

RURAL WATER SUPPLY ACT OF 2006

HEARING
BEFORE THE
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
ONE HUNDRED TENTH CONGRESS
FIRST SESSION

TO

RECEIVE TESTIMONY ON THE BUREAU OF RECLAMATION'S IMPLEMENTATION OF THE RURAL WATER SUPPLY ACT OF 2006, AND FEDERAL, STATE AND LOCAL EFFORTS TO PLAN AND DEVELOP THE EASTERN NEW MEXICO RURAL WATER SUPPLY PROJECT.

CLOVIS, NM, AUGUST 14, 2007



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RURAL WATER SUPPLY ACT OF 2006

TUESDAY, AUGUST 14, 2007

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Clovis, New Mexico.

The committee met, pursuant to notice, at 10:04 a.m. in the Clovis-Carver Library, North Annex, 701 North Main Street, Clovis, New Mexico 88101, Hon. Jeff Bingaman, chairman, presiding.

OPENING STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM NEW MEXICO

The CHAIRMAN. Good morning. It's my pleasure to welcome everyone to this hearing. The purpose of our hearing today is to receive testimony on the Bureau of Reclamation's implementation of the Rural Water Supply Act of 2006 and the Federal, State, and local efforts to plan and develop the Eastern New Mexico Rural Water Supply Project.

Let me just, before we get started, thank Mayor Lansford and his staff here at the City for their hospitality and help with putting this hearing together. Thank you, Mr. Mayor.

Obviously, it is great to be over here, and particularly, it seems that Senator Domenici and I are here together usually in connection with Cannon Air Force Base. We are very pleased to see the progress there, and I think we are all coming back, I have been informed, in October for a stand-up of the new wing out here.

It is now increasingly critical to address an issue that threatens the long-term vitality of the region, and that is the lack of a long-term supply of water. This is an issue facing many areas of the country, particularly in rural communities. According to the Department of Agriculture, 17 percent of the United States population lives in non-metropolitan areas. In the west, that percentage is higher. It is at least 35 percent here in New Mexico.

The Department of Agriculture also reports that at least 2.2 million rural Americans live with critical water quality and accessibility problems related to their drinking water. To help address the problem, last year, Congress enacted the Rural Water Supply Act that Senator Domenici and I wrote, and the Act is intended to make water supply a fundamental part of the Bureau of Reclamation's mission. We look forward in this hearing to getting Reclamation's update on their efforts to implement that law.

Here in Eastern New Mexico, there's been a very proactive effort to address the serious issue of water supply. Sole reliance on the diminishing groundwater supplies available from the Ogallala and Entrada aquifers is not sustainable. Clovis and Portales have,

therefore, led a regional effort to secure a renewable source of water that will sustain current uses and support future growth and economic development, and this effort, of course, is the Eastern New Mexico Rural Water System.

In 2004, I introduced legislation authorizing the project as a way to move the process forward. I think that effort was helpful to get the issues on the table so that they could be addressed and resolved. Ultimately, modifications to the scope of the project were made, and it is now focused on providing water to communities in Curry and Roosevelt Counties. Led by Eastern New Mexico Water Authority and with funding provided by the State, there's also been a substantial amount of work done to address other issues raised by the Bureau of Reclamation in 2004.

In addition to hearing from Reclamation on its efforts to implement the rural water program, we are here today to assess the status of the Eastern New Mexico Rural Water System to determine what issues have been resolved and which issues still remain and to hear from the effected communities on the need for the project. It is my hope, of course, that we are in a position to move forward with authorizing legislation again in the very near future.

So with that, let me turn to Senator Domenici for any opening remarks that he has before we hear from our witnesses.

**STATEMENT OF HON. PETE V. DOMENICI, U.S. SENATOR FROM
NEW MEXICO**

Senator DOMENICI. Thank you very much, Senator Bingaman. It is good to be here. Thanks to all of you. A good deal of number of people turned out for this event, and that shows that it's an important issue. That's obvious. Mayor, it's good to be with you. Thanks for pushing this issue.

Sooner or later, and I think it is sooner now, we are going to resolve the various issues and come to a point of deciding whether or not this is the way to get the water for the future of this community or not.

We are going to hear today from those who think it is, and I think that we ought to just proceed forthwith. I want to thank Mayor Lansford from Clovis and Ortega from Portales for being the key leaders in this region and carrying the message and the proposal for this water project across the nation. Your efforts at trying to resolve this problem have not gone unnoticed. Your community should be grateful for your personal sacrifices and acts of leadership.

I want to emphasize that while important, the current Ute Pipeline can only address the municipal and industrial water supply issue, which is only 10 percent of the overall water supply problem in this region. It is abundantly clear that the economic well-being of this region will require additional creative thinking and concentrated leadership, and you all know that.

Over the last 5 years, the State Office and the Engineers' Office has been a strong supporter for the use of the reservoir water to supply the needs of communities in the Clovis and Portales region. That support has been unwavering. I extend my gratitude to John D'Antonio for pushing forward towards a solution. We thank you, Mr. D'Antonio for your unfettered support.

The Bureau of Rec, on the other hand, has been a reticent participant in this process. There is no reason why the feasibility work for this project could not have been accomplished many years ago. Although the engineers assigned to this project have worked hard, it is time to redouble our efforts. I think we know that.

It is for this reason that I welcome Senator Bingaman's efforts to couple the field hearing on the Ute Pipeline with the oversight on the Bureau of Reclamation New Rural Water Supply Program. The Rural Water Supply Act of 2005 was passed last December. In that Act, the Bureau was required by December 22, 2008, to do a rigorous assessment of existing rural water programs, the extent of rural water supply needs, and define how the Bureau's program can complement and be coordinated with the rural water supply programs. I look forward to hearing an update on the progress the Bureau has made over the last 8 months at accomplishing this task.

Additionally, the Rural Water Supply Act provided a standing authority for the Bureau to engage in appraisal and feasibility assessment for new rural water projects using standardized assessment criteria. The criteria for appraisal studies are due by this coming December. This is only 4 months away, and the criteria for a feasibility study are due by May 2008, only 10 months away. Again, I look forward to hearing an update today on the progress the Bureau has made in developing these criteria.

Finally, in my experience working with the Bureau on the Ute Pipeline, it is evident that the BOR was not enthusiastic about undertaking for Eastern New Mexico the type of feasibility studies for which they have now received standing authority.

Given this history, I question to what extent the BOR will actively seek to engage the rural communities of Western United States—take leadership in resolving the growing water supply crisis and to be an organization in which I can take pride as a member of the Federal family.

Again, I look forward to hearing from the Administration on these issues and hope that we can work together to find financially responsible technology, feasible resolutions and solutions for the water supply challenges of Eastern New Mexico. Thank you for having me.

The CHAIRMAN. OK. Before I start introducing witnesses here, let me take care of a couple of things. First, the committee has received a number of additional statements, written statements and exhibits and testimony regarding the proposed legislation. These items, as well as the full written submissions of all the witnesses, will be made part of our official record, so I wanted to state that.

Let me also acknowledge some of our State leaders who are here. Senator Gay Kernan is here. I know she's back there somewhere. Thank you very much for being here. Senator Harden is here. Thank you for being here. Representative Anna Crook is here. Thank you for coming. Bill Hume is here. He's the Chief Policy Advisor to Governor Richardson on these issues, and we appreciate him traveling here. Steven Gamble who is the President of Eastern New Mexico is here. Thank you for taking time to be here. I know you have got a busy period with school starting up, but thanks for coming.

Before we start with the first panel, Representative Udall was not able to be here, but his representative, Chris Neubauer, is here to read a letter from Representative Udall related to our hearing today. So let me recognize Chris for that statement.

STATEMENT OF CHRIS NEUBAUER ON BEHALF OF TOM UDALL, U.S. REPRESENTATIVE FROM NEW MEXICO

Mr. NEUBAUER. Thank you, Senators, for allowing me a few moments of your time. I am going to read a letter of support that the Congressman has submitted to the Energy Committee.

It reads, "Dear Honorable Senate Energy Committee Members: I write in strong support of the Eastern New Mexico Rural Water Authority and the Ute Pipeline Project. Water is a scarce resource in the southwest, and it is essential that our communities are provided with a reliable source of water. The Ute Pipeline Project would help ensure that Quay, Curry, and Roosevelt Counties have long-term access to water for municipal and industrial use.

In 1959, the New Mexico State Legislature passed an Act instructing the State Engineer to create a reservoir on the Canadian River, the Ute Reservoir, to help meet the water needs of Eastern New Mexico. The Ute Pipeline Project would be the first project to use the reservoir for this original purpose. The project would provide 24,000-acre feet of water annually from the Ute Reservoir and would serve approximately 73,000 people in a largely rural area averaging four-and-a-half people per square mile.

The water provided by the Ute Pipeline would stimulate economic growth in the region, which is threatened by a decline in the quantity and quality of groundwater reserves. I believe this project is important to help protect the long-term prosperity of Eastern New Mexico communities.

Very truly yours, Tommy Udall, Member of Congress."

Thank you, sirs.

The CHAIRMAN. Thank you very much, Chris, and we appreciate getting the statement from Congressman Udall. Why don't we go ahead now with our first panel, and our first panel consists of a representative from the Bureau of Reclamation, David Sabo, who is the Assistant Regional Director of Reclamation's Upper Colorado Region.

Welcome, Mr. Sabo. We are glad to have you here. I guess what we would ask is that you go ahead and go through your testimony or summarize it, make the main points that you are intending to make today, and after that, I am sure Senator Domenici and I will each have questions.

STATEMENT OF DAVID SABO, ASSISTANT REGIONAL DIRECTOR, UPPER COLORADO REGION, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Mr. SABO. OK. Thank you. Chairman Bingaman and ranking member Domenici, I am Dave Sabo, the Assistant Regional Director of the Bureau of Reclamation's Upper Colorado Region.

I thank you for the opportunity to come here and to return home to Clovis to give testimony on the Eastern New Mexico Rural Water Project and provide a progress report on implementation of the Rural Water Supply Act of 2006. The proposed Eastern New

Mexico Rural Water Project would provide a sustainable water supply here in Clovis and to numerous other homes and communities in Eastern New Mexico.

The project would also provide water to Cannon Air Force Base. Currently, this region depends entirely on groundwater, and the quantity and quality of this source is diminishing. As envisioned, this project would provide over 16,000-acre feet of needed water to these communities each year. The most recent cost estimate for the project is \$436 million. The Federal shares expected to be 75 percent.

Reclamation has worked with the Eastern New Mexico Rural Water Authority and their consultants to develop a complete, thorough feasibility study. We have testified previously in 2004 on early draft of legislation to authorize construction. Progress continues to be made in completing the project's design, cost estimates, financing plan, and environmental analysis.

We will continue to work with the Authority and their consultants wherever possible as we move toward finalizing the project design and planning.

Mr. Chairman, as you requested, I would also like to give a brief status report on implementation of the Rural Water Supply Act of 2006 passed by Congress last year. I would like to first thank Senator Domenici for sponsoring and Senator Bingaman for being an original co-sponsor of this legislation authorizing this important program. I thank you both for your leadership in getting it passed into law.

As you know, implementation of this program will provide a clearly defined process for Reclamation in rural communities throughout the West to work together to identify options for meeting potable water supply needs in a technically feasible and cost effective manner. Currently, a team comprised of Reclamation's employees from all five regions and from the Commissioner's Office is leading the effort to develop the rules and criteria for the Rural Water Program.

Because of the Act's specific timelines and deadlines for the development of the criteria, Reclamation has set an ambitious timeframe for the rulemaking. The proposed criteria are expected to be published in the Federal Register in February 2008 and finalized in the summer of 2008. Reclamation is aware of significant interest—

Senator DOMENICI. Who publishes those?

Mr. SABO. I am sorry?

Senator DOMENICI. Who publishes those?

Mr. SABO. We will publish them in the Federal Register.

Senator DOMENICI. You are the ones working on them?

Mr. SABO. That's correct.

Senator DOMENICI. How far are they along?

Mr. SABO. They are in the development process right now.

Senator DOMENICI. What?

Mr. SABO. They are still in the development process right now, the actual rulemaking.

Senator DOMENICI. So just getting started?

Mr. SABO. They are further along than just getting started. We have made quite a bit of progress on them, but we are still at-

tempting to meet the schedule. It's an ambitious schedule for the area that we have to cover within all the 17 western States. We have got to consider all the criteria that would go into this.

Senator DOMENICI. You have a qualified staff, in your opinion?

Mr. SABO. Absolutely, Senator.

Senator DOMENICI. So all you are saying is "Let us do it?"

Mr. SABO. Please.

Senator DOMENICI. OK.

Mr. SABO. OK. Reclamation is aware of significant interests on the part of rural communities in the West in this program. We have had conversations with various stakeholder groups and plan to hold dialog with Native American tribes. We will continue that outreach and dialog throughout the process of implementing this new program.

Once implemented, the Rural Water Supply Program will give Reclamation greater ability to review, evaluate, and make recommendations to the Congress regarding the feasibility of proposed rural water projects such as the Eastern New Mexico Rural Water Project. In addition, Title II of the Rural Water Supply Act, which authorizes loan guarantees for rural water projects, may have some application to Eastern New Mexico.

Mr. Chairman and ranking member, that concludes my oral remarks. I look forward to hearing the testimony of local leaders on the Eastern New Mexico Rural Water Project and continuing to work with them on this important issue. Thank you for the opportunity to testify, and I look forward to your questions.

[The prepared statement of Mr. Sabo follows:]

PREPARED STATEMENT OF DAVE SABO, ASSISTANT REGIONAL DIRECTOR, BUREAU OF RECLAMATION, UPPER COLORADO REGION, DEPARTMENT OF THE INTERIOR

Mr. Chairman and Members of the Committee, my name is Dave Sabo, and I am the Assistant Regional Director of the Bureau of Reclamation's Upper Colorado Region. I am pleased to be here today on behalf of the Department of the Interior to discuss both the status of the Eastern New Mexico Rural Water Project, and separately, Reclamation's implementation of Public Law 109-451, the Rural Water Supply Act of 2006.

Reclamation has been working with the State of New Mexico and local parties on developing concepts for the Eastern New Mexico Rural Water Project since Congress authorized feasibility studies in 1966. Reclamation has participated in a number of studies on this evolving project over the years. Since 1998, Congress has provided \$1,763,000 for planning and technical assistance, of which more than \$1.2 million has been transferred directly to the City of Clovis, acting as the fiscal agent for the local communities, for work on the project.

The proposed Eastern New Mexico Rural Water Project would provide a sustainable water supply for the eastern New Mexico municipalities of Clovis, Elida, Grady, Melrose, Portales, and Texico, as well as Curry and Roosevelt counties and Cannon Air Force Base. The area currently depends entirely on a groundwater source that is diminishing in both quantity and quality. The currently envisioned project would supply 16,400 acre-feet of water per year through a pipeline from Ute Reservoir, which was built by the State of New Mexico in 1963 as a water supply source for eastern New Mexico.

In 2004, Reclamation testified on legislation (HR 4623) to authorize construction of the Eastern New Mexico Rural Water Supply Project. During that hearing, Reclamation cited concerns with the adequacy of the Conceptual Design Report to support authorization and identified some critical questions that needed to be answered before construction should proceed, such as whether all economically viable alternatives had been considered, whether design and construction costs were consistent with comparable projects, and whether the communities that would be sharing project costs had an accurate estimate of how much those costs might be. Reclama-

tion also expressed concerns with the proposed cost sharing formula, which assumed an 80% federal share for construction of the project.

Since that time, a Reclamation "Oversight Committee" has been assisting the Eastern New Mexico Rural Water Authority (Authority) and their consultants in developing a more complete and thorough feasibility report.

A "Preliminary Engineering Report" prepared for the Authority by their consultant that was submitted in December 2006 represents significant progress toward a feasibility-level analysis. Reclamation is continuing to work with the Authority as they further develop the proposed project's design, cost estimates, financing plan, and environmental analysis.

The Authority is working with their consultant to take the design and associated cost estimate to the feasibility level. Feasibility-level cost estimates are based on information and data which is sufficient to permit the preparation of preliminary layouts and designs used to estimate each kind, type, or class of material, equipment, and labor necessary to complete a project. A second consultant has been selected by the Authority to work on National Environmental Policy Act compliance. A third consultant for the Authority is working on a detailed plan for financing the project.

The most recent cost estimate for construction, prepared last year by the Authority's consultant, is \$436 million, with an estimated annual operation and maintenance cost of \$8.2 million. The local communities are planning to pay about 10% of capital costs with state and federal shares being 15% and 75% respectively. The local communities would pay 100% of the operation, maintenance, and replacement costs.

Because this hearing is not focused on specific project-authorization legislation, Reclamation cannot provide a statement on the relative merits of the project from a policy standpoint. However, we are working with the Authority and the State to bring the project to a point where a feasibility determination is possible.

