt Litigation Settlement Act (S. 637 / H.R. 4598) would correct a federal interest miscalculation on the settlement trust funds. This Senate bill passed unanimously with amendment on December 11, 2025, and the House Committee on Natural Resources advanced an amended H.R. 4598 on September 15, 2026. The bill doesn't require a state contribution.

State Contribution

On June 27, 2011, the state and the federal government, through the Secretary of the Interior, executed a cost-share agreement for the state's cost-share obligation. On October 13, 2022, Reclamation approved the state's final cost-share credit request for Cutter Lateral phases 2 and 3 of the NGWSP. With this approval, the State of New Mexico's $50 million cost-share obligation towards the project has been fully met and formally recognized by the United States.

Supplemental Funding

The NMISC has executed funding agreements with the City of Gallup to disburse $8 million (part of $30.3 million of ARPA funds approved for water projects statewide) to the city. The New Mexico Legislature appropriated the $8 million to fund construction of new water wells that will help the city with its water supply prior to completion of the San Juan Lateral. The wells have been successfully drilled and tested in accordance with NMOSE specifications. The special appropriation has a remaining balance of $297,072.02 (as of November 1, 2026). The City of Gallup will use the remaining funds and New Mexico Water Trust Board WPF-5959 funding to purchase the electrical equipment for the new water wells project. Supply chain delays have pushed the project's expected completion from the end of October 2026 to the end of May 2027.

2. *Aamodt* Settlement of Pojoaque River Basin Water Rights for the Pueblos of Nambé, Tesuque, Pojoaque, and San Ildefonso. *New Mexico ex rel. State Eng'r v. Aamodt,* 6:66-cv-6639 WJ/WPL (D.N.M.)

Status of Settlement

On May 3, 2006, the State of New Mexico; the Pueblos of Nambé, Tesuque, Pojoaque, and San Ildefonso; the County of Santa Fe; and the City of Santa Fe executed a Settlement Agreement to resolve the claims of the four Pueblos to the use of waters in the Nambé-Pojoaque-Tesuque stream

system ("NPT"), a tributary of the Rio Grande in north central New Mexico, in *State of New Mexico ex rel. State Engineer v. Aamodt*, et al., U.S.D.C. No. 66cv06639 WJ/WPL.

In the Pojoaque Valley, construction of a community water system, known as the Pojoaque Basin Regional Water System (PBRWS), is on-going and is being funded by the United States, the State of New Mexico, Santa Fe County, and the four Pueblos. Santa Fe County will operate the PBRWS for five years following the prove-out period years, and following those five years, the newly formed Pojoaque Basin Regional Water Authority will operate the PBRWS.

Phase 1 of the PBRWS construction is nearly complete. Phase 1 includes construction of the intake facility, the water treatment plant, transmission lines along the NM-502 and NM-503 road corridors, distribution lines, raw water and clearwater tanks, storage tanks, and many other project elements. Design and construction of Phase 1 was budgeted at $357.9 million. As of July 2026, Phase 1 was approximately 81% complete with $288.9 million invoiced and $69 million remaining. As of September 30, 2026, total project expenditure was roughly $376.2 million.

Engineering and construction for Phase 2 of the PBRWS is scheduled to start at the beginning of 2027.

Funding for Pojoaque Basin Regional Water System

Federal Contribution and Project Costs

The 2010 *Aamodt* Litigation Settlement Act (P.L. 111-291) calls for the United States to build the regional water system, except for individual non-Pueblo service connection lines. The portion of the system that will serve the Pueblos will be paid for entirely by the United States, and it will deliver about 2,500 AFY.

A subsequent funding agreement (the 611(g) Agreement), which was signed in September of 2019, provided that the combined funding for the project was $406.3 million and was to be provided as follows:

- $276.8 million by the United States,
- $104.5 million by the state, and
- $38.4 million by Santa Fe County.

In 2025, the *Technical Corrections to the Northwestern New Mexico Rural Water Projects Act*, *Taos Pueblo Indian Water Rights Settlement Act, and Aamodt Litigation Settlement Act* (S. 640/H.R.4598) was passed by the Senate unanimously with amendment. In 2026, the House Committee on Natural Resources unanimously advanced the bill. If it passes Congress and the President signs it, this bill will correct an interest miscalculation by the federal government, and the Pueblos of Nambé, Pojoaque, Tesuque, and San Ildefonso will receive $4,314,709.18 for this settlement. The State does not have a matching contribution for the interest correction contemplated in this Federal bill.

