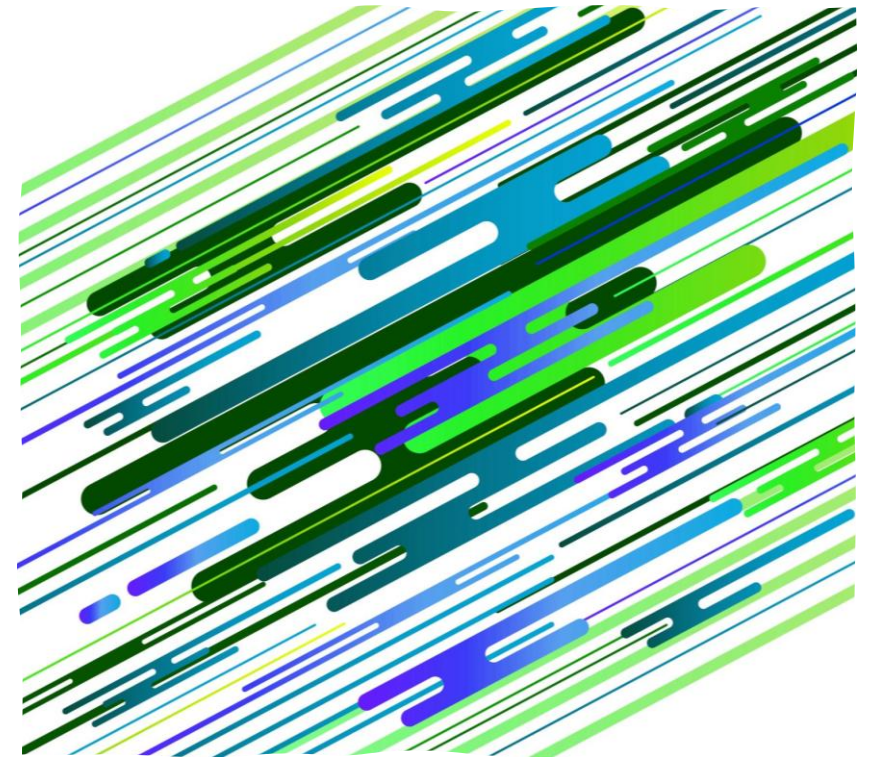


Simplified Overview:

Water Rights & Community Protections in Questa, NM

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AMERICAN WEST WATER ADVISORS

Water Resources Advisors

Strategic Planning, Program Management, Policy Analysis

What Are Water Rights in New Mexico?

In New Mexico, water belongs to the public and is subject to appropriation for “beneficial use”. People and organizations can get the right to use water, but they don’t own the water itself.

You get a water right by putting water to a “beneficial use”—like farming, drinking/domestic , or running a business through a permit from the NMOSE.

The most important rule: “**First in time, first in right.**” If you started using water earlier, your right has a priority over newer uses.

What Constitutes a Water Right?

Priority: When you started using the water.

Quantity: How much water you can use.

Point of Diversion: Where you take the water from (like a well or ditch).

Place of Use: Where you use the water (like a specific farm or home).

Purpose: What you use the water for (farming, home, business, etc.).

Source: Whether it's from a river, stream, or underground.

How Are Water Rights Protected?

- **No one can take your water right away from you or reduce your use (“impairment”) – any changes require an application process.**
- If someone wants to change how or where they use their water right (like transferring it from the Questa Mine for green hydrogen production), they must apply for a permit.
- The State Engineer reviews every application to make sure:
 - There’s enough water available.
 - No existing water user (like you) will be harmed.
 - The change won’t hurt the community or the environment.

Special Protections for Local Water Users

- **Acequias (community irrigation ditches) have extra protections:** Water can't be moved off an acequia unless the acequia itself agrees.
- If you're a water rights' owner, you have the right to protest any proposed change that might affect you.
- There are public notice periods and hearings, so objections are heard and evaluated.

What About the Questa Mine Water Rights Transfer?

- Any transfer of water rights from the Questa Mine for green hydrogen production must go through the same strict review.
- The State Engineer and local water right owners will make sure that:
 - No existing water right owner is harmed.
 - The community's public welfare is protected.
 - There is transparency and opportunity for public input.

Enforcement and Accountability

- There are penalties for anyone who violates water rights rules.
- The State Engineer's office is responsible for making sure everyone follows the law and that your rights are protected.