At this point, I would like to comment and, as requested by the Committee, provide a status report on Reclamation's implementation of Title I of Public Law 109-451, the Rural Water Supply Act of 2006, and briefly consider how this new program may be applicable to the Eastern New Mexico Rural Water Project.

In December 2006, Congress and the President enacted the Rural Water Supply Act of 2006. Title I authorizes the Secretary of the Interior to create a rural water supply program (Program) to address rural water needs in the 17 Western United States. We are enthusiastic about this Program, as its intent is to enable Reclamation to work cooperatively with rural communities across the West in a consistent manner to identify rural water supply needs and cost effective options for addressing that need. Prior to the enactment of legislation authorizing this Program, Reclamation has had no authority to get involved—early in the process—in the analysis and development of solutions for meeting the potable water supply needs of rural communities in the West.

To summarize, Title I of the Act requires Reclamation to: (1) develop programmatic criteria for prioritizing requests for assistance under the Program and for determining eligibility for non-Federal entities to participate in the Program; (2) develop criteria for what must be included in both the appraisal studies and the feasibility studies that are to be completed under the Program, in terms of data, alternatives, and level of analysis; (3) complete an assessment of the rural water programs that exist in other agencies to ensure that we are filling an unmet niche and to ensure that we coordinate and leverage resources, as well as evaluate the status of rural water projects that are already authorized; and (4) complete an annual report of Reclamation's staff costs for carrying out the Act.

We expect there to be great interest in this program and given the budget realities, we will not be able to get involved in every worthy project. Furthermore, it is important to note that the Act does not authorize project construction. Instead, the focus of the Program is on ensuring thorough analysis of rural water needs and options through the completion of appraisal and feasibility studies that meet program criteria. At the end of the process, Reclamation is required to submit a feasibility study to Congress. In the report that accompanies each study, the Secretary (through Reclamation) will make a recommendation to Congress as to whether the project is technically and economically feasible, and whether it is in the Federal interest. The report must make a recommendation on whether Congress should authorize Federal involvement in construction of the rural water supply project that is identified, as well as the appropriate non-Federal share of construction costs, which must be at least 25% of the total construction costs for the proposed project and determined based on an analysis of the non-Federal entities' capability-to-pay.

Before the Rural Water Program can be implemented, P.L. 109-451 requires that the Secretary (through Reclamation) promulgate and publish the program's rules and criteria in the Federal Register. This is being done through a rulemaking proc-

ess in accordance with the Administrative Procedure Act (APA) which provides opportunities for public review, involvement and comment.

A team comprised of Reclamation employees from all five regions and the Commissioner's office is leading the effort to develop the rules and criteria for the rural water program. Because of the Act's specific timelines and deadlines for the development of the criteria, Reclamation has set an ambitious time-frame for the rule-making. We expect to publish proposed and then final Criteria in the Federal Register in the next year.

Reclamation is aware of significant interest on the part of rural communities in the West in this program. We have held conversations with various stakeholder groups and plan to hold dialogues with Native American Tribes. We will continue that outreach and dialogue throughout the process of implementing this new program.

As I stated earlier, we are enthusiastic about this program, which will provide a clearly defined process for Reclamation and rural communities throughout the West to work together to identify options for meeting potable water supply needs in a technically feasible, environmentally responsible, and cost effective manner. P.L. 109-451 gives Reclamation authority to review, evaluate, and make recommendations to the Congress regarding the feasibility of proposed rural water projects such as the Eastern New Mexico Rural Water Project.

With all of this work underway, we look forward to finalizing the relevant rules and criteria that will underlie this program, and working closely with the large base of stakeholders on implementation. Thank you for the opportunity to appear today.

This concludes my statement, and I am happy to answer any questions the Committee may have.

The CHAIRMAN. Thank you very much for being here and thanks for your testimony. Let me ask a few questions, and then I defer to Senator Domenici, and let me start by asking two or three questions related to this Eastern New Mexico rural water system.

In your testimony, you note that in 2004, Reclamation identified some critical questions that had to be answered regarding this project. These include—these were three in number, as I read your testimony. No. 1, whether design and construction costs were consistent with other projects, which is a reasonable question. Second, whether appropriate alternatives were considered, and third, whether the communities had an accurate estimate of the overall costs involved.

There's a letter dated March 30th that you folks sent to Mayor Lansford noting that the pipeline "appears to be the least costly and most suitable way to meet long-term water needs in the project area". So this appears, at least to me, to answer one of the three questions.

In your view, have the other questions also been answered? If so, what can you tell us about what you have concluded?

Mr. SABO. Thank you, Senator. I think in the letter that we sent to Mayor Lansford, we identified other issues that still needed to be addressed. Clearly, the design cost, the construction cost were of paramount importance. In that letter, we agreed with their consultants CH2M Hill that we were only at about a 10 percent design capability toward the feasibility study, toward meeting the feasibility study requirements.

That being given, we still have a number of questions which need to be answered with regard to the size, the scope, the construction cost, and the final cost of the overall project. So as we identified in that March letter, there's still a number of answers that need to be brought forth before we can really say any more about them.

The CHAIRMAN. Let me ask on this, the amount of design work that's been done. In that letter, as you indicate, Reclamation said that in their view, Eastern New Mexico's project is currently at a

10 percent design and cost estimate level, and that historically, you have required a more detailed 30 percent design in order to support requests for construction. That, I think, was the position you took.

In a 2004 document establishing the oversight committee that you mentioned, Reclamation indicated that the level of detail in the project's design was "between an appraisal level study and a feasibility level study", which I am not sure exactly what those terms of art mean, but it sounds to me like at that time—that was 2004—the project was already between 10 and 30 percent design.

Since 2004, the Authority, through State funding, has invested—or largely through State funding, has invested at least another \$2 million in studying and planning the project. It sounds from—from the letter you sent to Mayor Lansford that the Authority is getting further away from being at 30 percent design than they were back in 2004.

Could you explain your view on this, how much more time you think is needed to get to 30 percent design? It seems that—this thing keeps slip-sliding away from us.

Mr. SABO. Thank you for the question. That's actually a very good question from the standpoint of this project. As you know, when the project was first envisioned in the early—in the 60's, it was a much larger project, and it has been sort of an evolutionary project over time. It has changed shape, and dimension, and size, who the communities are going to be.

Actually in 2004, what we were assessing at that point in time was the project, as it was envisioned at that point in time. There's even been some modifications, as I have said, some evolution since then.

In talking with CH2M Hill, the consultants for the Authority, this morning, they told me that they envision having a full feasibility level study completed by 2009. So, I mean, this is really a question that would be more oriented toward the Authority, but my belief is, is that, you know, we know now the scale of the project. We really now need to proceed forward with the actual completion of the feasibility study. So it is just really the evolution from 2004 to now that's caused the change.

Senator DOMENICI. What does that mean?

The CHAIRMAN. Yes. Let me follow up, too, and just ask: You are saying that the feasibility study needs to be completed?

Mr. SABO. Correct.

The CHAIRMAN. CH2M Hill says that's 2009?

Mr. SABO. Correct.

The CHAIRMAN. You will not know—you will not—it will be your position that 30 percent design work will not have been done until that occurs?

Mr. SABO. That's—that's where we are at at this point in time in the discussions with the Authority.

The CHAIRMAN. So you would not be able to take a position, you, the Administration, would not be able to take a position in favor of legislation on the project until that is complete?

Mr. SABO. As you know, really, before we can take a position, the criteria that have been outlined in the Rural Water Supply Act of 2006 has to be completed, so we have to be able to go through that. So not only will we have to have the feasibility study, but we'll also

have to have the criteria completed at that time to be able to go forward with supporting the project. Our belief is, is that this is a good project. There's no question.

Senator DOMENICI. What?

Mr. SABO. Our belief is that this is a very good project from the standpoint of being able to meet the needs of the rural areas of New Mexico, but before we can really take a position supporting it, we have to be able to comply with the Act of 2006 and also have the feasibility study complete.

The CHAIRMAN. Senator Domenici, why don't you go ahead with your questions?

Senator DOMENICI. Sir, we have had the leadership of this community come see us. I am not trying to speak for more than myself, but we have been around together, so I guess I can continue to use the word "us."

We have had the community leadership tell us this is the most important project. It's absolutely necessary. We have had you, the Bureau, come along like puppy dogs. You are doing all the work and everything is getting going, but when we really get to it, you are not there. You can't do this because you can't do that, and can't do the other because you can't do this. I don't know where we are.

Seems to me this is a pretty straightforward deal. I mean, do you have the money? Do you have the authority? Do you have the direction from the legislation to proceed to do this or not?

Mr. SABO. We do, Senator.

Senator DOMENICI. Then why don't you do it?

Mr. SABO. Because we still have to comply with provisions of the Act that you passed.

Senator DOMENICI. Why don't you do that?

Mr. SABO. We are. We are. We are moving forward with that as expeditiously as we possibly can. Senator, we really believe the tool that you gave us in 2006 allows us to move forward, but until that point in time, we didn't really have the capability to be able to do this. We really, as you know—

Senator DOMENICI. What did we give you in 2006?

Mr. SABO. The Rural Water Supply Act of 2006.

Senator DOMENICI. In that Act, what did we give you?

Mr. SABO. It gave us—it gave the Secretary of Interior the ability to define the criteria by which we can support these projects.

Senator DOMENICI. That's what you are going to try to do?

Mr. SABO. Absolutely.

Senator DOMENICI. Is that a tough chore?

Mr. SABO. It is a chore to go through the administrative procedures process to comply with the provisions of the Act, but it's a chore that we have regularly done and we will complete.

Senator DOMENICI. So it is not overly burdensome and—

Mr. SABO. Absolutely not. We believe that it is imperative—sir, we really believe that we need to have that tool in place. It is not just Eastern New Mexico. It is the 17 western States that are confronting these same kinds of issues, and you have given us that opportunity to be able to do that.

Senator DOMENICI. Senator Bingaman, I don't know how you feel, but I am glad we came down. Somehow or another, we have to get out of the quagmire onto solid ground, and I don't know

what that is. Is it just to get from the Bureau that they have got sufficient money, and they have got sufficient authority, and they are going to proceed? I guess that's what I would like to know, and I don't know if you are the person to give it to us or not. Do we have to go above you and get somebody else to tell the Congress that they are going to proceed with this project and that they understand what they are doing?

Mr. SABO. We will proceed with the development of the criteria, and then we'll use the criteria to assess this project to be able to take a position as to whether we can support this project or not.

Senator DOMENICI. Thank you.

The CHAIRMAN. Thank you. Let me ask another couple of questions before we move to our second panel. Given the schedule that you have laid out for us, does the Bureau of Reclamation expect to request funding for the rural water program in the 2009 budget?

Mr. SABO. At this point in time, I can't speak to the President's budget for 2009. We did request \$1 million in 2008 for Title II, to be able to proceed with that, of the Act, but until we complete the rulemaking and the needs assessment, I can't say whether we'll take a position on requesting funding for this particular project. I apologize for that.

The CHAIRMAN. Yes. Let me ask: As I understand, one of the things that's in the Act we passed last year, the 2006 Act, is a requirement that you develop a rural water needs assessment.

Mr. SABO. That's correct.

The CHAIRMAN. When do you expect that report to be completed?

Mr. SABO. That report is to be completed in December 2008.

The CHAIRMAN. 2008? So it is another 17 months from now?

Mr. SABO. Correct.

The CHAIRMAN. Or 16 months from now?

Senator DOMENICI. But the needs is not us. It's all of it, all the west.

Mr. SABO. That's correct. It is a very extensive process.

The CHAIRMAN. In 2004, the committee had a hearing on a bill that I had introduced in the 108th Congress to authorize this project. I referred to that in the opening comments that I made.

In response to one of my questions concerning the lack of Bureau of Reclamation's support for the project, Reclamation stated that its rural water activities were reviewed by the Office of Management and Budget, which concluded that "stronger controls for rural water project development are needed and lack of Reclamation involvement during project development increases the probability of projects that are not successful according to the Federal Program Assessment Measures."

Could you tell us which of the authorized rural projects have not been successful?

Mr. SABO. That's an interesting question from the standpoint that you are asking Reclamation to be able to evaluate retroactively projects that are under construction or have been completed based on, really, the criteria that you guys—you, the Senators, provided to us, the tool to be able to make that assessment. In other words, once we had the criteria developed, then we'll be able to satisfy, I think, OMB's issues with regard to the potential success of a project.

But to be honest with you, I am not probably the person to answer the question about the success of other rural water projects since I really—it's outside of my region, and I haven't really participated in those, but let me—

The CHAIRMAN. Could we perhaps ask that you, as the representative for the Bureau of Reclamation, get back to the committee with an answer to the question of which of the—as I understand it, Reclamation has 10 authorized rural water projects that it is currently responsible for. Congress has authorized 10.

Could you maybe get back to us with information about how many of those projects have been completed, how many of them construction has been completed on, and also whether any of those projects met the 30 percent design level that Reclamation is insisting upon here before they were authorized by the Congress?

Mr. SABO. Yes, sir.

The CHAIRMAN. OK.

Mr. SABO. Absolutely.

The CHAIRMAN. That would be useful information. Did you have some other questions?

Senator DOMENICI. No. I think that's perfect. If we get that soon, I think we'll know where we are.

The CHAIRMAN. All right. Thank you again for being here, and we appreciate your testimony very much, and we will move on to the second panel.

Mr. SABO. Thank you very much, Senators.

The CHAIRMAN. Let me go through the full list of our witnesses here. Our State Engineer is on the second panel, Mayor David Lansford, Mayor Orlando Ortega, both with the Eastern New Mexico Rural Water Authority; John D'Antonio, our State Engineer; Darrel Bostwick with the Ute Water Commission. That's our second panel.

Let me also acknowledge the presence of the Senate Minority Floor Leader, Stuart Ingle, from Portales. Thank you for being here. We appreciate you arriving. Welcome to each of you.

Mayor Lansford, why don't we start with you and just go across the table here. If you can just tell us the main things you think we need to know about this project, and then we'll undoubtedly have some questions for you.

STATEMENT OF DAVID LANSFORD, MAYOR, CLOVIS, NEW MEXICO, AND CHAIRMAN, EASTERN NEW MEXICO RURAL WATER AUTHORITY, CLOVIS, NM

Mr. LANSFORD. Thank you, Mr. Chairman. Mr. Chairman, ranking member Domenici, and committee members, my name is David Lansford, and I currently serve as the Mayor of Clovis, New Mexico. In addition, I also serve as Chairman of the Eastern New Mexico Rural Water Authority. The city of Clovis serves as a physical agent for the project and residents in Curry County represent over 50 percent of the population that will be served by the proposed Eastern New Mexico Rural Water System.

Joining me today is Orlando Ortega, Mayor of Portales, New Mexico. Mayor Ortega currently serves as the Vice Chairman of the Eastern New Mexico Rural Water Authority. We are joined by a number of supporters today, and in your packets, you will find a

collection of letters of support from government officials and grassroots community leaders regarding the Water Authority's proposed project.

One of the most significant challenges facing Clovis in the 21st century, if not the most significant challenge, is the provision of a sustainable water supply for Eastern New Mexico. Over the last 40 years, numerous studies have indicated the need for the development of a renewable water supply for Curry and Roosevelt Counties.

Communities within Curry and Roosevelt including Clovis, Portales, Elida, Grady, Melrose, and Texico rely solely on water reserves located in the Ogallala High Plains aquifer. However, every study available clearly demonstrates that this aquifer is being depleted. Local, State, and Federal Government officials cannot ignore the facts highlighting our declining water supply. We must take significant action today to ensure the growth and viability of Eastern New Mexico for generations to come.

There are a number of things that communities in our effected region must do to protect our water supply including the enactment of conservation methods and techniques. Yet, municipal conservation is not adequate considering the amount of water being used for agricultural irrigation. Current estimates indicate that over 90 percent of the water taken from the Ogallala aquifer is for agricultural purposes, and that poses a challenging situation considering the fact that agriculture is the bedrock of our local economy.

The Eastern New Mexico Rural Water System commonly referred to as the Ute Water Pipeline Project offers the most efficient, cost effective, and dependable solution for our ever present water challenges.

In the 1950s, the State of New Mexico funded the construction of a dam on the Canadian River which created Ute Reservoir. The purpose of this reservoir is to provide a domestic water resource for the citizens of Eastern New Mexico. Several communities including Clovis have reserved water rights at the reservoir, and we have established the Water Authority to lead the development effort that will bring water via a pipeline to communities within Curry and Roosevelt Counties. This pipeline represents the best alternative for providing a sustainable water supply for Eastern New Mexico well into the next century.

In addition, this project seeks to eliminate competition for water resources that exist between municipal, industrial, and agricultural water users.