Since the 611(g) Agreement was signed, construction costs have increased substantially for the PBRWS. As provided by the Bureau of Reclamation in *Aamodt* Implementation Work Group meetings, the available budget for the project is $710 million with $314.8 million expended through calendar year 2025. The Bureau of Reclamation is currently working on revised indexing to address

the escalation of costs. They anticipate that the revised indexing will be completed by December of 2026.

Status of State Contribution

As of September 30, 2026, the State has made a total contribution of $98.7 million toward its share of costs for the regional water system under the Cost-Sharing Agreement. The legislature has appropriated all of the remaining funding needed to meet the state's cost-share. The remaining balance in the IWRS for Aamodt is $5,800,000. Of that amount, one more index installment of $1.3 million will be paid to the Bureau of Reclamation for project construction at the end of FY2027, $4 million will be used for the connection fund to connect existing homes to the PBRWS, and $500,000 will be saved for impairment mitigation. The current connection fund will pay for approximately 400 connections to the PBRWS; it is estimated that nearly 1000 connections will be needed to make the PBRWS financially solvent. Therefore, there are discussions amongst the parties on cost contributions to incentivize connects and to possibly provide for assistance to properly close and abandon wells in accordance with the NMOSE regulations on well closure.

3. Taos Pueblo Water Rights Settlement Agreement. *State of New Mexico ex rel. State Engineer v. Abeyta, et al.*, U.S.D.C. No. 69cv07896 MV and 69cv7939 MV, Consolidated.

Status of Settlement

On May 30, 2006, the Pueblo, the State of New Mexico, and Taos-area water-right-owning parties executed a settlement agreement (Taos Pueblo-*Abeyta* Settlement) to resolve the claims of Taos Pueblo in the Rio Pueblo de Taos and Rio Hondo stream systems. The Taos Pueblo-*Abeyta* Settlement Agreement was developed through multi-party negotiations initiated in 1989 between the Taos Pueblo, the State, the Taos Valley Acequia Association (and its 55-member acequias), the Town of Taos, El Prado Water and Sanitation District (EPWSD), and the 12 Taos area mutual domestic water consumer associations. The Taos Pueblo Settlement Agreement settles Taos Pueblo's water rights claims and expedites the final adjudication of non-Pueblo claims to water rights in the ongoing Taos area water rights adjudication suit, *State of New Mexico ex rel. State Engineer v. Abeyta, et al.*, U.S.D.C. No. 69cv07896 MV and 69cv7939 MV, Consolidated.

Funding for Mutual Benefits Projects

Pursuant to the terms of the Taos Pueblo Water Rights Settlement Act, the total cost of the Taos Pueblo-*Abeyta* Settlement is $144 million. Of that amount, $88 million in federal funding has been allocated to the Pueblo Water Development Fund, $48 million ($36 million federal, $12 million State) to fund the Mutual Benefit Projects, $1.15 million has been deposited by the State into a sinking fund for operations, maintenance and replacement for the Mutual Benefits Projects, and $6.9 million has been contributed by the state to the non-Pueblo settlement parties for acquisition of water rights. (Public Law 111-291, Title V of the Claims Resolution Act of 2010). Table 5 shows the funding breakdown for the 2010 Taos Water Rights Settlement Act funding.

Table 5. Breakdown of 2010 Taos Water Rights Settlement Act Funding

Source of Funding	Project / Purpose	Amount
Federal – Taos Pueblo	Infrastructure and Watershed	$ 88,000,000
Federal – Taos Pueblo	Mutual Benefit Projects	$ 36,000,000
State (ISC IWRS Fund)	Mutual Benefit Projects	$ 12,000,000
State (ISC IWRS Fund)	OM&R (Sinking Fund)	$ 1,150,000
State (ISC IWRS Fund)	Water Rights Acquisition	$ 6,900,000
Total		**$ 144,050,000**

Federal Contribution

Since 2012, the federal government has appropriated its contribution of $124 million under the Settlement Act. In 2025, the Senate unanimously passed the *Technical Corrections to the Northwestern New Mexico Rural Water Projects Act, Taos Pueblo Indian Water Rights Settlement Act, and Aamodt Litigation Settlement Act* (S. 640/H.R.4598) with amendment. In 2026, the House Committee on Natural Resources unanimously advanced the bill. If this bill becomes law, it will correct an interest miscalculation by the federal government, and Taos Pueblo will receive $7,794,297.52 for this settlement. The State does not have a matching contribution for the interest correction contemplated in this Federal bill.

