



Strategic Water Reserve

2025 Annual Report

to the New Mexico Senate Conservation Committee, House Agriculture, Acequias and Water Resources Committee, and House Energy, Environment, and Natural Resources Committee

New Mexico Interstate Stream Commission

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Abbreviations

Commission	N.M. Interstate Stream Commission
ESA	Federal Endangered Species Act
Reclamation	U.S. Bureau of Reclamation
Reserve	Strategic Water Reserve
VCP	Vaughan Conservation Pipeline

Executive Summary

In 2005 the New Mexico Legislature passed legislation directing the New Mexico Interstate Stream Commission (Commission) to establish a Strategic Water Reserve to help the state meet critical water management needs. This is the annual report on the Reserve to the legislature for calendar year 2025.

Purposes. Under the Strategic Water Reserve statute (§ 72-14-3.3 NMSA), the Commission may purchase, lease, and receive donations of water, water rights, and storage rights for the Reserve from willing water right owners. The authorized purposes for the acquired water rights are to assist the state in efforts to:

- Comply with interstate river compacts and court decrees;
- Benefit threatened and endangered species or avoid additional listings; and
- Support aquifer recharge or reduce ground water depletion, in order to promote higher stream flows or other environmental benefits (added in 2025).

Statutory Changes. During the 2025 legislative session, the legislature passed S.B. 37, amending the Strategic Water Reserve statute. The legislation added a new purpose and directed the Commission to consider supplementary benefits when setting priorities for new water right acquisitions. S.B. 37 also created a **dedicated Strategic Water Reserve Fund**. Monies in the new fund, up to \$15 million, will not expire or revert to the general fund as has occurred in the past. The legislature did not allocate money in 2025, but if sufficiently funded, this new fund could dramatically enhance the capacity of the Reserve to keep rivers wet and meet compact obligations -- by keeping potential acquisitions in the pipeline, acquiring larger amounts of water, acquiring water in costlier markets, and leveraging more partnerships.

The Interstate Stream Commission currently holds over 25,000 acre-feet of water rights in the Strategic Water Reserve. This water bolsters New Mexico's resilience in the face of a drying climate and diminishing water supply.

Priority Waters. In 2025, the Commission designated the Middle and Lower Rio Grande, the Lower Pecos River and its tributary the Black River, the Canadian River, and the San Juan River as priority river reaches for the acquisition of Reserve water rights. It also designated the Middle and Lower Rio Grande and Lower Pecos groundwater basins as priorities.

Statewide Reserve Holdings. In total, the Commission held water rights permitted for Reserve purposes totaling 25,132 acre-feet per year in the Middle and Lower Rio Grande, Lower Pecos, and San Juan Basins, plus a water right on the Canadian River for up to five cubic feet per second.

In the Middle Rio Grande Basin, the Reserve held leases providing 1,085 acre-feet per year of surface water. In 2025 the Commission used that water for Rio Grande compact compliance and to support efforts to benefit threatened and endangered species (the Rio Grande silvery minnow, southwestern willow flycatcher, and yellow-billed cuckoo). During the year Commission staff were actively pursuing potential purchases to add to the Reserve.

In the Lower Rio Grande Basin, the Commission finalized its first acquisition for the Reserve in 2025 by purchasing a water right for 72 acre-feet per year of shallow groundwater. This acquisition will reduce groundwater depletions, which is key to ensuring compliance with the Rio Grande Compact, including the proposed TX v. NM Original No. 141 settlement.

In the Lower Pecos Basin, the Reserve held approximately 3,975 acre-feet per year of water rights permitted for use at the Vaughan Conservation Pipeline, which delivered groundwater to augment flow in the Pecos River. In its 18th year, the pipeline project benefits the threatened Pecos bluntnose shiner and also protects existing water users. The Commission held additional water rights in the Reserve that supported tributary systems. All Reserve rights were used both for species support and Pecos River Compact compliance.

On the Canadian River, the Commission held a permit for up to five cubic feet per second of non-consumptive instream use below Ute Dam to support threatened and endangered fish species, in particular the Arkansas River shiner. In 2025, Commission staff worked with contractors to design plans to modify the dam outlet works to allow for low-flow releases.

On the San Juan River, 2025 marked the third year of the Jicarilla Apache Nation lease, an historic agreement among the Nation, the Commission, and The Nature Conservancy for 20,000 acre-feet of water per year. The water is released from Navajo Reservoir into the San Juan River. In 2025 the releases took place in late July / early August and in November. In addition to benefiting threatened and endangered fish species (the Colorado pikeminnow and razorback sucker), the releases supported interstate water management decisions in the Colorado River Basin. In 2025 the lease project received funding from legislative appropriations, The Nature Conservancy, the New Mexico Office of the Natural Resources Trustee, and the National Fish and Wildlife Foundation.

Financial Outlook. From 2005 to 2025, the Commission received \$17.3 million in legislative appropriations for the Reserve. Of this amount the Commission was unable to use \$4.3 million because the appropriation expired or the legislature transferred the funds. Federal, state, and private sources stretched the available dollars by covering the cost of certain leases, infrastructure, operations, maintenance, and related activities. At the end of 2025, the remaining balance from appropriations to the Reserve totaled approximately \$4.6 million, an amount that Commission staff anticipate will be depleted by existing leases and new acquisitions currently under active negotiation in the Middle Rio Grande and San Juan Basins. The new Strategic Water Reserve Fund holds great potential to remedy financial challenges that have plagued the Reserve over the years and bolster its overall effectiveness.



1.0 Introduction

In 2005 the New Mexico Legislature passed legislation directing the New Mexico Interstate Stream Commission (Commission) to establish a Strategic Water Reserve by acquiring water rights from willing water right owners. The legislation passed by wide margins and became the Strategic Water Reserve statute (§ 72-14-3.3 NMSA). Supporters envisioned that the Reserve would help New Mexico meet interstate compact obligations and provide water for threatened and endangered species. It would also protect existing water users and their water rights and avoid expensive litigation.

During the intervening 20 years, the Commission has set priorities and acquired water rights for the Reserve in the Pecos, Canadian, San Juan, and Rio Grande basins. This report serves as the annual report to the legislature for calendar year 2025 as required by the statute (§72-14-3.3(J) NMSA), but it also tells the fuller story of what the Reserve has accomplished over the 20 years since its creation.