Senator DOMENICI. How much water is there now? How many water rights are encompassed in the dam?

Mr. LANSFORD. There's 12 communities that actually have water reserved in the reservoir, and then there's eight communities within the Water Authority that are actively pursuing the development of the project.

Senator DOMENICI. Thank you, Mayor.

Mr. LANSFORD. A sustainable supply of water is critical to the socioeconomic future of Eastern New Mexico. Our region supports a number of industries including dairy, large scale food production and processing, ethanol refining, a critical military presence, and colleges and universities among others.

We have been studying the efficiency of the Ute Water Pipeline Project for a number of years, and our consultant team has completed and submitted over 20 volumes of technical memoranda on the project examining groundwater conditions, population growth and water demand, conservation and reuse, existing water systems, evaluation of alternatives, environmental issues, Ute Reservoir operations, water treatment needs, power service and wind power potential, cost estimating and hydraulic optimization.

In short, our plans for the Ute Water Pipeline Project have been thorough and comprehensive. We are here today to urge the U.S. Senate Energy and Natural Resources Committee and New Mexico's Congressional Delegation to expeditiously introduce Federal legislation authorizing the financing, planning, design, and construction of the Ute Water Pipeline at a Federal cost share of 75 percent.

The Eastern New Mexico Rural Water Authority has been working diligently and with limited resources to address the water needs of our area, but a Federal authorization is absolutely critical to making the Ute Water Pipeline a reality. On behalf of the eight public entities that comprise the Eastern New Mexico Rural Water Authority, we are appreciative of this opportunity to discuss our region's long-term water needs, and we look forward to working in concert with you to protect the economic, health, and welfare of the citizens and businesses of Eastern New Mexico. My colleagues and I will be more than happy to answer questions. Thank you very much for your time.

[The prepared statement of Mr. Lansford follows:]

PREPARED STATEMENT OF DAVID LANSFORD, MAYOR, CLOVIS, NEW MEXICO, AND
CHAIRMAN, EASTERN NEW MEXICO RURAL WATER AUTHORITY, CLOVIS, NM

Mr. Chairman, Ranking Member Domenici, and committee members:

My name is David Lansford, and I currently serve as Mayor of Clovis, New Mexico. In addition, I also serve as Chairman of the Eastern New Mexico Rural Water Authority. The City of Clovis serves as the fiscal agent for the project, and residents in Curry County represent over fifty percent of the population that will be served by the proposed Eastern New Mexico Rural Water System.

Joining me today is Orlando Ortega, Mayor of Portales, New Mexico. Mayor Ortega currently serves as Vice Chairman of the Eastern New Mexico Rural Water Authority. We are joined by a number of supporters today, and in your packets you will find a collection of letters of support from government officials and grassroots community leaders regarding the water authority's proposed project.

One of the most significant challenges facing Clovis in the 21st century if not the most significant challenge—is the provision of a sustainable water supply for eastern New Mexico.

Over the last 40 years, numerous studies have indicated the need for the development of a renewable water supply for Curry and Roosevelt counties. Communities within Curry and Roosevelt—including Clovis, Portales, Elida, Grady, Melrose, and Texico—rely solely on water reserves located in the Ogallala/High Plains aquifer. However, every study available clearly demonstrates that this aquifer is being depleted.

Local, state, and federal government officials cannot ignore the facts highlighting our declining water supply. We must take significant action today to ensure the growth and viability of eastern New Mexico for generations to come.

There are a number of things that communities in our affected region must do to protect our water supply—including the enactment of conservation methods and techniques—yet municipal conservation is not adequate considering the amount of water being used for agricultural irrigation. Current estimates indicate that over 90% of the water taken from the Ogallala aquifer is for agricultural purposes, and that poses a challenging situation, considering the fact that agriculture is the bedrock of our local economy.

The Eastern New Mexico Rural Water System, commonly referred to as the Ute Water Pipeline Project, offers the most efficient, cost-effective, and dependable solution for our ever present water challenges. The concept of this project is almost fifty years old.

In the 1950s, the State of New Mexico funded the construction of a dam on the Canadian River, which created Ute Reservoir. The purpose of this reservoir is to provide a domestic water resource for the citizens of eastern New Mexico. Several communities, including Clovis, have reserved water rights at the reservoir, and we've established the water authority to lead the development effort that will bring water via a pipeline to communities within Curry and Roosevelt counties.

This pipeline represents the best alternative for providing a sustainable water supply for eastern New Mexico, well into the next century. In addition, this project seeks to eliminate competition for water resources that exist between municipal, industrial, and agricultural water users.

A sustainable supply of water at these levels—whether municipal, industrial, or agricultural—is critical to the socio-economic future of eastern New Mexico. Our region supports a number of industries, including dairy, large-scale food production and processing, ethanol refining, a critical military presence at Cannon Air Force Base, and colleges and universities, among others.

We have been studying the efficacy of the Ute Water Pipeline Project for a number of years, and our consultant team has completed and submitted over 20 volumes of technical memoranda on the project, examining groundwater conditions, population growth and water demand, conservation and reuse, existing water systems, evaluation of alternatives, environmental issues, Ute Reservoir operations, water treatment needs, power service and wind power potential, cost estimating, and hydraulic optimization. In short, our plans for the Ute Water Pipeline Project have been thorough and comprehensive.

We are here today to urge the U.S. Senate Energy and Natural Resources committee, and New Mexico's Congressional Delegation, to expeditiously introduce federal legislation authorizing the financing, planning, design, and construction of the Ute Water Pipeline, at a Federal cost share of seventy-five percent. The Eastern New Mexico Rural Water Authority has been working diligently and with limited resources to address the water needs of our area, but a federal authorization is absolutely critical to making the Ute Water Pipeline a reality.

On behalf of the eight public entities that comprise the Eastern New Mexico Rural Water Authority, we are appreciative of this opportunity to discuss our region's long-term water needs, and we look forward to working in concert with you to protect the economic health and welfare of the citizens and businesses of eastern New Mexico.

My colleagues and I will be more than happy to answer any of your questions regarding this project. Thank you for your time and consideration.

ATTACHMENT.—UTE PIPELINE PROJECT

- Eight cities and counties on the eastern side of New Mexico make up the Eastern NM Rural Water Authority (ENMRWA), including: Clovis, Curry County, Elida, Grady, Melrose, Portales, Roosevelt County and Texico.
- Presently, municipal and commercial water supply to the region is provided entirely by groundwater from the Ogallala formation of the High Plains Aquifer.
- Groundwater levels in the region are declining at an average rate of approximately 2.6 ft/yr.
- The NE New Mexico Regional Water Plan (June 2006) specifically identifies the ENMRWS as a priority strategy for long term sustainable water supply to the region.
- There is no viable or more cost effective alternative to a Ute pipeline project. Other than the surface water from Ute Reservoir available to New Mexico through the Canadian River Compact, there is not a sustainable water supply available to the citizens of eastern New Mexico.
- A brackish water supply project using aquifers located below the Ogallala is not viable economically nor is it sustainable. The only potential alternative for making the fresh groundwater supply sustainable is rapid, large-scale buyout and retirement of irrigated agriculture at massive cost and an undesirable (some say catastrophic) socio-economic impact.
- A sustainable supply of municipal and industrial water is critical to the socio-economic future of eastern New Mexico and is in the national interest. The area supports large scale food production (peanuts, cheese, milk and milk products), an expanding ethanol industry, a regional education complex (Eastern NM Uni-

versity), extensive railway commerce, a critical military presence at Cannon AFB, and regional large scale wind power development.

- The City of Clovis' Comprehensive Plan (2007) identifies the development of a long-term sustainable water supply for the region as its #1 Infrastructure Goal, with five main components:
 - Implement the ENMRWS as quickly as possible.
 - Protect the quality of existing water supplies in Ute Reservoir and the Ogallala aquifer.
 - Implement an effective water conservation program.
 - Implement an effective wastewater reuse program.
 - Continue to identify, evaluate and plan for new long-range water sources.
- Stringent conservation and reuse programs, coupled with retirement of much agricultural pumping could prolong the present groundwater supply in the Ogallala, but probably for only a decade or two based on simulations made with several groundwater models.
- Failure to use the supply of New Mexico water available in Ute Reservoir for Municipal and Industrial purposes could lead to it being “lost to Texas” under provisions of the Canadian River Compact.
- In February 2005, Reclamation, through a specially assembled “oversight committee,” provided a review of the ENMRWS Conceptual Design Report and related documents. The review document posed seven (7) basic questions that the committee felt needed further development, as follows:
 - Need for the Project.
 - Thorough Analysis of Existing Water Supply Resources.
 - Alternatives Analysis.
 - Environmental Considerations.
 - Design and Cost Estimates.
 - Benefits/Cost Analysis.
 - Cost Sharing.

Since receiving the review report the ENMRWA working with Reclamation, the NM Interstate Stream Commission, Office of the State Engineer, and its technical consultants have addressed each of the questions and comments in considerable detail and as a collaborative effort. Of the seven items, the outstanding issues remaining include:

- Completion of the environmental investigations and documentation (NEPA). This effort is underway and is being done in parallel with the preparation of 30% design documents.
- Completion of the Benefit/Cost Analysis. This effort is a collaboration between the ENMRWA consultant team and Reclamation's Denver Technical Center staff. A great deal of background work has been done—completion is anticipated by the end of 2007.
- Final concurrence on the Federal/non-Federal cost sharing arrangement. The model proposed by the ENMRWA and State of New Mexico recommends a 10% Local—15% State—75% Federal participation based on prior economic studies, local and state financial planning activities and regional rural water supply project experience in other Reclamation states.
- The ENMRWA consultant team has completed 20+ technical memoranda on the project including groundwater conditions, population growth and water demand (need), conservation and reuse, existing water systems, evaluation of alternatives, environmental issues, Ute Reservoir operations, water treatment needs, power service and wind power potential, cost estimating guide, and hydraulic optimization of the system. At the end of the day, all of the recent study efforts and those going back over the past 44 years conclude that the Ute Pipeline project is the solution.
- The ENMRWA, through ongoing consulting contracts, has completed a 10% level design on the entire project which will serve as the “best technical alternative” (BTA) in the environmental process. The 10% design documents include: pipelines, pump stations, water treatment and administration facilities, electrical and controls, Ute Reservoir intake structure, storage, corrosion and architecture.
- The environmental investigations and documentation phase (NEPA) is presently underway and will take approximately two years to complete.
- The layout and capacity of the presently proposed BTA water supply project has been optimized in the latest engineering work by design consultants to be the most hydraulically efficient, cost effective project possible. The latest engineer-

ing work validates the work of at least three previous studies done by various agencies and consultants—each of which recommended a project with a configuration and route similar to that now proposed.

- The current cost estimate is \$436 million (2006\$) and the project is expected to incur an \$8 to 9 million annual operation and maintenance (O&M) cost. O&M will be entirely borne by the users and these costs are included in the projected wholesale water rates.
- To date, the State of New Mexico has provided significant investment in the project having authorized or appropriated approximately \$7.5 million to advance the planning and design of the project and to prepare associated environmental investigations and documentation (NEPA). Out of hundreds of projects submitting applications for funding through the NM Water Trust Board since its inception, the ENMRWS has consistently ranked in the top tier of projects and was the #1 and #2 ranked project in the state over the past two fiscal years.
- The recent steep escalation in construction costs indicates that postponing the project may lead to greatly increased costs—escalation of construction costs is outpacing general economic inflation by 2–3% per year.
- With the proposed Federal cost share at 75%, the projected wholesale cost of water to ENMRWA members is on the order of \$2.25–2.50/1000 gallons (2006\$). Coupled with additional charges to keep local distributions systems and some of wells operational as back up supply, this is still within the range of about \$3.00/1000 gallons presently paid by several NM communities.
- Based on recent dialogue with the NM Congressional Delegation and staff it is anticipated that federal authorizing legislation (at a 75% federal share) could be re-introduced in committee in early 2008. The 25% non-federal cost share is anticipated to be borne by the ENMRWA members and the State of New Mexico.
- Unlike many other water projects in New Mexico and the southwest, the proposed ENMRWS project has no known or anticipated significant environmental issues, no associated Native American settlement, and no water rights disputes. The water in Ute Reservoir is owned by the state and administered by the NM Interstate Stream Commission (ISC). The ISC and the members of the Ute Reservoir Water Commission, which includes the eight ENMRWA members, have a relatively straightforward water purchase agreement in effect.
- Programmed next steps for the ENMRWA include completion of NEPA activities, completion of an updated financial plan and economic study (December 2007), completion of a 30% level design effort, a subsequent Value Engineering (VE) study, right-of-way planning, property owner liaison and continued public involvement.
- The ENMRWA members adopted a Strategic Plan for the project with aggressive goals for the next two years (2007–2009) at their monthly meeting in Portales in July 2007, as follows:
 - Obtain Federal Authorization by October 1, 2008.
 - Initiate a “full court press” project campaign, starting in August 2007 including:
 - Part 1—Coalition building
 - Part 2—Federal Action plan
 - Part 3—State Action plan
 - Convert organizational structure to formal water “Authority” by July 1, 2008.
 - Complete 30% level design of entire project by May 1, 2009.
 - Complete structured independent Value Engineering analysis following 30% design.
 - Complete environmental investigations and documentation (NEPA activities) by December 2009.
 - Complete Financing and Funding Plan by December 2007 including:
 - ENMRWA member financial planning.
 - Reclamation led Economic Benefits study.
- On behalf of the eight member entities of the ENMRWA and our citizens and businesses we sincerely appreciate your continued support of this critical project and for holding this field hearing in eastern New Mexico. Collectively, we have made major investments in this project in time, energy, resources and funds with the full recognition that the cost of inaction will be much greater down the road without it.

- This field hearing represents a critical milestone in the project's overall development and we look forward to carrying this momentum into the next important milestone steps of authorization, design, construction and water delivery.

The CHAIRMAN. Thank you very much. Mayor Ortega, we are glad to have you here, and thank you for your leadership along with Mayor Lansford on this project.

STATEMENT OF ORLANDO ORTEGA, MAYOR, PORTALES, NEW MEXICO, AND VICE CHAIRMAN, EASTERN NEW MEXICO RURAL WATER AUTHORITY, PORTALES, NM

Mr. ORTEGA. Thank you, Senator Bingaman.

Senator DOMENICI. Good to have you here.

Mr. ORTEGA. Senator Domenici, good to see you. I do have prepared this statement here, testimony that I would like to present to you. My name is Orlando Ortega, Mayor of Portales, New Mexico and Vice Chair of the Eastern New Mexico Rural Water Authority.

First, I would like to take this opportunity to thank you to allow us to testify before your committee regarding our critical need to build this Ute Pipeline Project, and I personally want to express to both of you my deepest appreciation for your continued support of the Ute Pipeline Project and for your efforts on behalf of improving the quality and sustainability of the water supply for communities across Eastern New Mexico including Clovis, Portales, Melrose, Texico, Grady, and Elida and Curry and Roosevelt Counties.

As you know, we enjoy a great quality of life in Portales. We are home to Eastern New Mexico University, one of the largest universities in the State. We are one of the principal producers of the Valencia peanuts in the U.S. and are best known for our successful growing dairy industry.

Last year, we ranked 15th in the Nation and 9th in the western United States in overall quality of life by a national journal publication for micropolitan communities. That's a population up to 50,000. This success comes as no surprise to us.

Our community as a whole is very focused and has worked diligently for years to provide the finest quality of life while offering the best opportunities possible to all who choose to live here. Our community is prospering and is experiencing positive growth. I tell you this because our nearly 19,000 citizens, over 500 registered businesses and industries and our State and local government officials are fully committed to preserving this community for generations to come.

We are developing and implementing water conservation measures which clearly demonstrate that stewardship of our water supply is of paramount importance to our economic future. We declared the summer of 2007 to be a water-wise summer and have set a goal of saving 5 percent water usage per month from May through August, a goal that we have been very successful in meeting.

While we have been working to improve our water supply in a variety of ways, including the purchase of additional property and water rights, we must also aggressively continue to explore other alternatives to ensure the continued availability of water for our region.

Just recently, we have added four new wells in our water well field and have installed pipe to add another six wells. We are continuously establishing new wells and refining our control system in order to keep pace with today's demands. We are currently pumping an average of six to 6.2 million gallons daily with peak demands of 9 million gallons.

Yet, at last report, many of our wells are still dropping, many at an average rate of two-and-a-half feet per year. Experts estimate that our current water supply under today's demand will only last another 18 years. It is time to address other ways to improve our water supply. Today, the most viable alternative is construction of the Ute Pipeline, which has the potential to provide Eastern New Mexico with a long-term renewable water source by linking our communities to Ute Reservoir.

There is no question that the cost of this project is considerable, but with the assistance of Congress, the State of New Mexico, and contributions from communities like the city of Portales, we are confident that this important pipeline can be built.