Bottom Line for Questa Residents

- **Your water rights are protected by law.**

Any new use—like green hydrogen production—must not harm your existing rights. There are strong checks, public processes, and local protections in place to make sure your water stays available for you, your family, and your community.

- If you have concerns, you have the right to participate in the process and make your voice heard.

Taos Regional Water Plan 2016

Major Surface Water and Groundwater Sources

Approximately 80% of the water supply in the Taos water planning region is provided by surface water. The primary surface water feature in the region is the Rio Grande and its tributaries, the most important of which are on the following slide.

Taos Regional Water Plan 2016

Major Surface Water Sources

Costilla
Creek

Cabresto
Creek

Red River

Rio Hondo

Rio Lucero

Rio Pueblo
de Taos

Rio Fernando
de Taos

Rio Grande
del Rancho

Rio Pueblo

Rio Santa
Barbara

Taos Regional Water Plan 2016

Major Surface Water and Groundwater Sources

- The availability of water from the Rio Grande stream system is limited by the terms of the Rio Grande Compact.
- Groundwater supplies all of the communities in the region except for Red River, and numerous stock and domestic wells are also located throughout the region.
- The primary aquifers are in the Santa Fe Group sediments on the Taos Plateau, in Santa Fe Group sediments on the Costilla Plains, in alluvial sediments along river valleys, and in near-surface fractures in the Sangre de Cristo Mountains. The quantity and quality of groundwater and aquifer yields are highly variable.
- The sole NMOSE-declared underground water basin is commonly referred to as the Upper Rio Grande UWB.

Taos Regional Water Plan 2016

Major Surface Water and Groundwater Sources

- More than 300 acequias are present in the region, and the pueblos have practiced agriculture in the region for centuries.
- Due to the large amount of forested land in the region, coupled with the recent drought conditions, the threat of wildfire and subsequent sedimentation impacts on streams and reservoirs remains a key planning issue.
- Climate change will likely result in more severe drought conditions and associated wildfires, interspersed with more extreme precipitation events. In addition, climate change is predicted to result in less availability of water and impacts to water quality in the long-term.

Taos Regional Water Plan 2016

Major Surface Water and Groundwater Sources

- The Rio Grande is the main river in the planning region. The groundwater in the region is within the Rio Grande UWB and is considered to be stream-connected.
- The Rio Grande is fully appropriated; therefore, any new diversion of surface water or groundwater requires the transfer of a valid water right or application for a new domestic or livestock well.
- The availability of water rights may thus be a limiting factor in meeting the future water needs of the region.
- The Village of Questa does not have adequate water rights to support its current and future needs and is actively seeking additional water rights. The Village also has infrastructure maintenance and upgrade needs.

Water Right Settlement Between Chevron and NMOSE

- Chevron had a significant amount of unproven water rights.
- Based on the settlement agreement between Chevron and the NMOSE in January 2025, Chevron may apply to the NMOSE to transfer (change of purpose of use, place of use and point of diversion) for local use in the Questa area.
- A full accounting of the use of Chevron's rights for the Questa Mine remediation/reclamation to confirm that Chevron has available rights to transfer that are not needed for reclamation/remediation of the Questa Mine. From DBS&A Executive Summary

Chevron/NMOSE Settlement Agreement

| Transfer of Disputed Sunshine Valley Rights (Sec. 1) | Transfer of Undisputed Sunshine Valley Rights (Sec. 2) | Future Disputed (Sec. 3) |
|--|--|--|
| 127 AF/Yr 120 AF Transfer to Village of Questa; 7AF to others (Applications filed) | 145 AF/Yr Transfer to 9 MDWCAs (Applications Filed) | No remaining Disputed SV Rights under Sec. 1 |
| | 300 AF/Yr No time Limitations to Questa or Red River Transfers | |
| | 819 AF/Yr Undisputed SV Water Rights not needed to complete Remediation / Reclamation of the Questa Mine may be transferred | NMOSE approved Return Flow Plan may be used to maximize use of Undisputed SV Rights C.U. |

Accounting of the Use of Chevron's Rights for the Questa Mine Remediation/Reclamation

| Description | Year | Amount Pumped | Amount Treated or Discharged |
|---|------|---------------|------------------------------|
| Surface Based Mine-Dewatering System | 2024 | 324 AF | |
| Lower Sulphur Gulch GW Extraction | 2024 | 127.7 AF | |
| Water Treatment Plant | 2024 | | 1,329.6 AF Treated |
| Tailing Facility Outfall 002 | 2024 | | 245 AF Discharged |
| Southwest Groundwater Extraction System | 2024 | 15.9 AF | |
| Totals | | 467.60 AF | |