State Contribution

The State contributed a total of $20.05 million (not subject to indexing for inflation) to the Taos Pueblo-*Abeyta* Settlement to match the federal funds appropriated in the 2010 Taos Water Rights Settlement Act. State spending was allocated to Taos Pueblo-*Abeyta* Settlement elements as shown in Table 5. Settlement parties first allocated $915,000 through direct appropriations prior to 2011. In 2011, the NMISC allocated $1.4 million. In 2012, the NMISC allocated an additional $5 million to the IWRS Fund. In its 2015 special session, the New Mexico Legislature appropriated $12.7 million to the IWRS Fund, which the NMISC then allocated in July 2015 to the Taos Pueblo-*Abeyta* Settlement. These appropriations, combined with $35,000 allocated to the Settlement from NMISC's operating budget, completed the State's funding obligations under the Taos Pueblo-*Abeyta* Settlement.

Supplemental Funding

The settlement parties, working closely with the federal implementation team and the Department of Interior Secretary's Indian Water Rights Office, have been seeking introduction of federal legislation to amend the Claims Resolution Act of 2010 (Public Law 111-291, Title V of the Claims Resolution Act of 2010) since 2024 to authorize an additional $293 million of federal funding for the Taos Pueblo-*Abeyta* Settlement. The Claims Resolution Act of 2010 needs amendment since inflation greatly increased the project costs of settlement implementation. With a 25% State cost-share for mutual benefit projects, the total estimated additional cost to fund settlement implementation is $336,000,000. Of that amount, $129 million would fund 75 percent of the supplemental costs needed to complete the mutual benefit projects, with the State contributing an additional $43 million as its 25 percent share. Table 6 shows the breakdown of supplemental funding. State supplemental funding shown in the table only includes State funding through special appropriation to the NMOSE.

Table 6. Taos Pueblo – *Abeyta* Supplemental Funding[7]

Source of Funding	Funding Amount	Awarded	Remaining
Federal Groundwater Development Contribution	$ 152,000,000	-	$ 152,000,000
Federal Surface Water-Sharing Contribution	$ 12,000,000	-	$ 12,000,000
Federal Mutual Benefit Project Contribution (75%)	$ 129,000,000	-	$ 129,000,000
State Mutual Benefit Project Contribution (25%)	$ 43,000,000	$ 16,400,000	$ 27,000,000
Total	**$ 336,000,000**	**$ 16,400,000**	**$ 320,000,000**

The 2024 Legislative Session Special Appropriation of $20 million from the NM State Legislature has been used to fund work on the *Abeyta* Settlement mutual benefit projects. The NMOSE entered into funding agreements with El Prado Water & Sanitation District, Llano Quemado Mutual Domestic Consumer Association (now part of El Valle de Los Ranchos Water and Sanitation Authority), and the Acequia del Monte del Rio Chiquito for a total of $16.4 million to support mutual-benefit projects contemplated under the settlement. As shown in Table 6, this will count towards the State's cost-share of supplemental funding requested in the federal amendment.

B. PENDING INDIAN WATER RIGHTS SETTLEMENTS – UNFUNDED

This section presents the funding obligations under the four settlements that have not yet been passed by Congress. The State of New Mexico has agreed to provide some early funding while the legislation is making its way through the federal process. The total amount of state funding obligated under the pending settlements, including the Taos Pueblo-*Abeyta* supplemental funding, is $234,309,000 and the federal obligation is nearly $3.3 billion for Pueblos, Tribes, and Nations to fund water projects and implementation costs. Table 7 shows the state and federal funding breakdown for Indian water right settlements with pending federal legislation. With the exception of the *Technical Corrections to the Northwestern New Mexico Rural Water Projects Act*, *Taos Pueblo Indian Water Rights Settlement Act, and Aamodt Litigation Settlement Act* (S. 640/H.R.4598) bills, which passed the Senate unanimously with amendment, the pending federal Indian water rights settlement legislation shown in Table 7 did not progress much in the 119th Congress.