Significant progress has been made on this project. Working together, the Legislature and Governor Richardson have invested millions of dollars in the Water Trust Fund, which seeks to provide funding for water projects across New Mexico. Now we look forward to the most critical turning point, which leads me to appear before you today.

We are here today to collectively seek your support in obtaining a commitment to provide an authorization and subsequent funding of the Ute Pipeline. We recognize the difficult decisions that you face in weighing the merits of numerous projects and many serious water needs around our State and throughout the country.

However, we cannot emphasize strongly enough how important this project is for our member entities and for the citizens and businesses of Eastern New Mexico. Much discussion has taken place regarding the ability and willingness to support a project of this size. Simply, many have asked, "Can we afford the cost?" However, the more pressing question is not if we can afford to fund the Ute Pipeline project, but rather can we afford not to fund this project.

The long-term sustainability and economic viability of communities in Eastern New Mexico is at serious risk, and we must take action now to protect this region for generations to come. Thank you again for the opportunity to present our request at this very important hearing.

[The prepared statement of Mr. Ortega follows:]

PREPARED STATEMENT OF ORLANDO ORTEGA, MAYOR, PORTALES, NEW MEXICO, AND VICE CHAIRMAN, EASTERN NEW MEXICO RURAL WATER AUTHORITY, PORTALES, NM

Mr. Chairman and Senator Domenici: My name is Orlando Ortega, Mayor of Portales, New Mexico and Vice Chair of the Eastern New Mexico Rural Water Authority.

First, I would like to thank you for the opportunity to testify before your Committee regarding our critical need to build the Ute Pipeline project. And I personally want to express to both of you my deepest appreciation for your continued support of the Ute Pipeline Project, and for your efforts on behalf of improving the quality and sustainability of the water supply for communities across eastern New Mexico—including Clovis, Portales, Melrose, Texico, Grady, and Elida, and Curry and Roosevelt Counties.

As you know, we enjoy a great quality of life in Portales. We are home to Eastern New Mexico University, one of largest universities in the state. We are one of the principal producers of Valencia peanuts in the United States, and are best known for our successful, growing dairy industry. Last year, we ranked fifteenth in the nation and ninth in the western United States in overall quality of life by a national journal publication for micropolitan communities, populations of 10 to 50 thousand.

This success comes as no surprise to us. Our community, as a whole, is very focused and has worked diligently for years to provide the finest quality of life—while offering the best opportunities possible—to all who choose to live here. Our community is prospering and is experiencing positive growth. I tell you this because our nearly 19,000 citizens, over 500 registered businesses and industries and our state and local government officials are fully committed to preserving this community for generations to come.

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It is time to address other ways to improve our water supply. Today, the most viable alternative is construction of the Ute Pipeline, which has the potential to provide eastern New Mexico with a long-term, renewable water source by linking our communities to Ute Reservoir. There is no question that the costs of this project are considerable, but with the assistance of Congress, the State of New Mexico, and contributions from communities like the City of Portales, we are confident that this important pipeline can be built.

Significant progress has been made on this project. Working together, the Legislature and Governor Richardson have invested millions of dollars in the Water Trust Fund, which seeks to provide funding for water projects across New Mexico. And now we look forward to the most critical turning point, which leads me to appear before you today. We are here today to collectively seek your support in obtaining a commitment to provide an authorization and subsequent funding for the Ute Pipeline.

We recognize the difficult decisions that you face in weighing the merits of numerous projects and many serious water needs around our state and throughout the country. However, we cannot emphasize strongly enough how important this project is for our member entities and for the citizens and businesses of eastern New Mexico.

Much discussion has taken place regarding the ability and willingness to support a project of this size. Simply, many have asked, “Can we afford the cost?”

However, the more pressing question is not if we can afford to fund the Ute Pipeline Project, but rather, “Can we afford not to fund this project?” The long-term sustainability and economic viability of communities in eastern New Mexico is at serious risk, and we must take action now to protect this region for generations to come.

Thank you again for the opportunity to present our request at this important hearing.

The CHAIRMAN. Thank you very much for the excellent testimony. Why don’t we go right to the testimony now of our State Engineer, John D’Antonio? Thank you for being here.

STATEMENT OF JOHN D’ANTONIO, JR., NEW MEXICO STATE ENGINEER, AND SECRETARY, NEW MEXICO INTERSTATE STREAM COMMISSION, SANTA FE, NM

Mr. D’ANTONIO. Thank you, Mr. Chairman, Chairman Bingaman, and Ranking Member Domenici. I am pleased to offer testimony

today regarding the Ute Pipeline Project. I am the New Mexico State Engineer and Secretary of the New Mexico Interstate Stream Commission.

The Ute Reservoir is a valuable asset of the State of New Mexico and the Ute Pipeline Project is an important water supply project for Eastern New Mexico communities. The State of New Mexico supports the Ute Pipeline project and has invested funding and staff support toward the planning of this project for several years.

Anticipating the potential water needs of Eastern New Mexico and in the interest of minimizing New Mexico's use of water—or maximizing the use of water from the Canadian River, New Mexico ISC completed the construction of the Ute Dam and Reservoir in 1962 at a present-day cost of over \$125 million.

The reservoir was constructed for the specific purpose of providing sustainable drinking water supply for the people of Eastern New Mexico. The ISC owns and operates the dam and reservoir for the benefit of New Mexico.

Pursuant to the Canadian River Compact, New Mexico is allowed to store up to 200,000-acre feet of water for use in New Mexico from the Canadian River system below Conchas Dam. The Ute Reservoir stores approximately 200,000-acre feet of water pursuant to a permit issued by the State Engineer in 1962. New Mexico is committed to maintaining the safety of Ute Dam and beneficially utilizing its waters.

Senator DOMENICI. Where does the State Engineer get the water?

Mr. D'ANTONIO. Senator Domenici, the water comes as a result of a lot of its snow pack through the Canadian River system, and there is a compact with the State of Texas. We actually were in—pretty good water year last year and wound up sending about 8,000-acre feet down to Texas, which is about half of what these communities are going to be using in a given year, and it was just free water for the State of Texas.

The CHAIRMAN. I saw something in the paper this morning that it is 96 percent full now, and if it gets to 100 percent, we then have to send more to Texas, right?

Mr. D'Antonio: Yes.

The CHAIRMAN. That's another reason we need to build this pipeline.

Senator DOMENICI. What you are busy at is making sure that the water rights that we are supposed to get, that we're ready for them, and that we have the facilities, and all of the other things that we didn't have 15 or 20 years ago, but we have been working very hard to put those things together. Is that—

Mr. D'ANTONIO. Senator Domenici, the reservoir has been there and it was constructed in 1962. There's been contracts that the State of New Mexico has entered into with all of these communities. They have actually been paying—funding for, I think, it's about \$36,000 a year to maintain a right to that contract water.

So essentially, all we are waiting for is to build the conveyance structure to utilize that water in these Eastern New Mexico communities.

Senator DOMENICI. Super. That's a lot of money and we got to figure out how to do it, right?

Mr. D'ANTONIO. Right. Should I continue?

The CHAIRMAN. Yes.

Mr. D'ANTONIO. In 1987, the communities of Clovis, Tucumcari, Portales, San Jon, Logan, Texico, Melrose, Elida, and Grady and the counties of Curry, Roosevelt and Quay entered into a Joint Powers Agreement forming the Ute Water Commission.

In 1997, the ISC entered into a contract with the Ute Water Commission to sell 24,000-acre feet per year of water from Ute Reservoir to the Ute Water Commission's member communities. Since that time, the Ute Water Commission has paid an option payment of \$36,000 per year to the ISC to preserve its contractual allocation of water. That agreement can be extended if necessary to accommodate the pipeline construction schedule required by the Ute Pipeline Project.

In 2001, Eastern New Mexico Rural Water Authority was formed through a Joint Powers Agreement among the communities of Clovis, Portales, Texico, Melrose, Elida and Grady and the counties of Curry and Roosevelt. The Authority will provide a mechanism for Eastern New Mexico communities to be able to utilize water from the Ute Reservoir for a drinking water supply through the pipeline project.

Ute Reservoir for eastern New Mexico communities is critical. Most of Eastern New Mexico now relies on non-renewable groundwater from the Entrada and the Southern High Plains Ogallala aquifers. Consistent groundwater pumping in the area has caused water levels to climb that exceeded 100 and the current pumping rates of the aquifer near Clovis and Portales will not be able to sustain the existing demand for—certainly for more than 40 years. We are actually looking at something closer to 20 years as a critical juncture.

The water quality in both aquifers is also deteriorating. The rapid depletion and deterioration of these aquifers places the economic liability of Eastern New Mexico communities at risk.

In my capacity as State Engineer, I have been asked about the availability of water for economic development projects in Eastern New Mexico. On recent occasions, companies have been unwilling to locate in the area because of a lack of sustainable water supply. Ute Reservoir provides the only reliable source of renewable water in the region and the pipeline project is necessary to enable communities to utilize that water resource.

Much deeper, brackish aquifers have been considered. They have been rejected as potential future water supply sources. There's been a study in 2005 that determined that brackish water in the project area are up to 1,000 feet deep with very low groundwater yields and the conclusion was it is an unreliable non-cost effective source of water.

In 2003, the Authority prepared a conceptual design report of the pipeline project, but in December 2003, the ISC obtained an independent peer review of that report. In 2003, the ISC also completed a sedimentation study of the reservoir indicating that the future capacity of the reservoir will allow the pipeline project to be viable for at least 80 years.

In December 2006, the Authority completed a preliminary engineering report for the project and the ISC and the Bureau of Rec-

lamation reviewed the report and concurred that the pipeline project has the most economic, environmentally benign and technologically reasonable solution to Eastern New Mexico's water supply problems. Since 2006, the ISC staff has been working with the Bureau and the Authority to continue progress on the project.

In addition, in 2004, ISC staff completed preliminary ecological surveys in anticipation of an environmental impact statement. These studies revealed no major environmental concerns.

In 2006, the ISC joined the State of Texas in a habitat conservation plan for the Arkansas River Shiner downstream of the dam. This plan has allowed the U.S. Fish and Wildlife Service to exclude certain areas of land from designation of critical habitat for the fish in the two States.

The issues remaining to be completed include completion of the project design document at 30 percent completion level and completion of the necessary environmental studies required under NEPA. The Authority has contractors currently assessing the NEPA requirements, and the Authority and the ISC have requested to be joint lead agencies with the Bureau of Reclamation for any NEPA compliance work.

Funding this project is very important. Since 2002, the State of New Mexico has provided funding to the Ute Pipeline Project in the amount of seven-and-a-half million dollars, and concurrent with Federal expenditures, New Mexico will support additional State and other non-Federal funding sources to ensure that the project can be completed in a timely manner.

Mr. Chairman, Ranking Member Domenici, the State of New Mexico, the Office of the State Engineer and the Interstate Stream Commission support the development of the Eastern New Mexico Rural Water System and request that you fully support and fund this worthy project to help us meet the present and future water needs of the citizens of Eastern New Mexico, and again, I appreciate the opportunity to make this report.

[The prepared statement of Mr. D'Antonio follows:]

PREPARED STATEMENT OF JOHN D'ANTONIO, JR., NEW MEXICO STATE ENGINEER, AND SECRETARY, NEW MEXICO INTERSTATE STREAM COMMISSION, SANTA FE, NM

Chairman Bingaman and Ranking Member Domenici, I am pleased to offer testimony today regarding the Eastern New Mexico Rural Water System. I am the New Mexico State Engineer and the Secretary of the New Mexico Interstate Stream Commission. Ute Reservoir is a valuable asset of the State of New Mexico and the Eastern New Mexico Rural Water System is an important water supply project for eastern New Mexico communities. The State of New Mexico supports the Eastern New Mexico Rural Water System project and has invested funding and staff support toward the planning for this project for several years.

Anticipating the potential water needs in eastern New Mexico and in the interest of maximizing New Mexico's use of water from the Canadian River stream system, the New Mexico Interstate Stream Commission completed construction of Ute Dam and Reservoir in 1962 at a present day cost of over \$125 million. The reservoir was constructed for the specific purpose of providing a sustainable drinking water supply to the people of eastern New Mexico. The Interstate Stream Commission owns and operates the dam and reservoir for the benefit of New Mexico. Pursuant to the Canadian River Compact and subject to the requirements of the Stipulated Judgment and Decree entered by the U.S. Supreme Court in *Oklahoma v. New Mexico*, 501 U.S. 126 (1993), New Mexico is allowed to store up to 200,000 acre feet of water for use in New Mexico from the Canadian River system below Conchas dam. Ute Reservoir stores approximately 200,000 acre-feet of water pursuant to a permit

issued by the State Engineer in 1962. New Mexico is committed to maintaining the safety of Ute Dam and beneficially utilizing the waters within Ute Reservoir.

In 1987, the communities of Clovis, Tucumcari, Portales, San Jon, Logan, Texico, Melrose, Elida and Grady and the Counties of Curry, Roosevelt and Quay, entered into a Joint Powers Agreement forming the Ute Water Commission. In 1997, the Interstate Stream Commission entered into a contract with the Ute Water Commission to sell 24,000 acre-feet per year of water from Ute Reservoir to the Ute Water Commission's member communities. Since that time, the Ute Water Commission has paid an option payment of \$36,000 per year to the Interstate Stream Commission to preserve its contractual allocation of water. That agreement can be extended if necessary to accommodate the pipeline construction schedule required by the Eastern New Mexico Rural Water System project.

In 2001 the Eastern New Mexico Rural Water Authority, (the Authority) was formed through a Joint Powers Agreement among the communities of Clovis, Portales, Texico, Melrose, Elida and Grady and the Counties of Curry, Roosevelt and Quay. The Authority will provide a mechanism for eastern New Mexico communities to be able to utilize water from Ute Reservoir for a drinking water supply by managing the pumping, storage, and delivery of Ute water through the Eastern New Mexico Rural Water System pipeline project.

The development and conveyance of Ute Reservoir water to eastern New Mexico communities is critical. Most of eastern New Mexico now relies on non-renewable ground water from the Entrada and Southern High Plains/Ogallala aquifers. Consistent groundwater pumping in the area has caused water level declines that have exceeded 100 feet. At current pumping rates, a recent study by CH2M Hill indicates the remaining saturated thickness of the aquifer near Clovis and Portales will not be able to sustain the existing demand for more than 40 years. The water quality in both aquifers is also deteriorating.

The rapid depletion and deterioration of these aquifers places the economic viability of eastern New Mexico communities at risk. In my capacity as State Engineer, I have been asked about the availability of water rights for economic development projects in eastern New Mexico. On recent occasions, companies have been unwilling to locate in the area because of a lack of a sustainable water supply. Ute Reservoir provides the only reliable source of renewable water in the region, and the pipeline project is necessary to enable communities to utilize that water resource.

Much deeper, brackish aquifers have been considered—and rejected—as potential, future water supply sources. A study by the engineering firm, CH2M Hill, in 2005, determined that the brackish water aquifers in the project area are up to 1000 feet deep with low ground water yields. The conclusion of this investigation was that reliable, cost-effective treatment and development of these saline aquifers is decades away and, in any event, would not provide a renewable water supply.

In 2003, the Authority prepared a Conceptual Design Report of the pipeline project, and in December 2003, the ISC obtained an independent peer review of that report. In 2003, the ISC also completed a sedimentation study of the reservoir indicating that the future capacity of the reservoir will allow the pipeline project to be viable for at least eighty years. In December 2006, the Authority completed a Preliminary Engineering Report for the project. The Interstate Stream Commission and the Bureau of Reclamation reviewed the Preliminary Engineering Report and concurred that the pipeline project was the most economic, environmentally benign, and technologically reasonable solution to eastern New Mexico's water supply problems. Since 2006, the Interstate Stream Commission staff has been working with the Bureau of Reclamation and the Authority to continue progress on the project. For example, the Authority has contracted with CH2M Hill to prepare additional design documents to support the project.

In addition to work relating to evaluation of the engineering aspects of the project, during 2004, Interstate Stream Commission staff completed preliminary ecological surveys in anticipation of an Environmental Impact Statement. These studies revealed no major environmental concerns. In 2006, the Interstate Stream Commission joined with the State of Texas in a habitat conservation plan for the Arkansas River Shiner downstream of the dam. This plan will provide benefits to the Arkansas River Shiner and has allowed the US Fish and Wildlife Service to exclude certain areas of land from a designation of critical habitat for the fish in the two states.

The issues remaining to be completed include completion of the project design documents at the 30% completion level and completion of the necessary environmental studies required under NEPA. The work remaining will build off of existing work in progress. For example, the Authority has contractors currently assessing the NEPA requirements and the Authority and the Interstate Stream Commission have requested to be Joint Lead Agencies with the Bureau of Reclamation for any NEPA compliance work.