2.0 Strategic Water Reserve Statute and Amendments

The Strategic Water Reserve statute authorizes the Commission to purchase, lease, and receive donations of water, water rights, and storage rights to be used for the following specific purposes:

- To assist the state in complying with interstate stream compacts and court decrees;
- To assist the state and water users in water management efforts for the benefit of threatened or endangered species or in a program intended to avoid additional listings of species; or
- To assist the state or water users with water management and water conservation efforts designed to support aquifer recharge or reduce ground water depletion, in order to promote stream flow or other environmental benefits (added in 2025).

The statute sets forth requirements and limitations for the acquisition of water rights for the Reserve. Key among these are the following:

- The Commission is to develop river reach and groundwater basin priorities for the acquisition of water rights.
- To be acquired, water rights must have sufficient seniority and consistent, historic beneficial use to effectively contribute to the purposes of the Reserve.
- The Commission may buy or lease water rights only from willing parties (not by condemnation) and may not pay more than the appraised market value.
- The Commission may not acquire water rights owned by an acequia or community ditch.
- Use of water or water rights in the Reserve may not increase total water consumption (net depletions) in any basin.
- Water must remain in its original river reach or groundwater basin.
- State Engineer permit transfer procedures must be followed.

The legislature amended the statute for the first time since 2007 during the 2025 legislative session. Governor Michelle Lujan Grisham signed S.B. 37 into law on April 7, 2025. The revised statute:

1. Adds a new purpose: “assist the state or water users with water management and water conservation efforts designed to support aquifer recharge or reduce ground water depletion, in order to promote stream flow or other environmental benefits.” However, surface water leased or purchased for this purpose “shall not be converted to ground water via any methods other than natural, passive infiltration through the streambed.”
2. Requires the Interstate Stream Commission to “consider potential supplementary benefits, such as supporting traditional and cultural practices, habitat improvement or recreational opportunities”, when establishing priorities for acquiring water rights for the Reserve. The Commission may prioritize transactions that provide a supplementary benefit.
3. Creates a Strategic Water Reserve Fund that can receive appropriations, grants, donations, and income from investments of the fund to be administered by the Commission for the purposes of the Reserve (§ 72-14-46 NMSA). No more than 25% of expenditures over a five-year period may be used for the new purpose of aquifer recharge or groundwater depletion reduction. Any remaining balance at the end of a fiscal year, up to \$15 million, remains in the fund instead of reverting to the general fund.

The new purpose and new considerations for setting priorities broaden the scope of the statute beyond its original purposes of meeting interstate compact obligations and supporting threatened and endangered species. Now the Reserve can support environmental benefits that are not directly tied to specific at-risk species, and the Commission must weigh whether an acquisition supports other supplementary benefits. These changes signal that New Mexicans increasingly value water in rivers and understand that it can provide multiple benefits simultaneously.



Creation of the non-reverting Strategic Water Reserve Fund will remove obstacles that have hindered past efforts to acquire rights for the Reserve. As discussed in Section 5.2, the Commission has lost opportunities to complete water right acquisitions because of insufficient or insecure funding. The legislature did not approve an appropriation in 2025, but when funding is allocated, this new fund could dramatically enhance the capacity of the Reserve to keep rivers wet and meet compact obligations – by keeping potential acquisitions in the pipeline, acquiring larger amounts of water, acquiring water in costlier markets, and leveraging more partnerships.

The Strategic Water Reserve statute is attached as Appendix 1.

3.0 Priority Waters

The statute requires the Commission to determine river reach or groundwater basin priorities for acquisitions for the Reserve in consultation with the State Engineer, the New Mexico Department of Justice, and New Mexico’s interstate stream compact commissioners. The Commission’s first priorities, designated in 2006, were the Lower Pecos River, the Middle Rio Grande, and the Canadian River below Ute Reservoir. Additional waters were added over the years, including the Lower Rio Grande in some years, certain groundwater basins beginning in 2017, and the San Juan River beginning in 2020. The Lower Rio Grande – both the river and the groundwater basin – were designated in 2024. Appendix 2 presents the priority designations year-by-year since 2006.

In 2025, the Commission chose to re-designate the 2024 priorities. These are listed in Table 1.

The 2025 designations recognized the essential role of the Reserve in meeting the requirements of the federal Endangered Species Act (ESA) in the Middle Rio Grande, the Lower Pecos River, the Black River, the Canadian River below Ute Reservoir, and the San Juan River. The Reserve assisted the State in meeting its obligations under the Rio Grande Compact and the Pecos River Compact. The San Juan River designation provided opportunities for New Mexico to support threatened and endangered fish and to also support interstate water management decisions in the wider Colorado River Basin.

Table 1. 2025 Strategic Water Reserve Priorities

2025 Strategic Water Reserve Priorities	Priority River Reaches:
	• Middle Rio Grande • Lower Rio Grande (below Elephant Butte Reservoir) • Lower Pecos River (below Sumner Reservoir), including its tributary the Black River • Canadian River • San Juan River
	Priority Groundwater Basins:
	• Middle Rio Grande Basin • Lower Rio Grande Basin • Lower Pecos River Basin (which includes the Black River)

4.0 Reserve Holdings and Accomplishments

4.1 Statewide Perspective

In 2025 the Commission held water rights permitted for Strategic Water Reserve purposes in the Middle and Lower Rio Grande, Lower Pecos, and San Juan Basins totaling 25,132 acre-feet per year, plus a water right on the Canadian River for up to five cubic feet per second. These rights are tallied in Table 2 and described basin-by-basin in the following sections of this report. A more detailed inventory is attached as Appendix 3.¹

Table 2. Tally of Water Rights Permitted for Strategic Water Reserve Purposes

River Basin	Leased	Owned	Surface Water	Groundwater	Amount of Water
Middle Rio Grande	✓		✓	✓	1,084.81 af/yr
Lower Rio Grande		✓		✓	72.19 af/yr
San Juan River	✓		✓		20,000 af/yr
Lower Pecos River	✓	✓		✓	3,975.41 af/yr
Canadian River		✓	✓		5.0 cfs

Abbreviations: “af/yr” means acre-feet per year, “cfs” means cubic feet per second.