[7] Supplemental funding amounts estimated by the Settlement Parties in 2023 were rounded in the draft federal legislation to the nearest million dollars. Values presented in this report are consistent with the draft federal legislation.

Table 7. State and Federal Funding Breakdown of Indian Water Rights Settlements with Pending Federal Legislation

Settlement Agreement	Total Funding (State & Fed)	Federal Funding	State Funding	Early State Funding	Status of Congressional Approval
The Pueblos of Jemez and Zia Rio Jemez Water Rights Settlement	**$510,059,000**	**$490,000,000** - Jemez $290 mil - Zia $200 mil	**$20,059,000** - San Ysidro Community Ditch Association $3.4 mil -11 Acequias $16,159,000 - Impairment Fund $500k		**S. 562 –** 2025/03/05 Hearing in Senate Committee on Indian Affairs; ordered to be reported without amendment favorably; **pending Senate floor action** **H.R. 1322** – 2025/02/21 Introduced and referred to the House Natural Resources – Water, Fisheries, & Wildlife Subcommittee
The Pueblos of Acoma Laguna Rio San Jose Stream System Water Rights Settlement	**$886,000,000**	**$850,000,000** - Acoma $311,750,000 - Laguna $493,250,000 - Acomita Fund $45 mil	**$36,000,000** - City of Grants $12.5 mil - Village of Milan $11 mil - RSJ Acequia Assoc $12 mil - Impairment Fund $500k	$250,000 - Acequias (Pending)	**S. 562 –** 2025/03/05 Hearing in Senate Committee on Indian Affairs; ordered to be reported without amendment favorably; **pending Senate floor action** **H.R. 1322** – 2025/02/21 Introduced and referred to the House Natural Resources – Water, Fisheries, & Wildlife Subcommittee
Navajo Nation Rio San Jose Water Rights Settlement Agreement	**$226,271,000**	**$223,271,000**	**$3,000,000** - RSJ Acequias (Bluewater Toltec Irrigation District & Acequia Madre del Ojo del Gallo)		**S. 565 –** 2025/03/05 Hearing in Senate Committee on Indian Affairs. ordered to be reported without amendment favorably; **pending Senate floor action** **H.R. 1324** – 2025/02/13 Introduced and referred to the House Natural Resources – Water, Fisheries, & Wildlife Subcommittee
Settlement Agreement to Quantify Water Rights of the Zuni Indian Tribe, Protect Zuni Salt Lake	**$686,250,000**	**$685,000,000**	**$1,250,000** - Monitoring Critical Protection Areas & Zuni Salt Lake $750k - Impairment Fund $500k	$750,000 - Monitoring	**S. 564** – Reported out of committee on 2026/06/04 and placed on Senate floor calendar; **pending Senate floor action** **H.R. 1444** – 2025/02/18 Introduced and referred to the House Natural Resources – Water, Fisheries, & Wildlife Subcommittee
Ohkay Owingeh Rio Chama Water Rights Settlement	**$876,000,000**	**$745,000,000** - WR Claims - Bosque Takings vs. U.S.	**$131,000,000** - Acequias $98.5 mil - City of Espanola $32 mil - Impairment Fund $500k	$8,758,800 - Rio Chama Acequias & City of Española (Pending)	**S. 563 –** 2026/06/04 Reported out of committee on 2026/06/04 and placed on Senate floor calendar; **pending Senate floor action** **H.R. 1323 –** 2025/02/13 Introduced and referred to the House Natural Resources – Water, Fisheries, & Wildlife Subcommittee
Taos Pueblo Indian Water Rights Settlement Amendments Act	***$336,000,000***	***$293,000,000*** *-$129 mil Mut. Ben. (75%)* *-$152 mil GW Project* *-$12 mil SW Project*	***$43,000,000*** *-Mut. Ben. (25%)*	$16,400,000	**S. 3242 –** 2025/11/20 Introduced & referred to the Senate Committee on Indian Affairs **H.R. 6205 –** 2025/11/20 Introduced & referred to House Natural Resources – Water, Fisheries, & Wildlife Subcommittee
TOTAL	**$3,520,580,000**	**$3,286,271,000**	**$234,309,000**	**$26,158,800**	