Businesses Using 47 AF/Yr (15 MG/Yr) of Water

- Small to Mid-sized Food and Beverage Processing Plants: Facilities producing packaged foods, bottled beverages, or dairy products can require 10–20 million gallons per year for washing, cooking, mixing, and sanitation.
- Commercial Laundries: Industrial laundromats serving hospitals, hotels, and uniform services may use 10–15 million gallons annually, depending on client volume and operational hours.
- Golf Courses: An 18-hole golf course in a temperate climate may use around 15 million gallons per year for irrigation, especially if employing water conservation measures and drought-resistant turf.

Businesses Using 47 AF/Yr (15 MG/Yr) of Water –cont.

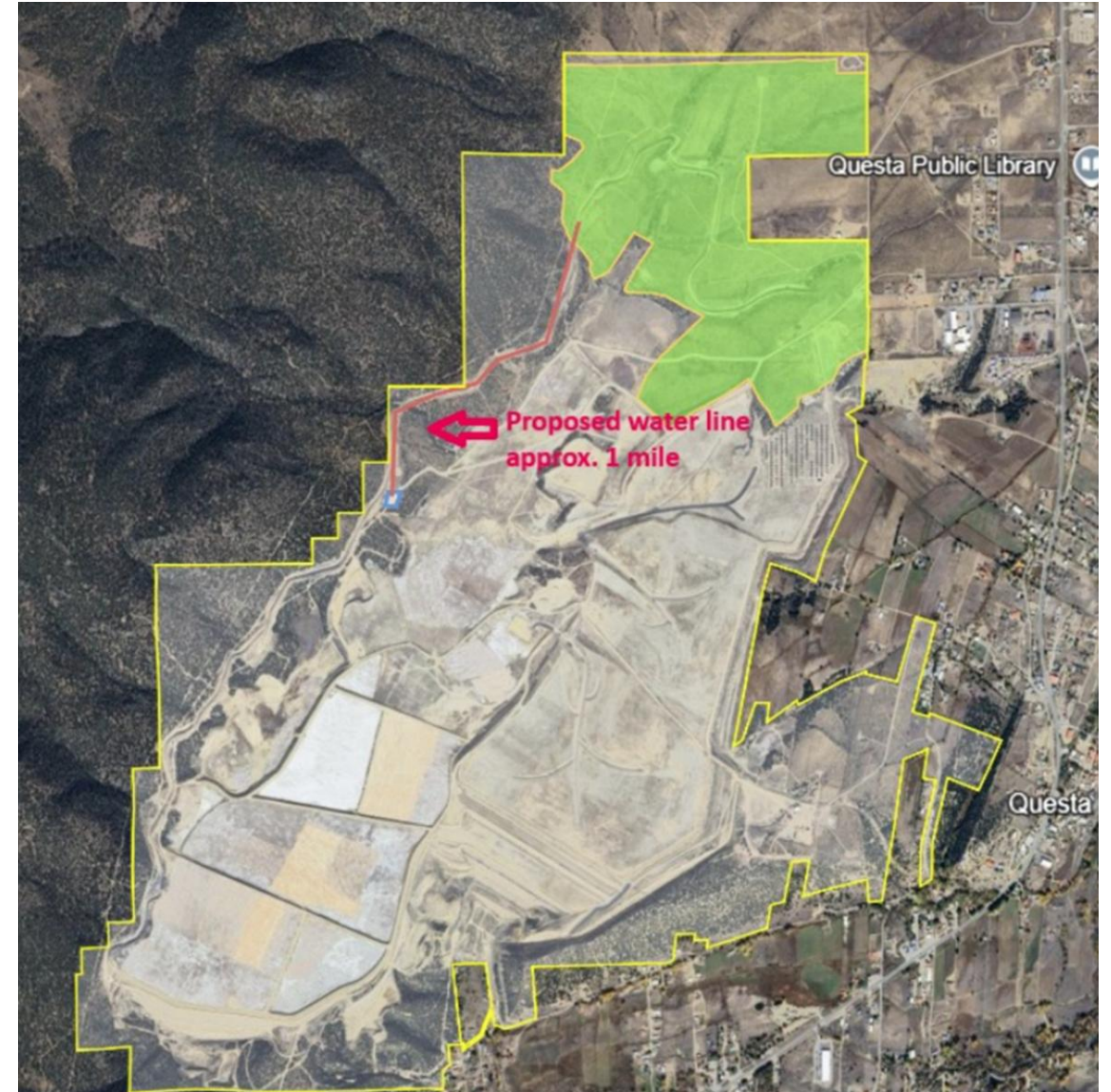
- Hotels or Resorts: A medium-sized hotel with several hundred guest rooms, pools, and landscaped grounds might consume close to 15 million gallons annually for guest services, laundry, cleaning, and outdoor maintenance.
- Small Manufacturing Facilities: Factories specializing in light manufacturing—such as electronics assembly, plastics, or textiles—can have annual water needs in the vicinity of 15 million gallons, mainly for cooling, rinsing, and process water.
- Bottling or Beverage Distribution Centers: Distribution centers with limited production lines and cleaning operations often use amounts in the low tens of millions of gallons each year.