Funding this project is very important. Since 2002, the State of New Mexico has provided funding to the Eastern New Mexico Rural Water System project in the amount of \$7,524,400. Concurrent with federal expenditures, New Mexico will support additional state and other non-federal funding sources to ensure that the project can be completed in a timely manner. Completion of this project will provide the eastern New Mexico communities in Curry and Roosevelt counties a reliable and renewable source of water to support economic development and current and future needs.

Mr. Chairman and Ranking Member Domenici, the State of New Mexico, the Office of the State Engineer, and the Interstate Stream Commission support the development of the Eastern New Mexico Rural Water System and request that you fully support and fund this worthy project to help us meet the present and future water needs of the citizens of eastern New Mexico. I appreciate the opportunity to address the Committee on this important water project.

The CHAIRMAN. Thank you very much for your statement. We appreciate it, and we will have some questions here after we hear from Mr. Bostwick. Darrel Bostwick is the Chair of the Ute Water Commission. We very much appreciate him being here. He's been involved in promoting this project for a great many years, and we look forward to hearing your point of view on it, so go right ahead.

**STATEMENT OF DARREL BOSTWICK, CHAIRMAN, UTE WATER
COMMISSION, MELROSE, NM**

Mr. BOSTWICK. Mr. Chairman and members of the committee, my name is Darrel Bostwick, and I currently serve as Chairman of the Ute Water Commission, a Joint Powers Agreement entity involving local government in Quay, Curry, and Roosevelt County.

As a former County Commissioner in Curry County and Councilman for Melrose, my involvement in development of Eastern New Mexico Rural Water Supply Project dates back to 1964 when 17 communities formed an association to study the feasibility of utilizing water impounded in the Ute Reservoir near Logan to support—to supplement the dwindling groundwater resource of Eastern New Mexico.

Funding for the development of the Ute Reservoir was authorized by the New Mexico State Legislature in 1959. Construction was completed in 1963. It was built with the express purpose of providing a sustainable water supply for Eastern New Mexico.

A related purpose was to capture and store approximately 200,000-acre feet of conservation storage authorized in the Canadian River compact which was approved in 1950 by agreement of the States of Texas, Oklahoma, and New Mexico. Compact provision were approved by Congress in 1952.

My testimony today will outline the efforts made over the past four decades to plan a sustainable water supply for the communities of Curry and Roosevelt County, which are dependent on the Ogallala aquifer as their only source of drinking water. Studies show and history provides that the Ogallala is a finite water resource, which isn't sustainable and will eventually be unsuitable for—to sustain the economic base in the region.

So the proposed project being discussed today isn't new. It was part of the overall plan devised by the New Mexico Legislature and State Water Engineer, Steve Reynolds, to address the future needs of our area—of our area. Now almost 50 years later, the future has arrived and we need your support to bring this project to reality.

The original plan envisioned a 286-mile pipeline delivering water to communities as far south as Jal. Since that time, literally dozens of feasibility studies, engineering reports, environmental assessments, and financial proposals have been completed. Many of the original communities interested in the project have dropped out of the Association due to the perceived high cost of the project and the belief of some that the aquifer would always supply the water needed for municipal and industrial purposes.

I am honored to be here today representing the counties and communities who have been vigilant in pursuing this project because I was among the elected officials who embarked on this journey back in 1964 and have been actively involved over all these years in some capacity or another. The hearing today will provide a good historical role for you of the many milestones completed over the years since I have been involved since the beginning.

I get to cover the early history of the project. Here are some of the milestones that have passed over—since that time: Formation of the Eastern New Mexico Inner Community Water Association in 1963, completion of the first engineer report on that project in 1964, initial development plans completed by the Bureau of Reclamation in 1966. BOR completed its first major study in 1972 and the drafted environmental impact statement was completed in 1974. A congressional hearing, field hearing, was held in Tucumcari in 1975 and was chaired by then Congressman Manuel Lujan.

The State Environmental Department and the Federal Environmental Protection Agency—excuse me—both recommended that a water treatment facility be added to the proposed project. In 1975, Hobbs and other communities south of Roosevelt County opted out of the project. 1975, 1978, and 1981, the New Mexico legislature authorized the sale of bonds to raise the spillway at Ute Reservoir by 18 feet, which significantly increased the storage capacity of the reservoir and doubled the surface area of the lake. The BOR completed the spillway project in 1984.

Beginning in 1982, Tucumcari began reserving water from Ute Reservoir to meet future water needs. A similar reservation agreement was initiated by Clovis in 1984 reserving the remaining estimated yield on behalf of other communities in Quay, Roosevelt, and Curry Counties.

In 1996, the Ute Reservoir Commission was formed. Its stated purpose was to protect and utilize future and existing water rights and water resources to plan and develop, for equitable distribution, water from Ute Reservoir and to provide a mechanism to plan, develop, and acquire financing, protect and conserve water—Ute water resources for the common benefit of all parties.

In 1986, the State Water Engineer requested technical assistance from the Bureau of Reclamation to study the feasibility of an interactive project serving communities of Curry, Quay and Roosevelt Counties. The BOR design report was completed in 1989 and was followed by a special environmental report for the project in 1993.

The 1996 Interstate Stream Commission reservation and purchase contract with the Ute Water Commission was amended and extended to include the increased annual yield of 24,000-acre feet per year. In 1998, Smith Engineering was selected to prepare a

conceptual design for the project and provide adequate information for the local sponsors to pursue financing for final design and construction to the main project to change the—the name of the project was changed to Eastern New Mexico Rural Water Supply Project, and the latest push for the project was launched.

Mr. Chairman, I realize that my time has expired and I want to give others the opportunity which they have already had, but I want to thank Mayor Lansford, Mayor Ortega, the State Engineer's Office, the Water Trust Board and especially the Governor of New Mexico that has supported this project for many years.

Let me conclude my remarks this morning with the following observation: After dozens of studies and reports, I believe this project is clearly needed. It is straightforward from the design, construction, and operation standpoint that has no legal impediments, no environmental issues that haven't been addressed, and is ready to receive authorization and funding so that construction of the facility can proceed. Thank you again for the—allowing me to participate in this hearing today, and I'll be available for questions.

[The prepared statement of Mr. Bostwick follows:]

PREPARED STATEMENT OF DARREL BOSTWICK, CHAIRMAN, UTE WATER COMMISSION,
MELROSE, NM

Mr. Chairman and members of the committee, my name is Darrel Bostwick and I currently serve as chairman of the Ute Water Commission, a joint powers agreement entity involving local governments in Quay, Curry and Roosevelt County.

As a former county commissioner in Curry County and a councilman from Melrose, my involvement in the development of the Eastern New Mexico Rural Water Supply project dates back to 1964 when 17 communities formed an association to study the feasibility of utilizing water impounded in Ute Reservoir near Logan to supplement the dwindling groundwater reserves in Eastern New Mexico.

Funding for the development of Ute Reservoir was authorized by the New Mexico Legislature in 1959 and construction was completed in 1963. It was built with the express purpose of providing a sustainable water supply for communities in Eastern New Mexico.

A related purpose was to capture and store approximately 200,000 acre-feet of conservation storage authorized in the Canadian River Compact which was approved in 1950 by agreement of the states of Texas, Oklahoma and New Mexico. The compact provisions were approved by Congress in 1952.

My testimony today will outline the efforts made over the past four decades to plan a sustainable water supply for the communities in Curry and Roosevelt Counties which are dependent on the Ogallala Aquifer as their only source of drinking water. Studies show, and history proves, that the Ogallala is a finite water resource which isn't sustainable and will eventually be unsuitable for sustaining the economic base in the region.

So the proposed project being discussed today isn't new. It was part of the overall plan devised by the New Mexico Legislature and State Water Engineer Steve Reynolds to address the future needs of our area. Now, almost 50 years later, the future has arrived and we need your support to bring this project to fruition.

The original plan envisioned a 286-mile pipeline delivering raw water to communities as far south as Jal. Since that time, literally dozens of feasibility studies, engineering reports, environment assessments and financing proposals have been completed.

Many of the original communities interested in the project have dropped out of the association due to the perceived high cost of the project and the belief by some that the aquifer would always supply the water needed for municipal and industrial purposes.

I'm honored to be here today representing the counties and communities who have been vigilant in pursuing this project because I was among the elected officials who embarked on this journey back in 1964 and have been actively involved over all these years in one capacity or another. The hearing today will provide a good historical overview of the many milestones accomplished over the years. Since I have been

involved since the beginning, I get to cover the early history of the project. Here are some of the early milestones:

- Formation of the Eastern New Mexico Inter-Community Water Association in 1963.
- Completion of the first engineering report on the project in 1964.
- Initial development plans completed by the Bureau of Reclamation (BOR) in 1966.
- The BOR completed its first major study in 1972 and a draft environmental impact statement was completed in 1974.
- A Congressional field hearing was held in Tucumcari in 1975 and was chaired by then Congressman Manuel Lujan. The State Environment Department and the federal Environmental Protection Agency both recommended that a water treatment facility be added to the proposed project design.
- In 1975, Hobbs and other communities south of Roosevelt County opted out of the project.
- In 1975, 1978 and 1981 the New Mexico Legislature authorized the sale of bonds to raise the spillway at Ute Reservoir by 18 feet which significantly increased the storage capacity of the reservoir and doubled the surface area of the lake. The BOR completed the spillway project in 1984.
- Beginning in 1982, Tucumcari began reserving water from Ute Reservoir to meet future water needs. A similar reservation agreement was initiated by Clovis in 1984 reserving the remaining estimated yield on behalf of other communities in Quay, Roosevelt and Curry Counties.
- In 1986, the Ute Reservoir Water Commission was formed. Its stated purpose was to: "protect and utilize future and existing water rights and water resources; to plan and develop for equitable distribution of water from Ute Reservoir and to provide a mechanism to plan, develop, acquire, finance, protect and conserve Ute water resources to the common benefit of all parties."
- In 1986, the State Water Engineer requested technical assistance from the Bureau of Reclamation to study the feasibility of an "entruncated" project serving communities in Curry, Quay and Roosevelt Counties.
- The BOR Design Report was completed in 1989 and was followed by a special environment report for the project in 1993.
- In 1996 the Interstate Stream Commission reservation and purchase contract with the Ute Water Commission was amended and expanded to include the increased annual yield of 24,000 acre feet per year.
- In 1998, Smith Engineering was selected to prepare a conceptual design for the project and provide adequate information for the local sponsors to pursue financing for final design and construction. The name of the project was changed to the Eastern New Mexico Rural Water Supply project and the latest push for the project was launched.

Mr. Chairman, I realize that my time has expired and I want to give others on the panel an opportunity to continue the story of this important project. Mayor Lansford and Mayor Ortega have been great leaders of this effort over the past five years and we also appreciate the support of the New Mexico Legislature, the New Mexico Water Trust Fund Board and our current State Water Engineer, John D'Antonio.

Let me conclude my remarks this morning with the following observations: After decades of effort and dozens of studies and reports, I believe that this project is clearly needed. It is straightforward from a design, construction and operations standpoint; it has no legal impediments; no environmental issues that haven't been addressed; and is ready to receive authorization and funding so that construction of facilities can proceed.

Thank you again for allowing me to participate in the hearing today and I'll be available to respond to questions from the committee.

The CHAIRMAN. Thank you very much for your testimony. Thank you all for your excellent testimony. Let me ask a few questions. I am sure Senator Domenici will have some questions as well.

Let me start with Mayor Lansford and Mayor Ortega. Maybe either one of them or both would want to comment on this. One of the arguments that I hear from people is that this is a very expensive project. There's a better solution readily available, and that solution is for the cities, particularly Clovis and Portales, to just buy up the existing water rights that are currently being devoted to ag-

riculture, and that will solve the problem, and we don't need to be building pipelines. What is your response to that? Is that an adequate response going forward? What is your thinking on that, Mayor Lansford or Mayor Ortega?

Mr. LANSFORD. Thank you, Senator Domenici, Senator Bingaman, Chairman. You know, that has been discussed for a number of years and it does seem to make a little bit of sense. However, there is an enormous cost attached to that process. Buying up all the groundwater, of course, will accomplish a short-term solution. It will also diminish the economic benefit of agriculture in the area, but it still has a finite amount of water in the aquifer even if you began buying up, you know, reserves that are available through the agricultural uses right now.

So I think that is do-able. It is very expensive, and I think our studies indicate that it is actually more expensive than a pipeline project from Ute Reservoir, and it would still end in the same result. There would be a need for renewable supply at some point in time.

The CHAIRMAN. Did you have a thought on it, Mayor Ortega?

Mr. ORTEGA. Mr. Chairman, Senator Domenici, I can just express what Portales has been doing for some time. We have two water well fields, one called the Sandhill and the other Black Water, which is our main well field.

We, the city of Portales, owns 6,000 acres of land and water rights and controls another 6,000 acres of State lease land, and through that effort, we have expended a large number of dollars in trying to stay ahead of the game, buying water rights, and drilling wells, and building pipeline. It is a very expensive effort, but we continue to do that, you know, daily. Every day, we are working to expand our well field and to meet the demand. We are looking today at buying more land and water rights to stay ahead of the game.

Senator DOMENICI. Ahead of what game?

Mr. ORTEGA. Ahead of the game of trying to not run out of water and supply the demand to our community.

The CHAIRMAN. Let me just ask again, either of the Mayors, if they would want to comment. You heard testimony and have seen the written testimony of the Bureau of Reclamation. Do you agree with the Reclamation's assessment that substantially more work is needed before they would have the information necessary to proceed and support construction of this, authorization of construction of this project?

Mr. LANSFORD. Senator Bingaman and Senator Domenici, I don't agree with the Bureau's position, and I think one of the questions that was asked was how many rural water projects exist right now that the Bureau is overseeing. I think there's 10. Have each one of those projects had to follow the strict criteria that we are being asked to follow? I think the answer is "No". I think those projects have all been authorized with a design much less than the 30 percent that's being asked of us.

Certainly, the project needs to be designed to a 30-percent level in order to get it built, but for it to have to get to that full 30-percent to get Federal authorization has not been a practice that's been required in the past.

The CHAIRMAN. Mayor Ortega, did you care to—

Mr. ORTEGA. Mr. Chairman, Senator Domenici, I think there is a lot of frustration from the communities involved with this project that we have continued to study this thing to death and have done design after design. As you heard the history of the project, my concern is that we go to the Bureau of Reclamation and they ask for 10 percent design, and we go back and they ask for 30 percent. What is next? Forty percent? Then 50 percent?

As we do those things to meet their satisfaction, the price of the project continues to escalate, and at some point, it is going to reach a point that it just cannot be afforded. The time is now. I think that we are doing everything that we can to meet the requests from the Bureau of Reclamation, and I think we have done a real good job of that.

The CHAIRMAN. Let me also ask the two Mayors one other question. There are two costs involved in these projects. There's the cost of construction, and then there's the cost of operations and maintenance, ongoing costs.

The way that this has been talked about and designed in the legislation I earlier proposed, we are talking about the Federal Government assuming responsibility for 75 percent of the construction cost, the rest being borne by the State and local communities, and then all of the operations and maintenance cost being borne by the local communities that are getting the water from that time on. At least that's my understanding. I'd just ask if you think that the communities, particularly the ones that you lead are prepared to meet their part of that cost, both their part of that construction cost. But also, once this thing is built, if it costs as much as it is anticipated to cost, and there will be a lot of operations and maintenance involved in keeping it operating, are the rate payers of the communities able to cover those costs?

Mr. LANSFORD. Thank you, Senator Bingaman, Senator Domenici. In response to that question, I think the answer is "Yes." Our community is prepared to pay its portion, the 10 percent that we are requesting. That doesn't seem like a lot in comparison to the State and the Federal Government portion, but the O&M expense for this project that will be ongoing will certainly be our responsibility. That is, believe it or not, the biggest expense associated with the monthly bill that each consumer will see and pay for.

So I do believe there's a commitment specifically with regard to the city of Clovis. We have committed a infrastructure gross receipts tax portion to address the capital portion of this project to the fullest extent that we can presently, but I do believe there's strong commitment from the elected officials within the city of Clovis that this project is a No. 1 priority, and whatever is required will be done by the city of Clovis.

Mr. ORTEGA. Mr. Chairman, Senator Domenici, Portales has for a few years back implemented a water rate increase, a small one, that has allowed us to slowly bring the price of our water up a little bit at a time so we can be prepared for this. We have also done an ability-to-pay study through the process here, and we have demonstrated that, yes, our communities are able to—to be—able to afford this project, not only in paying the amount of water, but also paying for their portion of the construction costs.

The CHAIRMAN. All right. Thank you very much. Let me defer to Senator Domenici for questions, and then I'll come back with some questions for the other witnesses. Go ahead.