Navajo-Gallup Project Amendments Act of 2025 (Navajo & Jicarilla Apache)	**$1,582,000,000** (No State Contribution) -$1.312 billion – NGWSP -$32 million – NN OM&R -$10 million – Jicarilla OM&R	**S. 637** –2025/03/05 Passed Committee on Indian Affairs. Ordered to be reported without amendment favorably **H.R. 1482** – 02/21/2025 Referred to the House Committee on Natural Resources
Technical Corrections to Amend the Claims Resolution Act of 2010 (Nambe, Pojoaque, Tesuque, San Ildefonso; Taos; Navajo)	**$18,466,681.16** (No State Contribution) -Navajo Nation -$6,357,674.46 -Taos Pueblo -$7,794,297.52 -Pojoaque River Basin Pueblos -$4,314,709.18	**S. 640** – 2025/12/11 Passed Senate with an amendment by unanimous consent –2025/12/15 Message on Senate action sent to House. Received in the House. Held at the desk. **H.R. 4598** – 2026/09/15 Passed Committee on Natural Resources. Ordered to be reported in the nature of a substitute by unanimous consent.
Modify Aamodt Litigation Settlement Amendment Act	**No Federal Cost** (No State Contribution)	**S.3573** – 2025/12/18 Introduced and referred to the Senate Committee on Indian Affairs; hearing held on 2026/07/29; committee action pending **H.R. 6869** – 2026/09/10 Introduced and referred to House Natural Resources – Water, Fisheries, & Wildlife Subcommittee

1. Zuni Tribe Water Rights Settlement Agreement – Zuni River Basin Adjudication

Status of Settlement Agreement & Federal Legislation

On May 1, 2023, the Zuni Indian Tribe and the State signed a settlement agreement resolving the claims of the Zuni Tribe in the Zuni River Stream System adjudication. *U.S. v. A&R Production, et al.*, Case No. 6:01-00072-DHYU-JHR, Subproceeding 1—Zuni Indian Claims, Case No. 6:07-cv-00681-DHU-JHR (D.N.M.).

In 2023, the State Engineer established a Critical Protection Area within the Zuni River stream system and Gallup Underground Water Basin and issued an order for closure of the Zuni Salt Lake and Zuni Salt Lake Sanctuary, pursuant to the Settlement Agreement.

In 2025, the Zuni Indian Tribe Water Rights Settlement Act of 2025 (S.564/H.R.1444) was introduced in both the U.S. House and Senate. The Senate Indian Affairs Committee held a hearing and passed S.564 without amendment on March 5, 2025. On June 4, 2026, in the Senate Indian Affairs Committee, Senator Murkowski reported on the bill without amendment with written report No. 119-125. The bill was then placed on the Senate Legislative Calendar under General Orders. On February 18, 2025, the bill was introduced in the House of Representatives and then referred to the House Committee on Natural Resources.

<u>Federal Funding</u>

S.564 and H.R.1444 call for the Zuni Tribe to receive federal funding in the amount of $685 million, which shall be indexed for inflation starting from January 1, 2022.

<u>State Funding</u>

The State agreed to provide a total of $1.5 million to be allocated as follows:

- $750,000 to develop monitoring programs to further assess impacts on spring and stream flows from groundwater development within the Critical Protection Area and to assess impacts to Zuni Salt Lake & Sanctuary areas.
- $500,000 to mitigate impairment to non-Indian groundwater rights for domestic and livestock use as a result of new water use by Zuni Tribe.
    - Mitigation/Impairment Fund to be established and appropriated to an interest-bearing account.
- Funding for two full-time employee FTE positions in the NMOSE for implementation.

The State is currently funding the monitoring program through the $15 million FY2027 to FY2029 NMOSE special appropriation. To date, $232,590 has been expended out of the $750,000 State provision. The remaining funding is $517,410.

2. Pueblos of Acoma and Laguna & Navajo Nation Rio San José Water Rights Settlement Agreement – Rio San José Stream System Adjudication

Status of Settlement Agreement & Federal Legislation

In June of 2022, the Pueblo of Acoma, the Pueblo of Laguna, the State of New Mexico, the City of Grants, the Village of Milan, the Association of Community Ditches of the Rio San José, and nine individual acequias and community ditches signed a settlement agreement resolving the water rights claims of the Pueblos of Acoma and Laguna in the ongoing Rio San José Stream System. In July of 2024, the same parties entered into an agreement with Navajo Nation to resolve its water rights claims in the Rio San José Stream System adjudication. *State of New Mexico ex rel. State Engineer v. Kerr-McGee, et al.*, Nos. D-1333-CV-1983-00190 and D-1333-CV-1983-002200, (consolidated) (13th Jud. Dist. Ct.).