Settlement Agreement Between NMOSE and Chevron

- Based on the settlement agreement between Chevron and the NMOSE in January 2025, Chevron may apply to the NMOSE to transfer (change of purpose of use, place of use and point of diversion) for local use in the Questa area.
- Water rights: 100 acre-ft transferred from Chevron's Sunshine Valley Rights: Application to change place and purpose of use and point of diversion.

Existing well RG-14117 POD 18

Anticipated to be used as the point of diversion. Well depth of 530 ft with a 9.5-inch casing and an estimated yield of 600 gpm. An approximate 1-mile pipeline will be constructed from the POD to the place of use.





PODs Within 1-Mile of RG 14117-POD 18

| OSE POD # | Distance (Miles) | Owner | Permit Status | Well Depth (Feet) | Casing (inches) | Yield (gpm) |
|---------------|------------------|--------------|---------------|-------------------|-----------------|-------------|
| RG 51785 | 0.9 | D. Abbott | Dom. Expired | 200 | 4.5 | |
| RG 11828 POD1 | 0.9 | J.J. Cordova | Dom. 3AF | 74 | 6.63 | |
| RG 94900 POD7 | 0.5 | Chevron | Monitor Well | 435 | 4.00 | 5 |
| RG 94900 POD8 | 0.89 | Chevron | Monitor Well | 455 | 4.00 | 1 |
| RG 11457 | 1.0 | P. Cisneros | Dom. 3AF | 250 | 6.00 | |
| RG 10479 | 0.8 | R. Bryant | Dom. 3AF | 150 | 7 | 40 |
| RG 99843 POD1 | 0.97 | Chevron | Piezometer | 147 | 2 | Plugged |
| RG 99843 POD7 | 0.89 | Chevron | Piezometer | 127 | 2 | Plugged |
| RG 99843 POD8 | 0.98 | Chevron | Piezometer | 12 | 2 | Plugged |
| RG 99843 POD9 | 0.58 | Chevron | Piezometer | 100 | 1 | Plugged |

PODs Within 1-Mile of RG 14117-POD 18

| OSE POD # | Distance (Miles) | Owner | Permit Status | Well Depth (Feet) | Casing (inches) | Yield (gpm) |
|----------------|------------------|---------|---------------|-------------------|-----------------|-------------|
| RG 99843 POD11 | 0.59 | Chevron | Piezometer | 32.3 | 1 | Plugged |
| RG 99843 POD12 | 0.37 | Chevron | Piezometer | 57.4 | 2 | Plugged |
| RG 99843 POD14 | 0.89 | Chevron | Piezometer | 100.0 | 2 | Plugged |
| RG 99843 POD15 | 0.86 | Chevron | Piezometer | 100.0 | 2 | Plugged |
| RG 99843 POD16 | 0.89 | Chevron | Piezometer | 45.0 | 2 | Plugged |
| RG 99843 POD17 | 0.91 | Chevron | Piezometer | 100.0 | 2 | Plugged |
| RG 99843 POD18 | 0.90 | Chevron | Piezometer | 36.0 | 2 | Plugged |
| RG 99843 POD19 | 0.89 | Chevron | Piezometer | 100.0 | 2 | Plugged |
| RG 99843 POD20 | 0.95 | Chevron | Piezometer | 100.0 | 2 | Plugged |
| RG 99843 POD21 | 0.98 | Chevron | Piezometer | 100.0 | 2 | Plugged |
| RG 99843 POD22 | 0.98 | Chevron | Piezometer | 39.6 | 2 | Plugged |

Bottom Line for Questa Residents

Questions??

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