Senator DOMENICI. You want to finish?

The CHAIRMAN. It doesn't matter. You want me to? You go ahead.

Senator DOMENICI. You need to rest.

The CHAIRMAN. I do.

Senator DOMENICI. I don't know which is more restful, talking or shutting up.

The CHAIRMAN. Shutting up is more restful.

Senator DOMENICI. Let me tell you where I am today, Mayors, and all the others back there that represent people and those who represent the Governor. I think it is imperative that we join hands soon and that we decide what percentage of this project will work, and that we give you the Federal Government's commitment at that level, and that we proceed with this—all dispatch to develop this project.

I don't think we ought to be waiting around any longer. Now, let me ask because it would appear to me that that's easy for the Mayors. The Water Engineer, he's done a terrific job the years he's been in. No doubt about it. Do you think, like I do, that we should proceed or are we unable to make ends meet on this project as it has been described to us over and over, and they have been asking us to get on with it over and over, and you told us it is ready to go. Tell us now succinctly, where are we?

Mr. D'ANTONIO. Mr. Chairman and Senator Domenici, it is imperative that this project gets built. I mean, you know, we are at the mercy and will be at the mercy of Federal appropriations as time goes on, and certainly, the authorization needs to be there. Then we'd have to fight the battle of whether or not the appropriations are there to build this project.

But in the absence of that, you are looking at—you know, the eastern part of the State of New Mexico and all the people that live there, and to say that, you know, this project is not going to happen would really—and could, you know, make these into ghost town communities. Certainly, the economic viability wouldn't be there. Look how important Cannon Air Force Base facility is to this community, and just think of how important the water supply is.

You know, I mentioned in my testimony a big employer that was going to come in and spend a couple of hundred million dollars in this community and all they wanted was a 40-year guarantee of a water supply, and because the Ute Pipeline Project had not—you know, they knew it was in the works, but the fact that it still needed to go through the authorization phase, they weren't willing to invest the money into this community, and it was between us and only one other community, and I think Clovis had the upper hand on getting them to move here. They decided not to move. It would have been hundreds of jobs for this community, millions of dollars.

That's just one example of where it would have been nice to say we have got this federally authorized project. It is in the—you know, it is in the planning, or now it is going to be in the design and construction phase, and those employers, the people that you need to—you know, that need to keep coming in for these commu-

nities to be viable aren't going to look at Clovis and Portales if they don't have a water supply.

Senator DOMENICI. Mr. Bostwick, have we waited too long? Is it too late now?

Mr. BOSTWICK. I don't think it is too late, Senator. I think it's getting to the point to where it is imperative that we move rather quickly, but I don't think it is too late.

Senator DOMENICI. Think the people will support it even at these new commitment levels?

Mr. BOSTWICK. Yes, sir, Senator Domenici. They will support it at these levels. The fact that—when water is no more, then there is no project.

Senator DOMENICI. That's right. When the price is no more, then there is no more of anything.

Mr. BOSTWICK. That's right.

Senator DOMENICI. You don't worry about price. You got to get on, pack up your pickup and get out, right?

Mr. BOSTWICK. Absolutely.

Senator DOMENICI. So it is pretty big stuff. You are an old pro. I don't know your political background. I would assume that for you to have this job for so long, that you know what you are doing and you probably represent people in a way that's pretty honest. You know, I am just going to make that assessment. You know, why would you be around if you weren't?

Do we have the right people in place? Just tell us that. You don't have to be personal, but are we OK? Can the people sustain this that are in leadership positions? Can they get it done?

Mr. BOSTWICK. Senator Domenici, yes. I am real enthused with the leadership that we have now in the Water Authority, and, yes, we have the leadership and the ability to get this done.

Senator DOMENICI. State legislators are here. Some of them I have known for a long time. I notice one just was about to leave. Better sit down now. They all seem to be interested. Are they on board as you understand it? Are they ready to go?

Mr. BOSTWICK. Yes, sir, Senator Domenici. There is a book of letters of support somewhere in this room—

Senator DOMENICI. Yes.

Mr. BOSTWICK [continuing]. That you will probably see.

Senator DOMENICI. Yes. I saw it.

Mr. BOSTWICK. As I understand it, all of the Senators and legislators—

Senator DOMENICI. Everyone there.

Mr. BOSTWICK [continuing]. In this area are on board in support of this project.

Senator DOMENICI. Senator Bingaman, I know we have to follow the rules, and that's your job, and you can't let us get ahead of the rules or then things will fall apart. But I guess that we have a big piece of the State pretty dependent upon this project, or if we are not willing to go with it, we got to find something else or we got people that aren't going to have what is needed to have life here for the next 40 plus years. Seems to me that we have had enough hearings, but you are in the majority now, and this is not one of these issues that we ought to let the committee split over. You and I ought to carry the whole team with us.

I just want to say to you I am ready. Let's go. I don't know how we go next. I have seen a schedule. I am ready to do it, and I don't want to cut it short. If we need more hearings, we got to have them.

But from my standpoint, I am just going to look out there and tell you honestly so you will all know, we had a witness here, testified for about 30 minutes, from the Federal Government representing the Bureau of Reclamation. It is good we have these. I don't have to worry about a cord. I was going to say I don't have a great deal of confidence in the Bureau of Reclamation. I don't have it now. I didn't have it last week. I didn't have it a year ago, and they know it. They know that I don't, and yet, we have got to get this thing done, and we've got to use them. We can't substitute our own. We don't just invent things around here like these foreign countries. They say, "Well, hell, we'll just make a new one." We've got to be legal with what the law provides, right? Can't have a war.

But I think we got to get them to moving, too. Some of the numbers they told you today are outrageous. It takes them that long to get this done? I mean, what are they doing? Two or 3 years for some kind of wrap-up that they have to do. I can't understand.

Don't you think that they are dillydallying, Mayor? Ask the two of you sitting here. Just be honest. What do you think, Mayor Ortega?

Mr. ORTEGA. Senator Domenici, Senator Bingaman, I agree with you. I think they are dillydallying. I think we need to move forward with this project and get it taken care of.

Senator DOMENICI. What do you think, Mayor?

Mr. LANSFORD. Senator Bingaman and Senator Domenici, you know, we have behaved in a fashion which I believe is very mature over the years as we have worked with the Bureau of Reclamation. We have done everything we know how to do to address their questions and concerns. Had numerous meetings with them trying to give the appropriate response. Although I am as frustrated as many others, they have been professional in their position.

They have been, you know, steady, predictable and unwilling to come out and say, "We need to fund this project." But at the same time, I think there is a degree of responsibility that they have to the Administration and to the public in general to make sure that tax dollars are not wasted. I don't feel like that this project represents any waste in tax dollars. This is a huge project that's an investment that the Federal Government, State government, and local government, and the people within those jurisdictions will receive benefits for virtually centuries.

So I respect the Bureau. I appreciate the Bureau, but in this instance, I think it is time to move forward.

Senator DOMENICI. What do you think, Mr.—

Mr. BOSTWICK. Senator Domenici, I agree 100 percent with what the Mayor said. We worked with them for several years, even back through the—before the Water Authority was formed through the Ute Water Commission. They have been very professional and have had a good relationship with them, but I am just like the Mayor. I believe that it's time for us to move forward regardless of small regulations that seem to hold us up.

Senator DOMENICI. Thank you for giving me the latitude today.

The CHAIRMAN. No. Go right ahead. Let me ask just a couple of final questions of the two witnesses I haven't had a chance to ask questions of.

Let me ask our State Engineer first. You made some statements about the dropping of the aquifer, the water level in the aquifer. Could you elaborate a little more on how extensive or how eminent a problem this is? I mean, are we looking at a serious inability to continue with business as usual in a decade, in two decades, in 50 years? What can you tell us, as our State Engineer, about the prospects for continued use of water at the current levels?

Mr. D'ANTONIO Mr. Chairman, it is a problem. We have done some recent studies. I alluded to big employer that wanted to come out here. We looked at a whole lot of different possibilities with the well, the well system that's generating water, and every place we looked at, there was a variation of perhaps, you know, less than 10 years of well life associated with some locations up to maybe 30 to 40 years, but in the conglomerate, if you take them all together and you have a growing community that's reliant on this well system, the well field continues to have to—you have to dig more wells. You have to go out further and further, and you have to kind of pump from one area, and it is really—it is almost like a—you know, a shell game as to where the water is actually going to come from. You are trying to minimize the impact to the aquifer.

The bottom line: It is going down two to two-and-a-half feet a year. The energy costs are going to go up with respect to using that groundwater. There's also a deteriorating quality the deeper you get. You have potentially more treatment of that water. So it is just a losing proposition all the way around.

What is nice is they could actually use that water in times of drought if the Ute supply—and we think there's maybe a 5-percent chance of shortages in 7 years. I believe the firm yield of that reservoir is 24,000-acre feet a year and you can maintain the levels that you have in the Ute Reservoir.

So again, if there was a long, prolonged drought, for instance, it's similar to what the city of Albert can do. They go away from their San Juan channel they're going to bring online and they can actually use the existing infrastructure to use some groundwater at that time, but preserve it for those drought conditions.

I mentioned last year, we sent 8,000-acre feet of water down to Texas. You know, if we had that pipeline in place, we essentially could perhaps even do some aquifer storage and recovery or store that water in the aquifer. So yeah, the condition of this whole area in the west is—or the eastern side of the State essentially is just very problematic and it is going to continue to worsen as time goes on.

The CHAIRMAN. Am I right? We share the Ogallala aquifer with West Texas, and I believe I have seen some indications and charts that the—I think the geological survey, perhaps, prepared indicating that as pumping continues and accelerates in West Texas, that diminishes the water level here in Eastern New Mexico. So it is not just the drilling and the pumping that is occurring here that is the problem. It is also the pumping that's occurring across the border. Am I right about that?

Mr. D'ANTONIO. That's correct, Mr. Chairman. If you look at—you just fly over the State lines, you can see where Texas begins. They have the right of capture and they can drill as many wells as they want over the State line and take that water essentially at some point out from under New Mexico.

Right now with the current conditions we have, even though there is that effect, because it is a big bathtub—the Ogallala extends under seven States, you know, Nebraska, all those other States that use it heavily for agricultural purposes—continues to go down just like a bathtub level would go down. You just have a big bathtub. But right now, the localized pumping is more—has more of an impairment effect. In other words, the local wells that we use for agriculture and whatnot, the draw-down effect from taking that water out of those wells has more of an effect on New Mexico side than the actual pumping in Texas. But suffice it to say that levels generally are going to continue to go down because of the ground-water pumping in Texas, and we have got no control over, as a State, what they do in that regard.

The CHAIRMAN. I asked the Mayors if the local communities here were prepared and able to pay the cost that they would anticipate involved with this. As I calculated, this project would likely cost the State itself about \$70 million at a minimum. In your view, is the State in a position to assume that?

Mr. D'ANTONIO. Mr. Chairman, I think we are, and I can't make promises for what the Governor and the Legislature do.

But last year, as part of the Governor's Finance Council, we—and I was able to highlight this project as one of the highest priorities within the State of New Mexico, and at that time out of the Governor's Finance Council, the recommendation was \$70 million over a 3-year period of time. In other words, the State is looking at funding it at a 20, 25 and 25 million over three years.

Last year, what we tried to do was get the 5 million—and I was a little bit disappointed at what came out of the State last year because we had talked about that \$5 million to complete that 30-percent level design project, and we wound up only getting \$1 million out of the State Legislature. We also were able, though, to supplement it with some funds out of the Water Trust Board, which I am also the Chairman of the Water Trust Board. Because we do have another funding cycle, I see no problem in catching up without delaying any of that 30-percent design level effort that's ongoing right now and to make sure that we continue to put forth this is a priority project for the entire State of New Mexico.

We have several legislators in this room, State legislators that are behind the Water Trust Fund, the Water Trust Board and the projects that we do, and we need their continued support to make sure the executive branch and legislative branch are together on this is a priority, and I think it is.

The CHAIRMAN. Let me ask you, Darrel, one other question, I think, in your reciting of the history that's gone on here. The Ute Water Commission, as I understand it, has transitioned into the lead agency now. Used to be the Ute Water Commission on this project. Now it is the Eastern New Mexico Rural Water Authority. As I understand, the contract for the water out of Ute Lake is still with the Commission. Has that caused any problem? I mean, has

this transition of lead agency been smooth, and do you see any difficulty in getting the two working together to be sure that that works?

Mr. BOSTWICK. Mr. Chairman, the transition has been very good. The fact is most of the members that represent the various communities serve on both boards, so there's no conflict whatever. The reason for sustaining the Ute Water Commission, the main reason was, Quay and—Quay County and Tukumcari and that area are members of the Ute Water Commission, and we didn't want the two entities—since they had decided not to participate in this program, we didn't want their reservations to be in with the Authority. So that was the purpose of keeping the two separate, the main purpose.

The CHAIRMAN. OK. That's very helpful. Senator Domenici, do you have any additional questions or comments?

Senator DOMENICI. Maybe you do, but I don't get involved in the State Legislature very much in terms of what they do to support issues like this, but I know everywhere that I read that this project seems to have legislative support in Santa Fe, and I notice that we had Democrats and Republicans in this area that are not all Democrats as they would be in some other areas.

Stuart, I see you here, and a Democrat, if there is one, to stand up and tell me what you all think about legislatively or legislature-wise, is there support for the project if we decide to proceed with as much dispatch as we can?

Mr. INGLE. Senator Domenici, Senator Bingaman, I think that there's broad support across party lines. This is not a party issue as the Legislature sees it, or anyone here in New Mexico, or our side of the aisle, or their side of the aisle. It is something we look on as something that we need to take a hard look at and try our very best to develop and get going on a project like this.

I think basically we are looking at it as something that all of us can participate in and help out with. Every Senator, Representative over here, except maybe one, has multiple counties, and they are all basically up and down the southeast side of the State. At one time or another, we were all involved in the Ute Water Project clear down to Jal, clear up to Clovis here, and Tukumcari, Logan.

Senator Harden has Clovis and goes to Raton. Most of his district was involved in it, and most all of my district is also.

Senator DOMENICI. Mr. Harden.

Mr. HARDEN. Thank you, Senator, both Senators. I think my experience in the past, State Legislature including the executive branch of government and certainly the—all the communities involved have shown a willingness to expend resources, step up to the plate, if you will. We have demonstrated that historically. At 30,000 feet, it is my view we are kind of now waiting for Federal partners. It is where—we are really to that point where we need your help and your assistance financially.

But I think historically we have shown that the communities are willing to—and the Legislature is. You know, I personally sponsored a bill last session that included in that bill \$40 million for this project, and I didn't get through the process. You gentlemen know better than anybody how that works. But I think we have demonstrated our willingness to put up the money and we are real-

ly kind of waiting on you folks, Senator. Thank you for the opportunity.

Mr. DOMENICI. Thank you.

The CHAIRMAN. All right. I think we have both finished with our questions. Let me again thank all of the witnesses, and thanks to everyone who has come. I think this is a useful hearing, and we will go back to D.C. after Labor Day and do our best to settle on legislation we can move ahead with. Again, thank you all very much. The hearing is adjourned.

[Whereupon, at 11:44 a.m., the hearing was adjourned.]

APPENDIXES

APPENDIX I

Responses to Additional Questions

RESPONSES OF DAVID SABO TO QUESTIONS FROM SENATOR BINGAMAN

Question 1. Your testimony notes that in 2004, Reclamation identified critical questions needing to be answered regarding the Eastern New Mexico Project. These included (1) whether design & construction costs were consistent with other projects; (2) whether appropriate alternatives were considered; and (3) whether the communities had an accurate estimate of the overall costs involved. In a recent letter (April 3, 2007) to Mayor Lansford, Reclamation noted that the pipeline “appears to be the least costly and most sustainable way to meet longterm water needs in the project area” This appears to answer one of the questions. In your view, have the other questions been answered? If so, what are your findings?

Answer. Some of these same questions remain regarding the Eastern New Mexico Rural Water Project. In general the preliminary construction estimate appears to be in line with similar projects. While further comprehensive project costs are being developed by the Authority’s consultant, CH2M Hill, these project costs have not been reviewed by Reclamation and therefore we can make no determination regarding project feasibility.

Question 2. In that same March 30, 2007 letter, Reclamation indicated that the ENM project is currently at a 10 percent design and cost estimate level. You also state that historically, Reclamation has required a more detailed 30% design to support requests for construction authority. In a 2004 document establishing the Oversight Committee you mentioned, Reclamation indicated that the level of detail in the Project’s design was “between an appraisal level study and a feasibility level study”, which sounds to me like it was already between a 10% and 30% design. Since 2004, the Authority, primarily through State funding, has invested at least another \$2 million in studying and planning the project. Your position makes it sound like the Authority is getting further away from the 30% design, despite an additional years of work. Can you explain this? What is Reclamation’s position today on the level of design work that’s been completed for the Project? What needs to be done, and how much time will it take to get to the 30% design?