4.2 Middle Rio Grande Basin

The Middle Rio Grande (from the Otowi Gage on San Ildefonso Pueblo to Elephant Butte Dam) has been a priority river reach each year since the enactment of the Strategic Water Reserve statute. In 2025 the Commission used water rights in the Reserve both to benefit endangered species and to assist with Rio Grande Compact administration.

In the Middle Rio Grande, water rights from the Reserve are first provided for offsetting depletions, or the loss of water through increased evapotranspiration, resulting from specific habitat projects that benefit the endangered² Rio Grande silvery minnow (*Hybognathus amarus*, *silvery minnow*), the endangered southwestern willow flycatcher (*Empidonax traillii extimus*) and the threatened yellow-billed cuckoo (*Coccyzus americanus*). These species were listed under the ESA in part due to loss of habitat and, therefore, the habitat restoration projects in the Middle Rio Grande were implemented to meet requirements of the U.S. Fish and Wildlife Service’s Biological Opinions³ related to this listing criterion.

¹ The Commission owns additional water rights that are not in the Reserve. In particular, the Commission owns and manages surface and groundwater rights in the Pecos Basin that it acquired to meet interstate obligations.

² Species may be listed as threatened or endangered under both the federal ESA and New Mexico Wildlife Conservation Act (§§ 17-2-37 through 17-2-46 NMSA 1978) but the lists are not identical. The status of a species in this report refers to listings under the federal ESA, unless otherwise noted.

³ The first biological opinion relevant to the Reserve was published in 2003. The more recent and still current biological opinion has the following citation: U.S. Fish and Wildlife Service. 2016. *Final Biological and Conference Opinion for Bureau of Reclamation, Bureau of Indian Affairs, and Non-Federal Water Management and Maintenance Activities on the Middle Rio Grande, New Mexico*. Consultation Number 02ENNM00-2013-F-0033.

The use of Reserve water rights in this way allows habitat restoration projects to move forward without affecting other water rights or Rio Grande Compact obligations.

The amount of Reserve rights needed for these projects varies every year depending on the hydrologic conditions, such as the magnitude and duration of flows in the Middle Rio Grande from snowmelt runoff and monsoon flows. The amount of Reserve water needed for offsets in any given year may also increase with the addition of new habitat restoration projects or conversely decrease due to geomorphic changes in some projects, such as sedimentation.

Secondly, water rights in the Reserve are used to supply water to augment flows during periods when there are insufficient river flows to support the silvery minnow. Reserve rights are also routinely used to assist in Rio Grande Compact deliveries to Elephant Butte Reservoir.

Spring runoff flows through the Middle Rio Grande in 2025 were very low. Inundation of habitat restoration projects was extremely limited and primarily occurred during summer and fall months. Thus, a smaller amount of the Reserve water rights was needed to offset depletions due to habitat restoration projects. The remaining Reserve rights were used for compact compliance and for river augmentation to provide critical habitat for listed species.

In 2025 the Reserve held approximately 1,085 acre-feet per year of consumptive water rights in the Middle Rio Grande under three lease agreements. During the year Commission staff were actively pursuing potential purchases to add to the Reserve. The current lease agreements, and the specific uses of the leased water rights in 2025, are summarized below.

New Mexico General Services Department Lease

Under an agreement signed in 2006 and extended in 2016, the Commission leases 23.87 acre-feet per year of consumptive use groundwater rights from the New Mexico General Services Department for the Reserve (Atrisco water rights). In 2025 the Commission used the Atrisco water rights primarily to assist the State's compliance with the Rio Grande Compact and to benefit endangered species. The Commission used 0.32 acre-feet to offset surface water evaporation at the Atrisco Habitat Restoration Project. The Commission applied the remaining 23.55 acre-feet per year of the Atrisco water rights towards compliance with the Rio Grande Compact.



Southwestern willow flycatcher.
Photo: USFWS.

Village of Los Lunas Lease

The Commission leases 921.328 acre-feet per year of consumptive use pre-1907 Rio Grande surface water rights from the Village of Los Lunas. The first lease agreement in 2011 was for 10 years. For 2022 and 2023 the Commission entered into one-year leases because the Village of Los Lunas was unsure how much longer it would have excess water rights available but then agreed to a new five-year lease for calendar years 2024 through 2028. In 2025, the Commission used 1.37 acre-feet to offset depletions to the river from habitat restoration projects and applied 919.96 acre-feet to assist the State in complying with the Rio Grande Compact.

U.S. Bureau of Reclamation-Town of Bernalillo Lease

The Commission and the U.S. Bureau of Reclamation (Reclamation) lease 139.61 acre-feet of consumptive use pre-1907 surface water rights from the Town of Bernalillo under an agreement signed in November 2017. Reclamation pays the cost of the lease directly to the Town. The specific use and location of the Reserve water is determined each year depending on priorities. In 2025, Reclamation augmented flows in the river with releases at irrigation outfalls below the Isleta Diversion Dam at times when Rio Grande flows were insufficient to sustain the silvery minnow. The 139.61 acre-feet were used for flow augmentation to strategic outfalls as refugial areas for silvery minnow.



Los Chaves Outfall along the Rio Grande provides refugial habitat for silvery minnow during drought and river drying. Photo by Quantina Martine.

4.3 Lower Rio Grande Basin

The Lower Rio Grande (below Elephant Butte Reservoir) was designated a priority river reach for six of the years between 2008 and 2016, but efforts to acquire water rights for the Reserve during that time were unsuccessful. Recognizing the potential of the Reserve to support resolution of disputes being litigated in *Texas v. New Mexico* in the U.S. Supreme Court, the Commission again designated the lower river as a priority river reach and also the Lower Rio Grande Basin as a priority groundwater basin in 2024 and 2025. The Commission finalized its first acquisition for the Reserve in 2025.⁴

⁴ In its 2024 Legislative Report, the Commission reported an additional purchase agreement, but that transaction did not reach completion.