In 2025, federal legislation was introduced in the U.S. House and Senate for both settlements, S.562/H.R.1322 for the Pueblos and S.565/H.R.1324 for Navajo Nation. The Senate Indian Affairs Committee ordered both bills to be reported without amendment on March 5, 2025. In the House of Representatives, the bills were introduced on February 13, 2025, and referred to the House Committee on Natural Resources.

Federal Funding

Bills S.562 and H.R.1322 call for the Pueblos to receive federal funding in the total amount of $850 million, which shall be indexed for inflation starting from October 1, 2021.

Senate Bill 565 and H.R. 1324 call for Navajo Nation to receive federal funding in the total amount of $223,271,000, which shall be indexed for inflation starting from October 1, 2021.

State Funding

The State agreed to provide a total of $39 million for both Rio San José settlement agreements. The NMOSE is working with the Association of Community Ditches of the Rio San Jose to spend $250,000 in settlement early funding for acequia needs.

3. Pueblos of Jemez and Zia Rio Jemez Water Rights Settlement – Rio Jemez River Stream System Adjudication

Status of Settlement Agreement & Federal Legislation

On June 7, 2022, the Pueblo of Jemez, the Pueblo of Zia, the State, the Jemez River Basin Water Users Coalition, and the City of Rio Rancho signed a settlement agreement resolving the water rights claims of the Jemez and Zia Pueblos on the Rio Jemez stream system. *United States of America, et al. v. Abousleman, et al. Civil No. 83-cv-01041* KWR-JHR.

In 2025, the Rio San José and Rio Jemez Water Settlements Act of 2025 was introduced in the U.S. House and Senate (S.562/H.R.1322). The Senate Indian Affairs Committee ordered the bill to be reported without amendment on March 5, 2025. In the House of Representatives, the bill was introduced on February 13, 2025, and referred to the House Committee on Natural Resources.

Federal Funding

Bills S. 562 and H.R. 1322 call for the Pueblos to receive federal funding in the total amount of $490 million, which shall be indexed for inflation starting from October 1, 2021.

State Funding

The State agreed to provide a total of $20,059,000, which will be indexed for inflation from July 1, 2023.

4. Ohkay Owingeh Rio Chama Water Rights Settlement Agreement – Rio Chama Stream System Adjudication

Status of Settlement Agreement & Federal Legislation

On July 31, 2023, the State and Ohkay Owingeh signed a settlement agreement that would settle the water rights claims of Ohkay Owingeh on the Rio Chama within the Rio Chama Stream System adjudication. The settling parties include Ohkay Owingeh, the State, the United States, City of Española ("Española"), and over 80 acequias from the the Asociación de Acéquias Norteñas de Rio Arriba ("Acéquias Norteñas"), Rio de Chama Acéquia Association ("RCAA"), La Asociación de las Acéquias del Rio Vallecitos, Tusas y Ojo Caliente, and El Rito Ditch Association. *New Mexico v. Aragon,* Case No. 69-cv-07941-KWR/KK (U.S. D. Ct. N.M.).

In 2025, the Ohkay Owingeh Rio Chama Water Rights Act of 2025 was introduced in the U.S. House and Senate (S.563/H.R.1323). In addition to the settlement of Ohkay Owingeh's water rights claims, this agreement settles the claims brought against the United States for the taking of the bosque property within the Pueblo Grant on the Rio Chama and Rio Grande as asserted in *Ohkay Owingeh v. United States*, No. 22–1607L (Court of Federal Claims). The Senate Indian Affairs Committee ordered S.563 to be reported without amendment on March 5, 2025. On June 4, 2026, Senator Murkowski reported on the bill without amendment with written report No. 119-124. On the same day, the bill was placed on the Senate Legislative Calendar under General Orders. In the House of Representatives, the bill was introduced and then referred to the House Committee on Natural Resources on February 13, 2025.

Federal Funding

Bills S.563 and H.R.1323 call for Ohkay Owingeh to receive federal funding in the amount of $745 million, which shall be indexed for inflation starting from June 1, 2023.

