ATTACHMENT H

Letters from the Commissioner of the Bureau of Reclamation and the Upper Colorado Regional Director to Honorables Kelsey A. Begaye and John Peña
Dear President Begaye:

Thank you for your letter of November 23, 2000 requesting contracts for water out of Navajo Reservoir for the Navajo-Gallup Water Supply Project (Project).

The Bureau of Reclamation realizes the importance of water now, and in the future, to your communities and fully supports this Project. I applaud your collaborative efforts to plan for your future water supplies.

With regard to the specific issues in your letter, I must address the 50-year contract term that you requested. Reclamation law restricts our contract term to 40 years which is further restricted by Reclamation policy to 25 years. Reclamation policy allows waivers for contracts up to a 40-year term if certain conditions are met. Reclamation has successfully negotiated 40-year contracts based on this policy. With regard to contract term, and the other issues in your letter (Hydrologic Determination and endangered species), my staff looks forward to working with you to resolve all of these issues. As I am sure you are aware, these contracts would require Congressional approval as described in the June 13, 1962 Act authorizing water service contracts from Navajo Reservoir.

I appreciate the innovative options you proposed. The complexities of water development in the San Juan Basin will require all of us to be creative with our solutions. We would expect to work with Regional and State officials as we address hydrologic and other issues. Also, we will all need to work closely with the Fish and Wildlife Service on the endangered species issues.
I have enjoyed working with you in my capacity as the Commissioner of Reclamation, and wish you well on the future of this project. I can assure you that the staff of the Upper Colorado Region and the Western Colorado Area Office will continue to serve you through this transition and the next administration.

Sincerely,

[Signature]

Eluid L. Martinez
Commissioner

cc: Honorable Pete V. Domenici
SH-328, 2nd & C Streets, NE
Washington, DC 20510

Honorable Jeff Bingaman
SH-703, 2nd & C Streets, NE
Washington, DC 20510

Honorable Heather A. Wilson
226 CHOB, 1st Street & Independence Avenue, SE
Washington, DC 20515

Honorable Joe Skeen
2302 RHOB, Independence Avenue & S. Capitol Street, SW
Washington, DC 20515

Honorable Tom Udall
502 CHOB, 1st Street & Independence Avenue, SE
Washington, DC 20515

Thomas Turney, State Engineer
State of New Mexico
PO Box 25102
Santa Fe, New Mexico 87504-5102
Philip Mutz  
Interstate Stream Commission  
P.O. Box 25102  
Santa Fe, New Mexico 87504-5102

John Whipple  
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Joy Nicholopoulos  
US Fish & Wildlife Service  
2105 Osuna NE  
Albuquerque, New Mexico 87113

Carol DeAngelis  
Area Manager  
Grand Junction, Colorado 81506

Rick Gold  
Acting Regional Director  
Salt Lake City, Utah 84138-1102
W-6334

John Pena
Mayor
City of Gallup
P.O. Box 1270
Gallup, New Mexico 87301

Dear Mayor Pena:

Thank you for your letter of November 23, 2000 requesting contracts for water out of Navajo Reservoir for the Navajo-Gallup Water Supply Project (Project).

The Bureau of Reclamation realizes the importance of water now, and in the future, to your communities and fully supports this Project. I applaud your collaborative efforts to plan for your future water supplies.

With regard to the specific issues in your letter, I must address the 50-year contract term that you requested. Reclamation law restricts our contract term to 40 years which is further restricted by Reclamation policy to 25 years. Reclamation policy allows waivers for contracts up to a 40-year term if certain conditions are met. Reclamation has successfully negotiated 40-year contracts based on this policy. With regard to contract term, and the other issues in your letter (Hydrologic Determination and endangered species), my staff looks forward to working with you to resolve all of these issues. As I am sure you are aware, these contracts would require Congressional approval as described in the June 13, 1962 Act authorizing water service contracts from Navajo Reservoir.