Summer Winds Associates MHP LLC Water Rights Purchase

In December 2024 the Commission entered into an agreement with Summer Winds Associates MHP LLC for its first acquisition in the Lower Rio Grande - the purchase of 72.19 acre-feet per year of shallow groundwater in the Lower Rio Grande Underground Water Basin. The Office of the State Engineer approved changing the purpose of the water right to Strategic Water Reserve purposes in April 2025. This acquisition will reduce groundwater depletions, which is key to ensuring compliance with the Rio Grande Compact, including the proposed TX v. NM Original No. 141 settlement. The Commission used the 2023 Lower Rio Grande Capital Appropriation for this purchase instead of funds specifically designated for the Reserve.

4.4 Lower Pecos Basin

The Lower Pecos River (below Sumner Reservoir) has been a priority river reach almost every year since the creation of the Reserve. In 2025, the Commission used water rights from the Reserve to benefit a threatened species and to assist the State in complying with the Pecos River Compact.

Since 2008 the Commission has actively used water rights from the Reserve to increase flows in the river for the benefit of the Pecos bluntnose shiner (*Notropis simus pecosensis*), which is listed as threatened under the ESA and as endangered under the State's Wildlife Conservation Act. The Reserve has played an essential role in helping to meet the minimum flow requirements identified in the Biological Opinion for the shiner.⁵ Flow augmentation in the Pecos River provided by Reserve rights also supports compliance with the Pecos River Compact, which requires New Mexico to deliver a certain volume of water to Texas.

In the Lower Pecos Basin in 2025, the Reserve held approximately 3,975 consumptive acre-feet per year of water rights permitted for use at the Vaughan Conservation Pipeline project plus additional rights totaling 1,372 acre-feet that support tributary systems. The portfolio of Reserve rights included purchased, leased, donated, and assigned water rights, as described in detail below.

4.4.1 Vaughan Conservation Pipeline (VCP)

In 2025, the Commission completed its 18th year of operation of the VCP project. The purpose of the pipeline project is to augment Lower Pecos River flows both to benefit the Pecos bluntnose shiner and to protect existing water users by keeping the Carlsbad Project in compliance with the ESA. The Commission operates the project in collaboration with Reclamation under contracts signed in 2007 and 2015. The Commission pumps groundwater from a network of 11 wells and delivers it directly to the Lower Pecos River, at a location just above a critical habitat reach for the shiner. Reclamation directs the timing and quantity of the deliveries, pays for the water, and reimburses the Commission for operation and maintenance expenses. The Commission is also receiving reimbursement over the term of the 25-year 2007 contract for its capital expenditures to acquire the initial groundwater rights for the project and complete necessary construction on the pipeline and wellfield.

⁵ U.S. Fish and Wildlife Service. 2017. *Final Biological Opinion for the Carlsbad Project Water Operations and Water Supply Conservation, 2016-2026*. Consultation No. 02#NNM00-2016-F-0506.

In 2024, the Commission drilled a new well at the VCP. Work to connect the well to the wellfield pipeline network is scheduled for completion by July 2026.

In 2025 the Commission augmented river flows as requested by Reclamation during two periods (January 13 – April 28 and May 13 – September 3), delivering a total of approximately 3,256 acre-feet of water to the Pecos River via the VCP. Reclamation will compensate the Commission in the amount of \$952,066. Since it began operating in 2008, the VCP has conveyed a total of 28,882 acre-feet to the river.

The Reserve water rights held by the Commission that support the VCP are described below.



Water delivered by the Vaughan Conservation Pipeline enters the Pecos River on the right. Photo: Commission staff.

Vaughan and Cibola Ranch Purchases

The Commission owns 1,649.23 consumptive acre-feet per year of groundwater rights in the Pecos groundwater basin. The original four purchase agreements in 2006 and 2007 totaled 1,582.992 consumptive acre-feet per year and included 1,099.3 acres of land along with certain wells and pipeline infrastructure that were rehabilitated to become part of the VCP project. In 2013 the Commission sold most of the land (not water rights) back to the original owner, retaining a few acres for the wellfield. In 2016 the Commission completed an additional purchase of 66.24 consumptive acre-feet per year. These purchased rights are permitted for Pecos River flow augmentation and pumped as requested by Reclamation for the VCP under the 25-year contract signed in 2007. In 2025, Reclamation used the full volume.

VP Bar (Fort Sumner) Lease

Under a 25-year agreement signed in 2015 with VP Bar LLC, the Commission leases water rights totaling 2,326.18 consumptive acre-feet per year for the Reserve. The Commission and Reclamation entered into a second contract the same year under which the Commission can deliver the consumptive portion of

the leased water to the Pecos River via the VCP to benefit the shiner. Reclamation pays for the full volume of water, even if it is not needed for the VCP in any given year, plus other costs associated with this lease. In 2025, the Commission delivered approximately 1,607 acre-feet of water to the river for augmentation purposes under these rights.

4.4.2 Pecos Tributary System Rights

The Commission also holds the following water rights to support Reserve purposes in the Lower Pecos Basin. These were acquired at no cost to the Commission.

Bureau of Land Management Assignment

Under an Assignment of Water Rights agreement executed on October 12, 2016, the U.S. Bureau of Land Management assigned the use of water rights for the diversion of 709.93 acre-feet per year to the Commission to place into the Reserve. The water rights are on the Rio Bonito, which is a tributary to the Rio Hondo, which in turn is a tributary to the Lower Pecos River. These water rights increase flows in the tributary system, and thus benefit threatened or endangered species and assist the State in compact compliance.

Assignment from Thomas and Sadie Mann

On August 3, 2023, the Commission renewed a Water Rights Assignment agreement with Thomas and Sadie Mann, by which the Manns assigned the use of 41.21 acre-feet per year of water rights to the Commission to place into the Reserve. Like the BLM water rights, these water rights are on the Rio Bonito, increasing flows in the tributary system to benefit threatened or endangered species and assist the State in compact compliance.

Donation from the Village of Ruidoso

In 2020, the Commission accepted a donation from the Village of Ruidoso of 620.87 acre-feet per year of groundwater rights for placement into the Reserve. The rights were associated with the Village's North Fork Eagle Creek well field and are hydrologically connected to the Rio Hondo, a tributary to the Lower Pecos River. The donation stems from the Village's commitment under a 2011 Memorandum of Agreement with other water users on the Rio Hondo to transfer or retire a portion of the Village's water rights. These water rights increase flows in the tributary system, and thus benefit threatened or endangered species and assist the State in compact compliance.