State Funding

The State agreed to provide a total of $131 million to be indexed for inflation from July 1, 2023. For the Ohkay Owingeh Settlement, the NMOSE and NMISC are currently working with acequia associations and soil and water conservation districts in the Rio Chama Basin to allocate $7 million in early funding to establish a planning and engineering foundation for work that will be completed once congressional funding is available (refer back to Table 4 in Section I.B).

C. INDIAN WATER RIGHTS CLAIMS UNDER NEGOTIATION

1. Pueblo of Santa Clara and Ohkay Owingeh – Rio Santa Cruz/Truchas

New Mexico v. Abbott, Case No. 68-7488 KWR/JHR (Santa Cruz) and Case No. 70-8650 KWR/JHR (Truchas) (N.M. D.Ct., N.M.)

Ohkay Owingeh and the Pueblo of Santa Clara have outstanding water rights claims on the Santa Cruz/Truchas stream system. The State, the Pueblos, Santa Cruz Irrigation District, Española, and other interested parties are actively engaged in negotiations regarding those water rights.

2. Ute Mountain Ute Tribe – San Juan River Basin

Jicarilla Apache Tribe and Navajo Nation, Case No. D-1116-CV-75-184 (11th Judicial District, San Juan County)

NMOSE and NMISC staff are actively engaged in negotiations with representatives from the Ute Mountain Ute Tribe. A federal negotiation team was appointed in 2024. Settlement Parties include the Ute Mountain Ute Tribe (UMUT), State of New Mexico, United States, Upper La Plata Conservancy District, San Juan Water Commission, and the Navajo Nation.

3. Navajo Nation – Zuni River Basin

U.S. and Navajo Nation v. N.M., Case No. 12-cv-1298 MV/JHR, Subproceeding 2 (U.S.D.Ct., N.M.)

The State of New Mexico is engaged in settlement negotiations with the Navajo Nation and the United States. The Navajo Nation was involved in, but not party to, the *Settlement Agreement to Quantify and Protect the Water Rights of the Zuni Indian Tribe in the Zuni River Basin and to Protect the Zuni Salt Lake*. All parties, including Zuni Tribe, are engaged in an ongoing technical study of the Zuni River Basin in furtherance of settling Navajo Nation's water rights claims in the Zuni River Basin adjudication. *U.S. v. N.M. v. A & R Productions*, Case No. 01-cv-00072- DHU/JHR (U.S.D.Ct., N.M.).

4. Six Middle Rio Grande Pueblos – Middle Rio Grande Basin

NMOSE and NMISC staff are actively engaged in discussions with the Six Middle Rio Grande Pueblos (Pueblos of Cochiti, Sandia, Isleta, Santo Domingo/Kewa, San Felipe and Santa Ana) as well as fund representatives from various federal agencies, regarding the upcoming adjudication of the Pueblos' Middle Rio Grande water rights. A federal negotiation team has been appointed to assist in this process. The parties have recently sought to confirm a mediator and enter into a confidentiality agreement to advance discussions.

III. Funding Recommendations

The NMOSE and NMISC, for the fourth consecutive year, are recommending a substantial appropriation of funds for IWRS. Special appropriations serve three purposes. First, it will demonstrate the State's level of commitment as Congress considers authorizing new settlements. Second, a significant appropriation this year will send a strong signal to the settlement parties that the State is serious about implementing the new settlements, which will also allow them to advocate effectively in Congress to spur necessary federal authorization. And third, it will help ensure that New Mexico can fund its obligations on the timetables set forth in the settlements.

The NMOSE/NMISC Infrastructure Capital Improvement Plan for Fiscal Years 2027-2031 notes that, after the special appropriations from the past three years totaling $60 million, the as-yet-unfunded portion of the State obligations for the pending settlements is $189.6 million. The NMOSE and NMISC recommend, subject to the development of the overall executive budget, that the Legislature appropriate $38 million in

capital outlay to support tribal settlements in the 2027 Legislative session. The NMOSE and NMISC will also be requesting extend the period of time for expending the $20 million appropriated from the general fund in Subsection 108, Section 5, Chapter 69, of Laws of 2024 to support and fund Indian water rights settlements through FY2028, and that any unexpected funds remaining at the end of FY2028 shall not revert to the general fund but instead be deposited into the IWRS Fund.