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[Signature]

Eluid L. Martinez
Commissioner

cc: Honorable Pete V. Domenici SH-328, 2nd & C Streets, NE Washington, DC 20510

Honorable Jeff Bingaman SH-703, 2nd & C Streets, NE Washington, DC 20510

Honorable Heather A. Wilson 226 CHO, 1st Street & Independence Avenue, SE Washington, DC 20515

Honorable Joe Skeen 2302 RHOB, Independence Avenue & S. Capitol Street, SW Washington, DC 20515

Honorable Tom Udall 502 CHO, 1st Street & Independence Avenue, SE Washington, DC 20515

Thomas Turney, State Engineer State of New Mexico PO Box 25102 Santa Fe, New Mexico 87504-5102
Philip Mutz  
Interstate Stream Commission  
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Santa Fe, New Mexico  87504-5102

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Carol DeAngelis  
Area Manager  
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Rick Gold  
Acting Regional Director  
Salt Lake City, Utah  84138-1102
United States Department of the Interior

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

IN REPLY REFER TO:

UC-443
WTR-4.00

Kelsey A. Begaye, President
The Navajo Nation
P.O. Box 9000
Window Rock, AZ 86515

John Pena, Mayor
The City of Gallup
P.O. Box 1270
Gallup, NM 87301

Subject: Requests for Contracts from Navajo Reservoir Water Supply

Dear President Begaye and Mayor Pena:

Thank you for your letter of November 22, 2000, to the Commissioner of Reclamation, requesting the subject contracts for the Navajo-Gallup Water Supply Project (Project). The Commissioner responded by letter of December 26, 2000, offering full support of the Project and Reclamation’s assistance in the resolution of contract issues.

Prior to pursuing the water supply contracts, which are crucial for project authorization and development, we have identified the following unresolved issues which must be addressed:

1. Hydrologic Determination of water availability
2. Endangered Species Act compliance
3. National Environmental Policy Act (NEPA) compliance for the contracts and Project
4. Colorado River Basin Issues in New Mexico and Arizona
5. Congressional Authorization of the Project
6. Congressional Approval of Long-term Contracts from Navajo Reservoir

To address these issues, Reclamation desires to enter into a Memorandum of Understanding (MOU) with the Nation and City to describe and establish the responsibilities and required commitments for each organization (Reclamation, Nation and City). It may be desirable to include the Jicarilla Apache Nation (Jicarillas) in the MOU, as your Nation’s and City's May 16, 2001, response to the Jicarillas, indicates the potential to use their water supplies.

To expedite development of the MOU, with a target completion this fall, each involved organization needs to designate a representative, capable of establishing acceptable organizational responsibilities and commitments. Please relay, by July 1, 2001, the name, telephone number and any other pertinent information of your designated representative to either of the Reclamation contacts given below.
Reclamation understands the urgency and importance of this Project and is committed and willing to assist in its realization. Please contact Carol DeAngelis, Area Manager of the Western Colorado Area Office at (970) 248-0698 or Rege Leach of the Western Colorado Area Office in Durango at (970) 385-6553, concerning this issue.

Sincerely,

**Rick L. Gold**

Rick L. Gold  
Regional Director

Enclosure

cc: (all with enclosures)

Philip Mutz  
New Mexico Interstate Stream Commission  
PO Box 25102  
Santa Fe, New Mexico 87504-5102

Tom Turney, State Engineer  
State of New Mexico  
PO Box 25102  
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Joy Nicholopoulos, Field Supervisor  
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2105 Osuna NE  
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Claudia Vigil-Muniz, President  
Jicarilla Apache Nation  
P.O. Box 507  
Dulce NM 87528

Joe Muniz, Director  
Natural Resources Department  
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Jicarilla Apache Nation
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John Leeper, Director
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John Cawley (BIA 340)
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Albuquerque NM 87125-6567

bc: Area Manager, Grand Junction, Colorado (without enclosures)
   Attention: WCG-CDeAngelis

Western Colorado Area Office, Durango, Colorado (without enclosures)
   Attention: WCD-RLeach

UC-406 (with enclosures)