4.4.3 Carlsbad Project Supplemental Water Pool in Santa Rosa Reservoir

In 2013 the U.S. Army Corps of Engineers designated 30,000 acre-feet of Santa Rosa Reservoir storage for the establishment of a Carlsbad Project Supplemental Water Pool. This pool will support Carlsbad Project ESA compliance by storing water for the Pecos bluntnose shiner during periods of drought, without infringing on existing irrigation storage for the Carlsbad Project. Water released for the shiner will ultimately also be used for irrigation purposes downstream. Reclamation has been working on an Environmental Assessment of the storage pool under the National Environmental Policy Act. Once this storage pool is established and a state storage permit is in place, water rights will need to be acquired to

fill the pool and could be placed in the Reserve at that time. In 2025, Commission staff continued to assist Reclamation with the effort to establish the pool.

4.5 Black River Basin

The Black River is a tributary to the Lower Pecos River in southeastern New Mexico. It was first specifically designated as a priority reach in 2017, and its groundwater basin has been a priority since 2018. The Black River contributes approximately 20 percent of the flow at the Pecos River at Red Bluff gage, New Mexico's principal delivery point for the Pecos River Compact. In 2018, the U.S. Fish & Wildlife Service listed the Texas hornshell (*Popenaias popeii*), a freshwater mussel with habitat in the Black River, as endangered under the ESA. The Commission has not yet been able to acquire water rights on the Black River but hopes to do so in the future to support both compact deliveries and ESA compliance.



The Canadian River downstream of Ute Dam, where the Reserve protects minimum flows to support the Arkansas River shiner. Photo: Commission staff.

4.6 Canadian River Basin

The Canadian River Basin was first designated as a priority reach for the Reserve in 2011 so that the State could more readily comply with ESA obligations along the Canadian River. New Mexico is participating in collaborative efforts to benefit the threatened Arkansas river shiner (*Notropis girardi*) and the endangered peppered chub (*Macrhybopsis tetranema*). New Mexico's obligation under the Canadian River Compact is to store no more than 200,000 acre-feet of water in Ute Reservoir; the Reserve is not needed for compact compliance purposes.

Minimum Flow below Ute Dam

The Commission filed for an appropriation in 2012. In 2018, after protests were resolved, the Commission obtained a permit from the Office of the State Engineer to appropriate a minimum flow of water (up to five cubic feet per second) on the Canadian River below Ute Dam for non-consumptive instream use for the benefit of threatened or endangered species or in a program intended to avoid additional listings. As in previous years, in 2025 the Commission used this permit to support

minimum flows as measured at the USGS Canadian River at Logan gaging station, to benefit the Arkansas River shiner, which is listed as threatened under the ESA and as endangered under the State's Wildlife Conservation Act. The flows help meet the State's obligations under the 2005 Arkansas River Shiner Management Plan (Management Plan), which was adopted to meet the requirements of the ESA. The

Management Plan was developed to promote a healthy, self-sustaining population for the shiner by preserving habitat along the stretch of the Canadian River east (downstream) of Ute Dam. The Commission is the primary State agency charged with administering New Mexico's commitments under the Management Plan.

Flows downstream of Ute Dam result from seepage under the dam, downstream tributary inflows, or baseflow from groundwater, rather than by intentional release from the dam. However, Commission staff are currently working with contractors to design plans to modify the dam outlet works to allow for low-flow releases. 100% design and approval by the OSE Dam Safety Bureau is anticipated in early 2026 with an Invitation to Bid to follow.

4.7 San Juan River Basin

The Commission added the San Juan River as a priority river reach for the Reserve beginning in 2020. In 2025 the Reserve held one lease for 20,000 acre-feet annually which the Commission used to benefit the endangered Colorado pikeminnow (*Ptychocheilus lucius*) and threatened razorback sucker (*Xyrauchen texanus*) and to support interstate water management decisions. During the year Commission staff were actively pursuing additional acquisitions. Two interstate compacts apply to the San Juan River: the 1922 Colorado River Basin Compact and the 1948 Upper Colorado River Basin Compact. The specifics of the currently held lease are described below.

Jicarilla Apache Nation Lease

In 2022, the Commission together with The Nature Conservancy signed a 10-year agreement to lease up to 20,000 acre-feet of water annually from the Jicarilla Apache Nation. The agreement is the first of its

The Jicarilla Apache Nation Lease is a first-of-its kind agreement among a tribal nation, a state agency, and a non-profit organization. It is providing 20,000 acre-feet of water per year to augment flow in the San Juan River.

kind between a tribal nation, a state agency, and a non-profit organization. The Office of the State Engineer approved a temporary change to the water right in November 2022, establishing the new purpose of use as the Strategic Water Reserve and the new place of use as the San Juan River from Navajo Dam to the state line.

The lease partners coordinate each year on when and how to release the water stored in Navajo Reservoir for the benefit of the Colorado pikeminnow and razorback sucker. The lease partners also consult with the San Juan River Basin Recovery Implementation Program Office, and coordinate closely



Navajo Dam showing the release of 4,000 cfs under the Jicarilla Apache Nation lease in 2023. Photo: U.S. Bureau of Reclamation.

with Reclamation, which operates Navajo Dam, on the timing and practical aspects of the releases. The objectives vary depending on the year, and monitoring is conducted to study the impacts of the releases on physical habitat and biological indicators. These data inform future releases in a feedback cycle of adaptive management. In addition to providing ecological benefits, the releases can be used to provide flexibility for making interstate water management decisions in the Upper Colorado River basin.

In 2025, the first release took place July 26 to August 8, 2025. It was intended to increase summer baseflow in the river. Flow in the river was increased by over 750 cubic feet per second on the maximum day, with a total release volume of 10,161 acre-feet. The second release occurred after the irrigation season for a similar length of time, from November 7 to 22, 2025, with a total release volume of 9,947 acre-feet. Its purpose was to support the late fall / early winter base flow in the river. It is noteworthy that the 2025 releases are also New Mexico's Qualifying Activities under a Provisional Accounting Memorandum of Understanding between Reclamation and the Upper Colorado River Commission, to which New Mexico is a party. Under this MOU, among other things, a robust accounting is conducted for the Jicarilla Apache Nation releases between Navajo Reservoir and Lake Powell.