Answer. Tatumcari and Quay County withdrew from the project in 2005. This changed the scope of the project and necessitated an extensive revision of the design, engineering, cost estimate, and financing plan. As stated in our April 3, 2007 letter to Mayor Lansford, we agree with CH2M Hill’s assessment that the project as presented in the December, 2006 Preliminary Design Report is at a 10 percent design level. Reclamation has recommended that a feasibility report should include a 30 percent design and a consistent cost estimate. We understand that the Eastern New Mexico Rural Water Authority is contracting with CH2M Hill to bring the project design up to the 30 percent level and that they anticipate this will take about 2 years.

Question 3a. It’s my understanding that the Reclamation currently has 10 total authorized rural water projects. How many of those projects has Reclamation completed constructing?

Answer. Of the authorized rural water projects, Reclamation has completed construction on 3: The Mid Dakota Rural Water System and the Fort Peck County Rural Water System were completed most recently, and the WEB Rural water project was completed in 1991.

Question 3b. Did any of those projects meet the 30% design-level before they were authorized?

Answer. Congress has authorized projects with varying design-levels. In many cases projects did not meet the 30% standard. In those cases, however, Reclamation did not support the authorization of those projects and would not support future projects that do not meet this standard.

Question 4a. In implementing the Rural Water Supply Act, you note that Reclamation expects to publish proposed and final criteria in the Federal Register next year. With this schedule, does BOR expect to request funding for the Rural Water Program in its 2009 budget? Will you request funding so that Reclamation can continue to work with the Eastern New Mexico Rural Water Authority in the plan and design for this project?

Answer. The 2009 budget is currently being formulated, and we cannot predict how individual programs or projects will be funded.

Question 4b. Have you started the rural water needs assessment called for in the Act? When do you expect that report will be completed?

Answer. Reclamation has begun the assessment report as required by the Act. It will examine the status of all rural water supply projects authorized for construction but not completed; the current plan for completion of these projects; the demand for new rural water supply projects; rural water programs under the administration of other agencies and how these programs meet the need for rural water supply and water treatment programs in the western states; under the jurisdiction of the Secretary authorized but not completed prior to the date of enactment of this Act, including appropriation amounts, the phase of development, total anticipated costs, and obstacles to completion; the extent that the Rural Water Supply Act will meet the demand; how this program will complement existing authorities; and, improvements to coordinate and integrate the other programs and authorities. The report is scheduled to be completed and provided to Congress by December, 2008 as provided in the Act.

Question 5a. In 2004, the Committee held a hearing on the bill I introduced in the 108th Congress to authorize the project. In response to one of my questions concerning the lack of Reclamation support for the project, Reclamation stated that its rural water activities were reviewed by the Office of Management & Budget, which concluded that "stronger controls for rural water project development are needed and lack of Reclamation involvement during project development increases the probability of projects that are not successful according to the Federal program assessment measurements." Which of the authorized rural water projects have not been successful and what measurements are used to make that determination? Is this simply a justification to reduce federal funding for rural water projects?

Answer. The ultimate goal of any rural water project is to deliver water to rural areas. Given the competing budgetary demands among rural water projects and within Reclamation's overall budget, it is critical that money is spent on feasible projects in the most cost effective manner while working toward this goal. The scope and complexity of rural water systems makes coordination and planning during the development stages of these projects even more important to ensure projects provide sustainable water supplies at the least cost.

Question 5b. How will implementation of the Rural Water Supply Act enhance the likelihood of the success of projects?

Answer. The Rural Water Supply Act will allow Reclamation to institute criteria that will help stakeholders and Congress to prioritize rural water needs and determine whether a project is feasible and cost effective before they are authorized and constructed.

RESPONSES OF JOHN D'ANTONIO TO QUESTIONS FROM SENATOR BINGAMAN

Question 1. I give a lot of credit to Governor Richardson and the Legislature for aggressively trying to address the water supply issues facing communities across New Mexico. Over the long-term, though, projects like the Eastern NM pipeline are going to require a commitment of millions of dollars by the State, as well as local communities. This particular project is expected to cost the State almost \$70 million at a minimum. What's the State's long-term plan to secure the funding necessary to implement this and the other projects needed in New Mexico?

Answer. Last year, in a presentation to the Governor's Finance Council, the State Engineer Office and others requested that funding for the Eastern New Mexico Rural Water Project should be provided over 3 years in the amounts of \$20 million for the first year, \$20 million for the second year and \$25 million for the third year. Although this funding initiative was not completed last year, our agency will continue to request funding to meet the State's cost-share requirements for this project and other needed projects within New Mexico.

Question 2a. Ute Reservoir will provide the water supply for this project. Can you provide an update on the status of water supply in Ute Reservoir? Are there any issues that need to be resolved to ensure that water supply is available for the Project? Is it a physically sustainable supply?

Answer. Ute Reservoir currently holds approximately 94% of the 200,000 acre-feet of water New Mexico is entitled to store under the Canadian River Compact and the U.S. Supreme Court Decree in Oklahoma v. New Mexico. A physically sustainable water supply is available for the Northeastern New Mexico Rural Water Supply Project from Ute Reservoir. The project is designed to deliver approximately 16,000 acre-feet per year from Ute Reservoir and consistent modeling results indicate that that amount of water is available on a sustainable basis from the reservoir. There are no outstanding issues that need to be resolved to ensure that a water supply is available for the project.

Question 2b. Given the drawdown that's occurred, do you think that the Ogallala and Entrada aquifers are going to be able to sustain some level of agricultural uses beyond the 20-year horizon? How bad is the situation from a water supply perspective?

Answer. As advances in irrigation technology and efficiency continue to be developed, it is expected that agricultural uses will continue in eastern New Mexico beyond a 20-year horizon. As I mentioned in my direct testimony to the Committee, consistent groundwater pumping in the area has caused over 100 feet of water level declines. In addition, at current pumping rates, a recent study by CH2M Hill indicates the remaining saturated thickness of the aquifer near Clovis and Portales will not be able to sustain the existing demand for more than 40 years. Agricultural conservation efforts have been in place in eastern New Mexico for at least 40 years and it is anticipated that the agricultural community will continue to adapt to changing conditions as it has in the past. Although the municipal and industrial water users have also initiated conservation measures, because they have less flexibility to adapt to changing supply conditions, the pipeline project will provide them with a reliable water supply.

Question 3. It's my understanding that the Governor sought \$5 million in his "Year of Water" initiatives for the Project to get to a 30% design. Although a substantial amount was provided, it's not clear that there is enough funding to get to that design level. Do you think that an authorization to construct the Project should still move forward, even if a 30% design has not yet been completed?

Answer. Yes. The current project designs, and the completed economic and technical studies that have been accepted by the Bureau of Reclamation confirm that a pipeline from Ute Reservoir is the most economical and sustainable long-term water supply alternative available to meet the needs of eastern New Mexico communities. In addition, the State of New Mexico has invested the present day value of over \$125 million in constructing, operating and maintaining Ute Reservoir, and over the past several years, has spent over \$3 million toward the project design, in part responding to questions from the Bureau of Reclamation regarding the project. Although the Bureau of Reclamation has not furnished criteria fully defining what it would accept as a 30% design product, current and anticipated state funding should enable contractors to finalize a design product in the near future that meets the 30% completion requirements of all accepted engineering standards.

RESPONSE OF DARREL BOSTWICK TO QUESTION FROM SENATOR BINGAMAN

Question 1. I appreciate your historical perspective on the Project and your leadership over the years. Has the transition from the Ute Water Commission to the Eastern New Mexico Rural Water Authority, as far as the lead role in developing the Project, been a smooth one? Does it affect the water supply for the Project since the Ute Water Commission actually has the contract for the water? From the standpoint of the smaller communities involved in the Project, do you think there is ample support to move forward?

Answer. The transition has been very smooth; all of the representatives of the communities are representatives on both boards, there is no conflict at all. I see no problem with the water being controlled by the Ute Water Commission that cannot be resolved with both boards being represented by the same people. The small communities have been making preparation for this project for several years by adjusting water rates and implementing gross recite taxes in preparation for this project. I believe the support is here for the project.

APPENDIX II

Additional Material Submitted for the Record

[Due to the enormous amount of letters received only a few sample letters follow. Additional letters have been retained in committee files.]

HOUSE OF REPRESENTATIVES,
August 10, 2007.

Energy and Natural Resources Committee,
304 Dirksen Senate Building, Washington, DC.

DEAR HONORABLE SENATE ENERGY COMMITTEE MEMBERS: I write in strong support of the Eastern New Mexico Rural Water Authority (ENMRWA) and the Ute Pipeline project. Water is a scarce resource in the Southwest and it is essential that our communities are provided with a reliable source of water. The Ute Pipeline project would help ensure that Quay, Curry and Roosevelt counties have long term access to water for municipal and industrial use.

In 1959 the New Mexico State Legislature passed an act instructing the State Engineer to create a reservoir on the Canadian River (the Ute Reservoir) to help meet the water needs of Eastern New Mexico. The Ute Pipeline project would be the first project to use the reservoir for this original purpose. The project would provide 24,000 acre feet of water annually, from the Ute Reservoir, and would serve approximately 73,000 people in a largely rural area, averaging four and a half people per square mile. The water provided by the Ute Pipeline would stimulate economic growth in the region which is threatened by a decline in the quantity and quality of groundwater reserves.

I believe this project is important to help protect the long term prosperity of Eastern New Mexico communities.

Very truly yours,

TOM UDALL,
Member of Congress.

NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT,
Santa Fe, NM, August 7, 2007.

Hon. JEFF BINGAMAN,
703 Hart Senate Office Building, Washington, DC.

DEAR SENATOR BINGAMAN: Since becoming Secretary of the NM Economic Development Department, the dire situation of the Ute Pipeline Project and the work of the Eastern New Mexico Rural Water Authority have come to my attention.

As it stands today, Ute Lake is primarily being used for recreational purposes as well as the Ute Lake Ranch sub division, both of which are great for the area, but neither of which are true sustainable economic growth for the State. The true intent of damming the Canadian River was to provide a long-term sustainable municipal and industrial water supply for eastern New Mexico communities in Roosevelt and Curry Counties. These communities today rely solely on non-rechargeable and declining groundwater resources from the Ogallala Aquifer.

In my short time as Secretary, I have observed the strong efforts on behalf of the Mayors of both Clovis and Portales and their organizations' hard work to bring economic development projects to their area, but it is my understanding that they are questioning if they should change their priorities and invest in more water rights to simply maintain the status quo.

These communities are beginning to experience a surge in economic development but have recently lost significant new projects that would have made more than

\$150 million capitol investment in the community and hired around 5,000 employees had they felt more certain about the availability and sustainability of future water. The delivery of 16,450 acre feet annually of potable surface water from this project is essential to sustain this area and insure this potential growth.

As you know, this project has been supported by Governor Richardson since his early years in Congress and was identified as a key project in the Year of Water initiative for 2007. The NM Legislature is also a very strong supporter of this project.

I realize that this project could cost \$440 million, but I also recognize the intent of Ute Lake and the work that has already gone into seeing this project to fruition. The Eastern New Mexico Rural Water System provides the best and most cost effective solution to meeting these long term needs and to offset the potential economic constraints of serious groundwater depletion in the region.

So in that vein, I urge you to authorize the ENMRWS and I look forward to working closely with you in this regard.

Best Regards,

FRED MONDRAGÓN,
Cabinet Secretary.

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT,
Santa Fe, NM, August 1, 2007.

Hon. JEFF BINGAMAN,
Chairman, Energy and Natural Resources Committee, U.S. Senate, Washington, DC.

Hon. PETE V. DOMENICI,
Ranking Member, Energy and Natural Resources Committee, U.S. Senate, Washington, DC.

DEAR SENATORS BINGAMAN AND DOMENICI: As Secretary for the New Mexico Energy, Minerals, and Natural Resources Department, I am committed to working collaboratively on energy and natural resource management issues to ensure a sustainable environmental and economic future for New Mexico.

When Governor Richardson announced his statewide water agenda in late 2006, he made the Ute Pipeline Project a priority and called for an investment in its construction to ensure a longterm, renewable supply of clean water in eastern New Mexico.

The project, shepherded by the Eastern New Mexico Rural Water System, exemplifies a cooperative effort by local, State, and Federal government to ensure the future sustainability and economic vitality of the region.

The project seeks to offset the region's dependence on the High Plains Aquifer, which has long experienced water quantity and quality problems, and balance the groundwater depletion that is inevitable in an arid agricultural-producing area.

The Ute Pipeline Project is of critical importance for eastern New Mexico. On behalf of the Energy, Minerals, and Natural Resources Department, I'm looking forward to working with my colleagues in state government, as well as local and federal officials, as we seek to make the Ute Pipeline a reality.

Sincerely,

JOANNA PRUKOP,
Cabinet Secretary.

TOWN OF ELIDA,
Elida, NM, August 10, 2007

Hon. JEFF BINGAMAN,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

Hon. PETE V. DOMENICI,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

DEAR SENATORS BINGAMAN AND DOMENICI: Thank you for taking the time to review this letter of support for the Ute Pipeline Project. Agriculture is critical to our way of life in Elida, and one of our greatest needs as a community continues to be a sustainable water supply outside of the Ogallala/ High Plains aquifer. It's clear that the Ogallala aquifer's future is in jeopardy, and it's time to act now to protect the future of eastern New Mexico and our rural heritage.

Accordingly, Elida is proud to be a member of the Eastern New Mexico Rural Water Authority, which supports the Ute Pipeline Project.

Once constructed, this project will deliver approximately 16,000 acre-feet of water annually from Ute Reservoir to eastern New Mexico, providing our community with the resources we need to grow and prosper in the future.

Apart from the water that has been set aside for communities like Elida in Ute Reservoir, there is no other sustainable water supply available to eastern New Mexico. It is critical that we take the steps necessary to deliver this water to Curry and Roosevelt counties; otherwise, it is likely that these resources will be ceded to Texas under the Canadian River Compact, which would be devastating our livelihood and local economy.

Clearly, this project will only become a reality if we receive the financial support of federal government. We are strongly appreciative of your hard work on behalf of this project in the past, and look forward to working with you in the future to ensure its completion.

Sincerely,

KAY NUCKOLS,
Mayor.

NEW MEXICO STATE LEGISLATURE,
STATE CAPITOL,
Santa Fe, NM, August 7, 2007.

Hon. PETE V. DOMENICI,
U.S. Senator, 328 Hart Senate Office Building, Washington, DC.

DEAR SENATOR DOMENICI: The New Mexico interim Water and Natural Resources Committee recently heard a presentation by the Eastern New Mexico Rural Water Authority on the need for and status of development of the Eastern New Mexico Rural Water System (Ute Pipeline Project). The committee stands in support of the project and offers its commitment to working with the New Mexico congressional delegation and local water authority members to implement this critical project for New Mexico.

Best Regards,

PHIL A. GRIEGO,
State Senator.

NEW MEXICO STATE SENATE,
Sante Fe, NM, August 8, 2007.

Hon. JEFF BINGAMAN,
Chairman, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

Hon. PETE V. DOMENICI,
Ranking Member, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR BINGAMAN AND SENATOR DOMENICI: As a resident of Clovis and as state senator for Colfax, Curry, Harding, Quay, San Miguel, Taos and Union counties, I have a deep understanding of the water resource challenges facing communities throughout rural New Mexico.

Many of my constituents in Curry County, for example, are concerned about the future of our water supply, considering the fact that the Ogallala/High Plains Aquifer—a major source of our water—is diminishing. The county has reserved water for future use in Ute Reservoir, yet we still need a viable mechanism to deliver that water to eastern New Mexico. The Ute Pipeline Project, supported by the Eastern New Mexico Rural Water Authority, is the most credible policy option in that regard.

During the 2007 legislative session, I sponsored Senate Bill 485, which included a \$40 million appropriation for the Ute Pipeline Project. Other legislation in the New Mexico House of Representatives sought significant funding for the Ute Pipeline Project as well. It is critical that legislators at all levels of government—whether locally, in Santa Fe or in Washington—continue to seek major appropriations for this project. As you know, it will take a significant financial investment, but our state's future is on the line.

If we fail to act, the significant water needs of our state and its citizens—and the state obligations in water compacts with other states—may not be met. I hope that you will continue to support this worthwhile project, and I look forward to working

with you in the future as we protect eastern New Mexico's water supply for generations to come.

Sincerely,

CLINTON D. HARDEN, JR.,
Senator.

NEW MEXICO STATE SENATE,
Santa Fe, NM, August 8, 2007.

