



DISTRICT I

SCOTT A. VERHINES, P.E.
STATE ENGINEER

5550 San Antonio NE
Albuquerque, NM 87109
(505) 383-4000

November 25, 2014

Augustin Plains Ranch LLC
c/o John Draper, Draper & Draper, LLC
325 Paseo de Peralta
Santa Fe, NM 87501

File: TBD

CERTIFIED RECEIPT RETURN
No. 7011 2000 0002 6463 6754

Greetings Mr. Draper,

The State Engineer has determined that the Application for Permit to Appropriate Groundwater (Application) you submitted on behalf of your client Augustin Plains Ranch LLC (APR) on July 14, 2014, is not complete, and requires certain changes before the State Engineer will accept the Application for filing. See 19.27.1.11 NMAC. This letter states the changes required.

APR's Application states that it seeks to appropriate groundwater for municipal, industrial, commercial, offset of surface water depletions, replacement, sale, and/or leasing purposes. The replacement or leasing of water does not describe a "purpose" for which a new appropriation is permissible. The replacement or leasing of water refers to an arrangement under which an existing, valid water right may temporarily be placed to beneficial use at a place or for a purpose that differs from the permitted or licensed conditions for that diversion. Offsets of surface water depletions require a transfer of an existing water right to the place of use where groundwater pumping is depleting surface flows. Replacement, leasing and the offsetting of surface water depletions are not "purposes of use" for new appropriations, but means of transferring existing water rights.

With regard to the other stated purposes, the Application is deficient and the following information required by NMSA 1978, Section 72-12-3(A) must be included:

For any proposed municipal uses, please provide the name(s) and service area(s) of the municipal entities on behalf of which APR seeks to appropriate water; and

For any proposed industrial or commercial uses, please identify the specific industrial or commercial enterprise(s) and the specific location(s) at which the water will be placed to beneficial use by APR or the enterprise(s) on behalf of which APR seeks to appropriate water.

If APR does not intend to place water to beneficial use itself or to appropriate water on behalf of another entity, but instead seeks to engage in commercial water sales, then the other proposed uses should be deleted from the Application. If APR's intent is to appropriate water for commercial water

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sales, please provide a legal description of the area(s) in which it plans to conduct commercial sales, and a description of the distribution system, delivery points, and methods of delivery to end users. Additionally, please provide a list of the types of entities to which APR intends to sell water, as well as a description of the type of business arrangement by which APR intends to deliver water (such as short term sales, subscription rates, or other terms).

Please find enclosed the three original Applications that are being returned. Once corrected and resubmitted to the State Engineer, the Application will be evaluated again to determine whether it complies with the statutes and rules and regulations of the State Engineer. If the changes are made and the Application is resubmitted with the State Engineer within thirty (30) days after APR has received this notice, the Application will be processed with a priority date the same as the original filing date. If the corrected Application is submitted after thirty (30) days, it shall be treated in all respects as an original application received on the date of submission. See 19.27.1.11 NMAC.

Best regards,



Jeffrey L. Peterson

Water Resource Specialist Senior

JLP:jlj

Enclosures as stated

Cc: Chris Lindeen, Managing Attorney, Administrative Litigation Unit