Funding for this lease comes from diverse sources. In addition to appropriations in 2022 and 2023 from the Legislature, which have been the main funding sources, the Commission secured \$1.803 million from the New Mexico Office of the Natural Resources Trustee and approximately \$4 million from the National Fish and Wildlife Foundation's America the Beautiful Challenge Grant towards implementation of the lease agreement. These additional funding sources also support the monitoring program as well as outreach activities. The Nature Conservancy also supports the lease implementation programmatically and financially.

In November 2025, the Jicarilla Apache Nation received High Honors from Harvard University as part of the Honoring Nations Program, which rewards outstanding excellence in tribal self-governance. The award recognized the 10-year water lease on the San Juan River as “enhancing water security for the state, providing ecological benefits for the San Juan River, and affirming Jicarilla Apache’s inherent rights over its natural resources.” High Honors went to only three recipients in an award cycle that received over 100 applications from 76 tribal nations and seven tribal consortia.⁶

5.0 Financial Outlook

5.1 Revenue and Expenditures

Since 2005, the Commission has received \$17.3 million in legislative appropriations for the Reserve. Federal, state, and private sources have stretched these dollars by covering the cost of certain leases, infrastructure, operations, maintenance, and related activities.

Funding instability over the years has frustrated efforts to acquire and manage water rights for the Reserve. Legislative support through appropriations was strong in the early years but then waned. Some appropriations expired within timeframes that were too short for evaluating, negotiating, and completing water right transactions, so funding reverted back to the general fund. In some cases, the legislature reallocated appropriations to other purposes. In total, \$4.3 million of the appropriated funds could not be used because the appropriation expired or the Legislature transferred the funds (see Table 3). As a result, the Commission lost several opportunities to carry through with parties who were offering their water rights for purchase or lease. The situation also created an atmosphere of uncertainty for staff and offerors alike.

Table 3. Strategic Water Reserve Appropriations and Expenditures (as of December 31, 2025)

Year of Appropriation	Appropriated	Expended	Reverted or Transferred	Balance
2005	\$2,800,000	\$2,182,075	\$617,925	\$0
2006	\$2,000,000	\$1,065,438	\$934,562	\$0
2007	\$500,000	\$0	\$500,000	\$0
2014	\$2,000,000	\$140,988	\$1,859,012	\$0
2019	\$242,000	\$195,371	\$46,629	\$0
2020	\$750,535	\$425,700	\$324,835	\$0
2022	\$500,000	\$500,000	\$0	\$0
2023	\$7,500,000	\$3,921,657	\$0	\$3,578,343
2024	\$1,000,000	\$0	\$0	\$1,000,000
TOTALS	\$17,292,535	\$8,431,230	\$4,282,962	\$4,578,343

⁶ <https://ash.harvard.edu/articles/the-harvard-project-announces-2025-honoring-nations-award-winners/>

Insufficient funding has also limited aspirations for the Reserve. The value of water rights varies across the state but nowhere are they attainable with meager funds. The Commission has adapted to the funding situation by relying on leases where those can be effective and by focusing on the most strategic acquisitions. In a few cases, it was appropriate to use funding from other appropriations to support the Reserve, e.g., the recent acquisition in the Lower Rio Grande (see Section 4.3).

Beginning in 2019, legislative appropriations became more regular and larger in amount. This facilitated the Jicarilla Apache Nation lease as well as the ability to pursue water right purchases in the Middle Rio Grande. Neither of these would have been feasible under previous funding levels. Commission staff anticipate that existing leases and ongoing active negotiations in the Middle Rio Grande and San Juan Basins will deplete the remaining balance (\$4,578,343) from the 2023 and 2024 appropriations.

The Commission has also relied on income from leases and grants. Under the two Vaughn Conservation Pipeline contracts in the Pecos River Basin (see Section 4.4), the Commission received \$9,842,564 from Reclamation for the period 2008 through 2024. Most of that revenue has reimbursed expenses for operating the pipeline project, but it has also supported other expenses, including leases in the Middle Rio Grande. The Jicarilla Apache Nation Lease project on the San Juan River (see Section 4.7) has been partially funded by other parties. To date, contributions for the leased water have come from The Nature Conservancy (\$1,696,275) and the Office of the Natural Resources Trustee (\$1,718,000).

5.2 The Strategic Water Reserve Fund

The creation of the Strategic Water Reserve Fund in statute during the 2025 legislative session addressed two persistent financial challenges. Monies in the new fund, up to \$15 million, are non-reverting. This will prevent allocated funding from expiring while water right acquisitions, which can take several years to complete, are in progress. An associated benefit is the capability to create a pipeline of potential acquisitions. Secondly, the \$15 million cap is generous enough to truly bolster the effectiveness of the Reserve by allowing for more and/or larger acquisitions. The Legislature did not allocate money for the new fund in 2025.

6.0 Looking Ahead

In 2026 Commission staff expect to work on implementing the new provisions of the statute, which include a new purpose and new expectations on priority setting. To the extent that additional funding is available, new acquisitions will be pursued in priority waters.

A tool unique to New Mexico, the Strategic Water Reserve has demonstrated itself to be versatile and effective in addressing some of the thorniest challenges of water management in this arid state. In 2026 and beyond, the Commission will continue to rely on the Reserve to attract partners and win-win opportunities to keep the state's rivers alive, protect those who depend upon and cherish those waters, and meet interstate obligations.

Appendix 1

Strategic Water Reserve Statute

72-14-3.3. Interstate stream commission; additional powers; strategic water reserve.