Hon. JEFF BINGAMAN,
Chairman, Energy and Natural Resources Committee U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

Hon. PETE V. DOMENICI,
Ranking Member, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

SENATOR BINGAMAN AND SENATOR DOMENICI: On behalf of my constituents in Curry and Roosevelt counties—two counties affected by the Ute Pipeline Project—I am writing to thank you for your past support of this project and to urge your continued assistance in its implementation.

As you know, an original intent of damming the Canadian River and creating a reservoir on Ute Lake was to provide a municipal and industrial water supply for communities like Clovis and Portales. These communities are today relying on the High Plains/Ogallala aquifer, which is waning in its water supply—and a mechanism for delivery from Ute Lake to eastern New Mexico is critically needed.

It's important to understand that Clovis and Portales are making good faith attempts to improve their water supply, in addition to their efforts in support of this pipeline. For example, I recently requested a legislative appropriation for \$1,100,000 to purchase water rights and land to convert agricultural wells to municipal and industrial use in Portales and Roosevelt County. However, we must continue to work toward a longer-term solution.

I believe that all options should be on the table as we work to ensure the future of our water supply, including the construction of the Ute Pipeline. While the estimated capital cost of this project is significant, it nonetheless appears to be the most cost-effective way to protect eastern New Mexico's economy and livelihood for generations to come.

We stand with you in your efforts to bring this project to fruition, and look forward to helping in any way we can. Thank you for your time and commitment to our state.

Sincerely,

GAY G. KERNAN,
Senate District 42.

STATE OF NEW MEXICO,
HOUSE OF REPRESENTATIVE,
Santa Fe, NM, August 8, 2007.

Hon. JEFF BINGAMAN,
Chairman, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

Hon. PETE V. DOMENICI,
Ranking Member, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

DEAR SENATOR BINGAMAN AND SENATOR DOMENICI: As mayor of Santa Rosa and as State representative for Curry, Roosevelt, Guadalupe and DeBaca counties, I am very concerned about the future of eastern New Mexico's water.

During the 2007 legislative session, I requested an appropriation of \$5 million for the Eastern New Mexico Rural Water Authority to plan, design and construct a pipeline from Ute Reservoir to Curry and Roosevelt counties. This pipeline project is essential to the overall economic health of eastern New Mexico and our state as a whole.

To offset their dependence on the failing High Plains aquifer, stakeholders in Curry and Roosevelt counties—and the communities of Clovis, Elida, Grady, Melrose, Portales, and Texico, in particular—must find a viable means for receiving de-

liveries of water from other parts of the state. The Ute Pipeline Project is the most viable option in this regard.

We all know that this project will take a significant financial investment to become a reality. As a State legislator, I will continue to make the funding of this project a priority in Santa Fe, and appreciate your efforts in securing the funds necessary from the Federal government to begin its construction. Please do not hesitate to contact me if I can be of further assistance. Thank you for your consideration.

Sincerely,

JOSE A. CAMPOS,
Mayor.

STATE OF NEW MEXICO,
HOUSE OF REPRESENTATIVES,
Santa Fe, NM , August 7, 2007.

Hon. PETE V. DOMENICI,
Ranking Member, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

DEAR RANKING MEMBER DOMENICI: In 2000, I was elected to serve as state representative for House District 67—one of the largest state legislative districts in the nation. District 67 encompasses Curry, Harding, Quay, Roosevelt, San Miguel and Union counties in northeastern and eastern New Mexico.

Of critical importance to two of these counties—Curry and Roosevelt—is the Ute Pipeline Project, which seeks to use the supply of New Mexico water available in Ute Reservoir to provide stakeholders in the eastern part of our state with improved water quality and supply for years to come. The importance of this project to our state's agricultural future cannot be overemphasized.

As you are well aware, the biggest roadblock to this project is the financial commitment necessary to ensure its completion. Throughout my tenure as a state legislator, I have sponsored and supported a number of appropriations to assist in funding this and other water projects. In particular, I have strongly advocated the development of a master plan for Ute Reservoir, because protecting its outstanding water quality is critical to the consumptive water delivery efforts of the eastern New Mexico rural water system. It is an important issue to my district.

On behalf of my constituents, I am writing to urge your continued support for the Ute Pipeline Project. I know that you are constantly approached with requests for funding, but it is becoming abundantly clear that this project is the most cost-effective, long-term solution for the future of eastern New Mexico's water supply. I am appreciative of the fact that you are holding public hearings on this matter, and look forward to assisting you as we move forward with this process. Thank you for your service to our state and nation, and for your sustained efforts in this area.

Sincerely,

BRIAN K. MOORE,
State Representative.

CURRY COUNTY NEW MEXICO,
BOARD OF COUNTY COMMISSIONERS,
Clovis, NM, August 9, 2007.

Hon. JEFF BINGAMAN,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

Hon. PETE V. DOMENICI,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR BINGAMAN AND SENATOR DOMENICI: Curry County stands in strong support of your efforts on behalf of the Ute Pipeline Project. We've been proud to work with you on this project for many years, along with Governor Richardson and the New Mexico Legislature, and we're looking forward to the start of its construction.

This project has the potential to improve the quantity and quality of the water supply for communities in Curry County, while also providing wholesale delivery of water to our county's unincorporated areas, where it can assist in areas like fire protection, livestock taps, and for redistribution as a domestic water supply.

The Eastern New Mexico Rural Water Authority, which includes Curry County, has spent a number of years designing a cost-effective solution to meet our region's long-term water resource needs and to offset groundwater depletion, and we are con-

fidant that we have developed the best technical plans available for a project of this type. The timing is right to move forward with this project.

Furthermore, we believe that it is critical to utilize the resources that have been set-aside in storage for Curry County at Ute Reservoir. Failure to use these precious resources in the near future could lead to them being lost to the State of Texas under the provisions of the Canadian River Compact—and that's a prospect that we simply cannot afford.

We look forward to working with you to reach a successful conclusion with regard to this project. Thank you again for your commitment to the Ute Pipeline, and for your service to our state and nation.

Sincerely,

FRANK H. BLACKBURN,
County Commission Vice Chair.

ROOSEVELT COUNTY,
OFFICE OF FINANCE & ADMINISTRATION,
Portales, NM, August 8, 2007.

Hon. JEFF BINGAMAN,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

Hon. PETE V. DOMENICI,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

DEAR SENATORS BINGAMAN AND DOMENICI: Thank you for taking the time to reach out to residents in eastern New Mexico at your upcoming hearing in Clovis on August 14th. Tackling New Mexico's water issues is a challenging proposition, and your leadership is greatly appreciated.

As you know, Roosevelt County is home to the New Mexico Ag Expo. and agriculture is key to our local economy. The future of Roosevelt County is based on the availability of a sustainable water supply, and we're committed to working with our congressional delegation and the Eastern New Mexico Rural Water Authority to successfully complete the Ute Pipeline Project.

As a member of the Eastern New Mexico Rural Water Authority, Roosevelt County strongly supports the Ute Pipeline Project, as it will also provide a sustainable water supply for municipal use and it seeks to reduce local groundwater competition between municipal and agricultural interests.

Ultimately, the Ute Pipeline Project has the potential to provide the residents of Roosevelt County with a long-term, renewable water source, by linking eastern New Mexico directly to Ute Reservoir. While we have made a financial commitment at the county level, this project will only be possible with the support of the federal government, and we appreciate your continued efforts in this area.

Sincerely,

CHARLENE HARDIN,
County Manager.

VILLAGE OF MELROSE,
Melrose, NM, August 8, 2007.

Hon. JEFF BINGAMAN,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

Hon. PETE V. DOMENICI,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR BINGAMAN AND SENATOR DOMENICI: Thank you for the opportunity to comment on the Ute Pipeline Project.

Since the late 1880s, Curry County's primary economic activities have involved agriculture. As both of you are well aware, Eastern New Mexico is well known for its cattle grazing and variety of crops, including wheat, corn, milo, and alfalfa. Our agricultural economy, our region's survival is dependent upon a steady and sustainable supply of water.

Today, water in Melrose is provided almost exclusively by the Ogallala aquifer, but it's been projected that the useful life of the Ogallala is on the order of only thirty (30) to forty (40) years or even less, under present levels of use.

The Ute Pipeline Project has been designed to provide communities like Melrose with a reliable source of water in the future, but it's been in the planning stages for many years. As elected leaders, the burden is on us to work together, prioritize

our funding efforts, and make the Ute Pipeline Project a reality for Eastern New Mexico's future.

This project will be impossible to complete without your support and the support of your colleagues in Washington. We greatly appreciate your efforts on behalf of this endeavor in the past, and hope that you'll continue to make it a top legislative priority.

Melrose's community members, its residents, farmers, ranchers, and business leaders understand that every drop of water is crucial to maintaining our way of life. Please feel free to reach out to us at any time if the Village of Melrose can be of assistance to your efforts.

Sincerely,

LANCE A. PYLE,
Mayor.

CITY OF TEXICO,
Texico, NM, August 8, 2007.

Senator JEFF BINGAMAN,
Senator PETE V. DOMENICI,
304 Dirksen Senate Office Building, Washington, DC.

DEAR SENATORS BINGAMAN AND DOMENICI: As a rural community, the City of Texico and its surrounding area is heavily reliant on agriculture for survival.

With the drought conditions that our region has experienced in recent years, it's essential that the issue of water availability remain top-of-mind in Washington. I understand that you will be holding a hearing on water issues in Clovis on August 14, and I appreciate your efforts to reach out to our community.

It's clear that Texico cannot continue to rely on the Ogallala aquifer alone for its water supply. As you know, a number of proposed solutions are currently being debated, including the construction of a pipeline between Ute reservoir and eastern New Mexico.

As Texico's mayor, I am open to discussing this project and other proposals with you to ensure that we find the best solution for our community's future. It's critical that officials at all levels of government work together to find common ground and reach a solution that ensures our region's continued economic livelihood and water supply.

Sincerely,

JERRY CUNNINGHAM,
Mayor.

CLOVIS COMMUNITY COLLEGE,
EDUCATIONAL SERVICES,
Clovis, NM, August 8, 2007.

Hon. JEFF BINGAMAN,
Chairman, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

Hon. PETE V. DOMENICI,
Ranking Member, Energy and Natural Resources Committee U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

DEAR MR. CHAIRMAN AND RANKING MEMBER DOMENICI: On behalf of Clovis Community College, we appreciate the efforts of the U.S. Senate Energy and Natural Resources Committee as it examines the issue of water sustainability in eastern New Mexico.

Clovis Community College has hosted a number of water and natural resource meetings over the years, and it's evident that our region has a number of critical decisions to make in the near future with regard to our water supply.

We understand that the Ute Pipeline Project, coordinated by the Eastern New Mexico Rural Water Authority, has accumulated a great deal of support from your offices at the federal level, from Governor Richardson's administration, and from a bi-partisan coalition in the New Mexico State Legislature.

It's also clear that the the Pipeline Project will play a significant role in maintaining and improving eastern New Mexico's economic health and well-being. Accordingly, since a key mission of Clovis Community College is to assume a leadership role in identifying and responding to needs in education and economic development,

we are pleased to offer our support for the Ute Pipeline Project and its goal of providing a sustainable water supply for our community's future.

Sincerely,

DR. BECKY ROWLEY,
Executive Vice President.

EASTERN NEW MEXICO UNIVERSITY,
BOARD OF REGENTS,
Portales, NM, August 8, 2007.

Hon. JEFF BINGAMAN,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

Hon. PETE V. DOMENICI,
U.S. Senate, 304 Dirksen Senate Office Building, Washington, DC.

DEAR SENATORS BINGAMAN AND DOMENICI: Since our opening in 1934, Eastern New Mexico University has developed a strong reputation as both a public university and community leader. Known across the state and region for our personal touch, ENMU offers a variety of services to help students succeed in their academic, personal and professional lives.

We stand as a partner with eastern New Mexico's residents, and like many we're concerned about the sustainability of our region's water supply. In 2004, ENMU formed a Water Conservation Committee to recommend ways the university could conserve water on our properties. By taking a proactive approach, several strategies were enacted to reduce the use of water on campus, including changes in landscaping and grounds keeping.

In addition, we remain supportive of the Eastern New Mexico Rural Water System and the Ute Pipeline Project for a number of reasons, as it will:

- Provide a sustainable water supply for Portales and Roosevelt County;
- Improve the overall quality of our region's water supply;
- Supply a source of continued economic sustainability and growth; and,
- Offset our region's dependence on the failing Ogallala aquifer.

We appreciate this opportunity to comment on water issues in eastern New Mexico, and appreciate your support for both our institution and the future sustainability of our region. Please feel free to contact us if ENMU can be of further assistance to your efforts.

Sincerely,

STEVEN G. GAMBLE,
President.

CLOVIS INDUSTRIAL DEVELOPMENT CORPORATION,
Clovis, NM, August 9, 2007.

Hon. JEFF BINGAMAN,
Chairman, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

Hon. PETE V. DOMENICI,
Ranking Member, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

SENATOR BINGAMAN AND SENATOR DOMENICI: I am writing on behalf of the Clovis Industrial Development Corporation, whose purpose is to develop business opportunities and recruit new business and industry to Clovis and Curry County, in an effort to strengthen and diversify our economic base in the region.

As you know, we have been able to attract a great deal of new business to our area, though some companies have recently expressed concerns about the sustainability and availability of our water supply. It's becoming evident that bold steps will be required on the water issue to ensure our region's standing as a potential site for business relocation and growth.

The Eastern New Mexico Rural Water System is the type of bold step that is needed, in our opinion. While the cost of its construction will be considerable, its projected delivery of potable surface water to Curry and Roosevelt counties will undoubtedly provide the resources necessary for our region to remain economically viable and prosperous.

In addition, the construction and operation of this project will provide a significant economic impact in its own right. Potential revenues of up to \$8.5 million will accrue from gross receipts taxes on construction, and up to \$450,000 annually from operation and maintenance alone. Additionally, income tax payments are estimated to increase by up to \$360,000 initially and \$53,000 annually.

Unfortunately, if we fail to act, the result could mean significant losses to our existing economic base and lost opportunities for future economic development. We look forward to working closely with you to ensure that the Eastern New Mexico Rural Water System—and our region's economic future—stays on the right track. Thank you for your continued assistance.

Sincerely,

CHASE GENTRY,
Executive Director.

CURRY COUNTY,
FARM & LIVESTOCK BUREAU,
August 7, 2007.

Hon. JEFF BINGAMAN,
Chairman, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

Hon. PETE V. DOMENICI,
Ranking Member, Energy and Natural Resources Committee, U.S. Senate, 304 Dirksen Senate Office Building Washington, DC.

DEAR SENATORS BINGAMAN AND DOMENICI: It has been brought to our attention that Congressional funding for the Ute pipeline is being sought. The Curry County Farm & Livestock Bureau is asking for your assistance and support to ensure that funding is appropriated for this pipeline. As you are aware, it is critical for Curry County in that it ensures a long-term supply of water for the citizens, as well as economic development and stability in agriculture production. In addition there is a concern that if this water is not put to beneficial use in the region, it may be allocated outside the state.

We appreciate your support in appropriating funds for this strategic water infrastructure in eastern New Mexico.

Sincerely,

DEE J. BROWN,
President.

DAIRY PRODUCERS OF NEW MEXICO,
August 6, 2007.

Hon. JEFF BINGAMAN,
Chairman, Energy and Natural Resources Committee, 703 Hart Senate Office Building, Washington, DC.

DEAR SENATOR BINGAMAN: As you know, nearly a quarter of New Mexico's dairies currently operate in Roosevelt County. On behalf of New Mexico's dairy producers, Dairy Producers of New Mexico would like to urge you to support the Ute Pipeline Project. This project will give Roosevelt County and neighboring areas the sustainable water supply they need for future growth.

Many New Mexicans rely on the dairy industry for their livelihood, and New Mexico's dairies are critical to maintaining a quality supply of affordable dairy products for our state's residents and businesses. While dairies use less than 5% of the total ground water diversions in their respective counties, water is critical to the industry. Dairy Producers of New Mexico believes that the Ute Pipeline Project will provide a cost-effective, long-term solution for providing water to many of New Mexico's dairy operations (non irrigated agriculture) and supporting commercial businesses.

The Eastern New Mexico Rural Water System, through its members, has committed hundreds of thousands of dollars toward this project. These funds have laid the groundwork for this project, from technical planning to engineering to public outreach. However, it will take the cooperation of local, state, and federal governments to provide the total funding necessary for the Ute Pipeline Project.

We know that you recognize, as we do, that a sustainable water supply for eastern New Mexico is critical to the future of the state's dairy industry. As always, we appreciate your continued support of the dairy industry in New Mexico. Please feel

free to contact me if Dairy Producers of New Mexico can be of assistance to your efforts in moving this project forward.

Sincerely,

SHARON L. LOMBARDI,
Executive Director.

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