



United States Department of the Interior

BUREAU OF RECLAMATION

Upper Colorado Regional Office
125 South State Street, Room 6107
Salt Lake City, Utah 84138-1102

IN REPLY REFER TO:

PRS 13.10
~~WTR 4.13~~
WCD-PPage

APR 07 2004

Joe Shirley, Jr.
President
Navajo Nation
P.O. Box 9000
Window Rock, AZ 86515

**Subject: Proposed 2004 Operating Plan for Navajo Reservoir, Navajo Unit,
Colorado River Storage Project, Colorado and New Mexico**

Dear President Shirley:

As a result of the historical low storage level of Navajo Reservoir, the Bureau of Reclamation anticipates that there may be inadequate water supplies to fully meet the needs of those with contracted or authorized amounts of water from the reservoir in 2004. Public Law 87-483, Section 11, directs Reclamation to apportion shortages to entitled users of Navajo Reservoir storage water, on a pro-rata basis, in the event shortages are anticipated.

Notwithstanding the direction provided in Section 11, and in anticipation of potential shortages this year, ten water users have developed an agreement among themselves as to how they will allocate the water supply in a drought situation ("Recommendations for San Juan River Operations and Administration for 2004, October 21, 2003"). Because Reclamation has no ability to control or influence agreements among water users, and because this agreement among the users will not cause Reclamation to undertake any change in its operations from how we would operate under Section 11, the recommendations fall within our operating plan for the remainder of 2004. We also anticipate that operations under Section 11 will not cause releases to fall below 350 cubic feet per second (cfs).

We have received letters from the following Navajo Unit contractors, all endorsing this same plan:

Hammond Conservancy District
Jicarilla Apache Nation
Navajo Nation
Public Service Company of New Mexico (PNM)

In addition, we have received similar letters of endorsement from the following entities:

Arizona Public Service Company (APS)
BHP-Billiton (BHP)
City of Farmington
Bloomfield Irrigation District
Farmers Mutual Ditch
Jewett Valley Ditch

Currently, based on the most recent forecast, and using the methodology included in the recommendations, no shortages are anticipated. The forecasted inflow will be updated biweekly, and if changes to the available supply are realized, the shortage calculation will be revised accordingly.

The plan recommends that Reclamation approve temporary water service subcontracts between the Jicarilla Apache Nation and the following entities: San Juan Water Commission, BHP, APS, and PNM. These contracts are currently moving through our approval process. In addition, in the event that a shortage is realized in 2004, the plan recommends that a credit for water savings by the Navajo Indian Irrigation Project (NIIP) in 2003 be added to their 2004 demand.

Reclamation does not allow carry-over storage by any contractor in Navajo Reservoir, however, since this amount (209,086 af) is less than the proposed 2004 NIIP demand based on serviceable acreage and cropping patterns, (215,000 af), we acknowledge and accept this compromised demand in the event of a shortage. It is understood that if a shortage is not declared, the demand for NIIP will be 215,000 af.

We offer our congratulations and sincere appreciation to everyone who was involved in the development of this plan. The Navajo Reservoir/San Juan River shortage sharing recommendations could be used as a model for how to solve contentious water supply issues throughout the west. If you have any questions, please contact Pat Page or Ed Warner at (970) 385-6560 or (970) 248-0654, respectively.

Sincerely,



Rick L. Gold
Regional Director

Identical Letters Sent to:

Ms. Claudia J. Vigil-Muniz
President
Jicarilla Apache Nation
P.O. Box 709
Dulce, NM 87528

Mr. Myron Crockett
President
Hammond Conservancy District
790 Road 4990
Bloomfield, NM 87413

Ms. Cindy Murray
Public Service Company of New Mexico
2401 Aztec N.E.
Albuquerque, NM 87107

cc: Mr. James Rogers
Jewett Valley Water Users Association
P.O. Box 39
Waterflow, NM 87421

Mr. Lawrence Stock
Farmers Mutual Ditch
P.O. Box 467
Kirtland, NM 87417

Mr. Ken Nordlander
Arizona Public Service Company
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Mr. J.W. Grubb, President
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300 West Arrington, Suite 200
Farmington, NM 87401

Mayor William E. Standley
City of Farmington
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Mr. Bill Ostheimer
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Mr. Bob Krakow
Bureau of Indian Affairs
Navajo Indian Irrigation Project
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Farmington, NM 87401

Ms. Karen Barrera
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