A. The interstate stream commission shall establish a strategic water reserve and may purchase or lease from willing sellers or lessors or receive through donation surface water or water rights or storage rights to compose the reserve. The commission may also purchase or lease from willing sellers or lessors or receive by donation underground water or water rights for the strategic water reserve for cessation of pumping or limited short-term stream augmentation. At no time shall the use of water or water rights held by the strategic water reserve result in an increase in net depletions in any basin. The commission shall pay no more than the appraised market value to purchase or lease water or water rights and storage rights for the strategic water reserve. The commission may accept money or grants from federal or other governmental entities or other persons to purchase or lease water or water rights for the strategic water reserve, to pay administrative costs and to develop, construct, operate and maintain infrastructure for the delivery of water to the location of need. The commission shall not acquire water or water rights that are served by or owned by an acequia or community ditch established pursuant to Chapter 73, Articles 2 and 3 NMSA 1978 for inclusion in the strategic water reserve. The commission shall not acquire water or water rights that are served by an irrigation district established pursuant to Chapter 73, Article 10 NMSA 1978, except through contractual arrangement with the district board of directors or as a special water users association established pursuant to Chapter 73, Article 10 NMSA 1978, but nothing in this section shall be construed to authorize the interstate stream commission to acquire water rights contrary to Section 72-1-2.4 NMSA 1978. The commission shall acquire only water rights that have sufficient seniority and consistent, historic beneficial use to effectively contribute to the purpose of the strategic water reserve. The commission shall not acquire water or water rights for the strategic water reserve by condemnation and may only condemn real property when that property is needed for infrastructure related to the conveyance of water. Water in the strategic water reserve shall not be subject to forfeiture pursuant to Chapter 72 NMSA 1978. Water or water rights shall only be acquired with the explicit approval of the commission.

B. Water and water rights in the strategic water reserve shall be used to:

- (1) assist the state in complying with interstate stream compacts and court decrees;
- (2) assist the state and water users in water management efforts for the benefit of threatened or endangered species or in a program intended to avoid additional listings of species. Management of water pursuant to this subsection shall be done in conjunction with collaborative programs or processes where they exist. Use of the strategic water reserve pursuant to this paragraph shall be limited to aquatic or obligate riparian species; or
- (3) assist the state or water users with water management and water conservation efforts designed to support aquifer recharge or reduce ground water depletion, in order to promote stream flow or other environmental benefits. Surface water leased or purchased for the purpose of this paragraph shall not be converted to ground water via any methods other than natural, passive infiltration through the streambed.

C. The interstate stream commission shall develop river reach or ground water basin priorities for the acquisition of water or water rights and storage rights for the strategic water reserve in consultation with the New Mexico interstate stream compact commissioners, the office of the state engineer and the state department of justice. For each river reach or ground water basin, additional prioritization shall be developed in coordination with the governing bodies of the following organizations within the affected river reach or ground water basin:

- (1) Indian nations, tribes and pueblos;
- (2) boards of county commissioners;
- (3) municipalities;
- (4) special districts established pursuant to Chapter 73 NMSA 1978;
- (5) soil and water conservation districts;
- (6) water authorities; and
- (7) water planning regions.

D. Nothing in this section shall modify or repeal any authority currently vested in any organization described in Subsection C of this section.

E. When establishing priorities for acquisition of water or water rights and storage rights for the strategic water reserve pursuant to Subsection C of this section, the interstate stream commission shall consider potential supplementary benefits, such as supporting traditional and cultural practices, habitat improvement or recreational opportunities within the affected water reach or ground water basin. The interstate stream commission may prioritize transactions that meet at least one of these supplementary benefits, in addition to at least one of the purposes described in Subsection B of this section.

F. The interstate stream commission may sell or lease water or water rights from the strategic water reserve at no less than the appraised market value. The commission may sell water rights only if the rights are no longer necessary for the purposes for which they were acquired for the reserve; provided that water rights in the reserve shall not be sold to the United States. Pursuant to a sale of water rights from the strategic water reserve by the interstate stream commission, the commission shall first make the offer of sale for the original purpose of use. Proceeds of any sale are appropriated to the office of the state engineer to adjudicate water rights. Proceeds of any leases are appropriated to the interstate stream commission for carrying out the purposes of the strategic water reserve.

G. Water or water rights acquired for the strategic water reserve or water or water rights sold or leased from the reserve shall remain in their river reach or ground water basin of origin.

H. Transactions with members of an irrigation or conservancy district established pursuant to Chapter 73 NMSA 1978 shall provide for the strategic water reserve to pay the annual assessment to the district that would accrue to the district absent the transaction.

I. Cumulative impacts of the strategic water reserve acquisitions and uses shall not adversely affect existing water users or delivery systems.

J. The interstate stream commission shall adopt rules consistent with the terms of this section, including rules to ensure:

- (1) that water and water rights acquired for the strategic water reserve are used only for the purposes of the reserve;
 - (2) adequate public notice in each affected area for the acquisition or disposal of water rights;
- and
- (3) that the office of the state engineer transfer procedures shall be followed.

K. The interstate stream commission shall annually report to the appropriate committee of the legislature on the status of the strategic water reserve.

HISTORY: [Laws 2005, ch. 175, § 1](#); [2005, ch. 182, § 1](#); [2007, ch. 31, § 1](#); [2025, ch. 56, § 2](#).

STATUTORY NOTES:

The 2025 amendment, effective June 20, 2025, provided that water and water rights in the strategic water reserve shall be used to assist the state or water users with water management and water conservation efforts designed to support aquifer recharge or reduce ground water depletion, provided that surface water leased or purchased for these purposes shall not be converted to ground water via any methods other than natural, passive infiltration through the streambed, and allowed the interstate stream commission to prioritize water transactions that provide supplementary benefits in addition to at least one authorized purpose; in Subsection B, added Paragraph B(3); and added a new Subsection E and redesignated former Subsections E through J as Subsections F through K, respectively.

The 2007 amendment, effective July 1, 2007, in Subsection A, added the authority to develop, construct, operate and maintain infrastructure for the delivery of water to the location of need, and added the qualification that the commission may only condemn real property when that property is needed for infrastructure related to the conveyance of water.

72-14-46. Strategic water reserve fund; created.

A. The "strategic water reserve fund" is created in the state treasury. The fund consists of distributions, appropriations, gifts, grants, donations and income from investment of the fund. Any unexpended or unencumbered balance remaining in the fund at the end of a fiscal year shall not revert except for balances that exceed fifteen million dollars (\$15,000,000), which shall revert to the general fund at the end of the fiscal year.

B. The interstate stream commission shall administer the fund. Money in the fund is appropriated to the interstate stream commission for the purposes of the strategic water reserve pursuant to Section [72-14-3.3](#) NMSA 1978; provided that over any five-year period, no more than twenty-five percent of money expended shall be used for the purpose of aquifer recharge and ground water depletion reduction pursuant to Paragraph (3) of Subsection B of Section [72-14-3.3](#) NMSA 1978. Expenditures from the fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the director of the interstate stream commission or the director's authorized representative.

HISTORY: [Laws 2025, ch. 56, § 1](#).

Appendix 2

Strategic Water Reserve Priorities 2006-2025

Strategic Water Reserve Priorities	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
River Reaches																				
Middle Rio Grande	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lower Rio Grande			✓	✓	✓															
Lower Pecos River	✓	✓		✓	✓	✓	✓													
Black River																				
Canadian River	✓																			
San Juan River																				
Groundwater Basins																				
Middle Rio Grande																				
Lower Rio Grande																				
Lower Pecos River																				
Black River																				

Notes:

In 2006 the designation of the Canadian was specific to the reach below Ute Dam.

In 2009-2013, the river reach designations identified the Pecos River, not the Lower Pecos River. The same is true for groundwater designations in 2017-2018, but the focus was always the portion of the basin below Summer Reservoir.

Appendix 3

Strategic Water Reserve Inventory

December 2025



Purchase or Lease Agreements	River Reach or Groundwater Basin	Consumptive Use Amount acre-feet/year (af/yr)	Purchase or Current Lease Price	Priority Date	Type of Water Rights	OSE Permit File Number	Reserve Purposes
Lease agreement with Property Control Division of the NM General Services Department Executed: 12/21/2006 Extended: 9/16/2016 Expires: 12/21/2026	Middle Rio Grande Groundwater Basin	23.87	\$1593.50 /year (\$50/af/yr)	1927	Groundwater	"Atrisco" (RG-85365-B into RG-5847 - S)- T	Benefit threatened or endangered species in the Middle Rio Grande (inundate and offset depletions from Atrisco habitat project); comply with Rio Grande Compact.
Lease agreement with Village of Los Lunas Executed: 1/11/2011 Renewed: 6/24/2022 Renewed: 4/27/2023 Renewed: 2/13/2024 Expires: 2/13/2029	Middle Rio Grande	921.328	\$110,559 / year (\$120/af/yr)	Pre- 1907	Surface water	(RG-17065- Enlgd into SP- 05052)-T	Benefit threatened or endangered species in the Middle Rio Grande; comply with Rio Grande Compact.
Lease agreement with US Bureau of Reclamation and Town of Bernalillo Executed: 11/18/2017 Expires 1/4/2029	Middle Rio Grande	139.61 (up to)	Lease cost paid by Reclamation	Pre- 1907	Surface water	(RG-2478 et al. into SP-5052)-T	Benefit threatened or endangered species in the Middle Rio Grande.
Purchase Agreement with Summer Winds Associates MHP LLC Executed: 12/9/2024	Lower Rio Grande Groundwater Basin	72.19	\$400,000 (\$5,540.94/af)	1969	Groundwater	LRG-05221-1	Compliance with Rio Grande Compact.

Purchase Agreement with Vaughan Ranch Inc. for 525.9 acres of land Executed: 5/2/2006 Amended: 8/1/2006	Pecos Groundwater Basin	757.30	\$1,342,206 (\$1772/af)	1953	Groundwater	FS-14 & FS-32 Comb	Pecos River flow augmentation to benefit threatened or endangered species and compact compliance.
Purchase Agreement with Richard N. Vaughan for 89.20 acres of land Executed: 5/2/2006 Amended: 8/1/2006	Pecos Groundwater Basin	128.448	\$107,040 (\$833.33/af)	1956	Groundwater	FS-21 & FS-22-Comb-d	Pecos River flow augmentation to benefit threatened or endangered species and compact compliance.
Purchase Agreement with Cibola Ranch Inc. for 154.1 acres of land Executed: 5/2/2006 Amended: 8/1/2006	Pecos Groundwater Basin	221.90	\$393,295 (\$1772/af)	1962	Groundwater	FS-14 & FS-32 Comb	Pecos River flow augmentation to benefit threatened or endangered species and compact compliance.
Purchase Agreement with Cibola Ranch Inc. for 330.1 acres of land Executed: 7/27/2007	Pecos Groundwater Basin	288.144	\$550,275 (\$1909.72/af)	1953	Groundwater	FS-44 into FS-14 et al	Pecos River flow augmentation to benefit threatened or endangered species and compact compliance.
		187.20	\$357,500 (\$1909.72/af)	1956 and 1962	Groundwater	FS-21 & FS-22 Comb-B into FS-14 et al	
Purchase Agreement with Richard N. Vaughan Executed: 11/9/2016	Pecos Groundwater Basin	66.24	\$264,960 (\$4,000/af)	1956	Groundwater	FS-7-1 into FS-14-1 et al	Pecos River flow augmentation to benefit threatened or endangered species and compact compliance.
Lease Agreement with VP Bar LLC Executed: 11/10/2015 Amended: 10/22/2021 Expires: 11/10/2040	Pecos Groundwater Basin	2326.18	All costs paid by Reclamation	1970	Groundwater	FS-154-1 into FS-14-1(T)	To further compact compliance and benefit threatened or endangered species including the Pecos bluntnose shiner.

Minimum Flow Appropriation Approved: 12/31/2018	Canadian River Basin	5 cubic feet per second (up to)	No cost for water	2011	Surface water	SP-5044	Non-consumptive in-stream use to meet minimum flows for the benefit of threatened or endangered species or to avoid additional listings of species.
Lease Agreement with the Jicarilla Apache Nation and The Nature Conservancy Initiated: 2/25/2025 Expires: 12/31/2032	Colorado River Basin (San Juan River)	20,000 (up to)	Currently \$1,932,480 / yr ⁱ Price ranges from \$88 to \$190/af/yr depending on quantity leased. Adjusted for inflation every two years.	1955	Surface water	SP-5121-C	To benefit threatened or endangered species (Colorado pikeminnow and razorback sucker) and support compact compliance.
Totals: Middle Rio Grande Lower Rio Grande Pecos River San Juan River Canadian River	1084.81 72.19 3,975.41 20,000.00 5.0	af/yr af/yr af/yr af/yr cubic feet/second					

ⁱ Cost supported in part by The Nature Conservancy, the N.M. Office of the Natural Resources Trustee, and a National Fish and Wildlife Foundation America the Beautiful grant.