DOCKET NUMBER
25-00054-UT
FILED DATE & TIME
10/30/2026 12:55 PM MST
FILED WITH NMPRC

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF MELODY RANCH WATER COMPANY LLC'S WATER SYSTEM BREAKDOWN AND DISRUPTION OF SERVICE	))))	**Docket No. 25-00054-UT**

UNOPPOSED MOTION TO COMMENCE AND EXPEDITE TRANSFER AND ABANDONMENT

The Public Interest Advocacy Staff of the New Mexico Public Regulation Commission respectfully moves the Commission to commence and expedite the transfer and abandonment process for Melody Ranch Water Company, LLC, as a matter of urgency. As the Commission is well aware, Staff has focused for some time now on an agreement whereby EMWT, a political subdivision in Torrance County, would acquire Melody Ranch at no cost and subsequently provide water service to its customers. Staff can now inform the Commission that EMWT and Melody Ranch have signed and executed such an agreement, and the transfer and abandonment process may now begin. Several circumstances necessitate expediting this process to the maximum extent permitted by law, and Staff stands ready to shoulder whatever burdens may be necessary to accomplish this objective.[1]

Staff requests that the Commission rule on this motion on or before its upcoming meeting on November 5, 2026. A proposed form of order could not be prepared in time for filing but will be submitted on Monday, November 2, 2026. Melody Ranch and EMWT were asked for positions and stated that they approve this motion.[2]

[1] Staff continues to appreciate that the Commission has assigned a hearing examiner to preside over this proceeding. However, this motion is directed to the Commission, and not its assigned hearing examiner, due to the need for extremely expeditious action from the Commission itself.

[2] Staff would ask the Commission to sua sponte grant EMWT party status in this docket, given the transfer agreement, as a further step to expediting the docket.

Background

The facts surrounding the Melody Ranch breakdown and disruption of service are well established through previous filings in this (and other) dockets. For the sake of brevity, Staff would simply reiterate that consistent and uninterrupted water service was not provided to customers from at least late June 2025 until November 2025, when Governor Lujan Grisham authorized emergency funding for a water hauling regime that has continued through today.[3] This water hauling regime restored service in the short term but is not sustainable long term and is set to expire.

Since early in this crisis, Staff has focused on a long-term solution whereby EMWT would acquire Melody Ranch and assume the responsibility of providing utility service to its customers.[4] EMWT had key advantages, namely geographic proximity and the ability to receive and expend public funding as a political subdivision.[5] For its part, Melody Ranch executed a letter of intent on September 24, 2025, to "transfer, at no cost, all of its assets to EMWT … upon approval of an [a]bandonment of the water utility by the NMPRC."[6] The letter of intent also stated: "Melody Ranch is prepared to enter into a binding transfer agreement as soon as EMWT is ready."[7]

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[3] *See* Staff's Status Report (Nov. 12, 2025) at 1 ("Following the issuance of a disaster declaration by the Torrance County Board of County Commissioners and the subsequent declaration of an emergency by Lieutenant Governor Howie Morales (acting on behalf of the Governor), water hauling to facilitate interim provision of water service to the Melody Ranch community was authorized to begin on Friday, October 31, 2025.") (internal citations omitted).

[4] *See* Staff's Status Report Pursuant to the Commission's September 8, 2025, Order Setting Prehearing Conference and Related Duties (Sept. 18, 2025) at 2 (discussing "a solution" that "would result in EMWT Regional Water Association's potential control and ownership of Melody Ranch").

[5] Staff has worked continuously with the New Mexico Environment Department to pursue this solution and verify that EMWT will have access to the funding necessary to restore permanent service to Melody Ranch customers.

[6] The Legal Division's Notice of Filing Regarding Melody Ranch Letter of Intent to EMWT (Oct. 2, 2025).

[7] *Id.*

After Melody Ranch executed its letter of intent, EMWT performed its due diligence on the acquisition.[8] This involved utilizing a contractor to review Melody Ranch's system and provide a technical memorandum summarizing his findings.[9] This process took quite some time, but at its meeting on June 29, 2026, EMWT voted to move forward with the acquisition.[10] This vote, however, was contingent on approval from the Moriarty City Council, which gave its assent on August 12, 2026.[11] A draft transfer agreement was provided to Melody Ranch on October 23, 2026.

Yesterday, on October 29, 2026, Melody Ranch and EMWT signed, executed, and delivered to Staff a transfer agreement to effectuate the long-term solution sought since the beginning of this crisis.[12] Consistent with the September 2025 letter of intent, the agreement would, if approved by the Commission, transfer all of Melody Ranch's assets and infrastructure (including its water rights) to EMWT at no cost. EMWT would thereafter provide utility service to the community. In Staff's view, this agreement is in the public interest and should be approved as soon as possible.

[8] *See* Status Report (May 29, 2026) at 1 ("EMWT's due diligence review has been ongoing since approximately September 2025.").

[9] *See id.* at 1-2.

[10] *See* Status Report (July 1, 2026) at 1 ("Staff can now report to the Commission and its hearing examiner that the EMWT Board voted to move forward with the acquisition process at its special meeting held on June 29, 2026).

[11] *See* Status Report (Aug. 13, 2026) at 1 ("Staff is delighted to inform the Commission that the Moriarty City Council, at its August 12, 2026, open meeting, voted unanimously in favor of EMWT acquiring Melody Ranch.").

[12] This agreement is attached as Exhibit A.

Discussion

Although Staff has long contemplated (and previewed its plans to propose) an expedited adjudicatory process for this transfer,[13] several circumstances now necessitate that this be done as soon as possible. First, Staff learned late last week that the water hauling regime will expire as of the end of this calendar year, on December 31, 2026. Relatedly, EMWT has now determined that it needs to dig a new well to serve the Melody Ranch community (before later connecting the system to the City of Moriarty through a pipeline). It must have ownership of the system before accessing and utilizing the $4 million appropriation provided by the Legislature during this year's legislative session.[14] Based on these circumstances, Staff and its state agency partners (as well as EMWT) believe that Commission approval is needed as early as practically possible.

To resolve this acquisition as soon as possible, Staff asks the Commission to expedite every step and phase of the adjudicatory process. The expedited process should include the following:

- The Commission itself should preside directly over the process, to avoid the time associated with a recommended decision, and move immediately to a final order.
- The Commission, by and through Staff, should be responsible to issue (and pay for) notice to Melody Ranch customers. Staff proposes to provide notice through email to all customers on Melody Ranch's distribution list as well as by USPS mail to those whose email is unavailable.

[13] *See* Response to Motion to Consolidate Dockets (Mar. 10, 2026) at 5 ("As previously disclosed to the Commission, when the final agreement has been reached for EMWT to acquire Melody Ranch, Staff plans to propose a highly expedited review process for the transfer and abandonment. This will likely involve forgoing a recommended decision and submitting the matter directly to the Commission for a final decision.").

[14] *See* S.B. 240, 57th Leg., 2nd Sess. (N.M. 2026), available at https://www.nmlegis.gov/Sessions/26%20Regular/Amendments_In_Context/SB0240.pdf (p. 101).

- If, as anticipated, there is no opposition to the transfer, Staff would file a motion to vacate the hearing the day following the submission of direct testimony and affidavits. Staff would also, within three days, draft and file a proposed form of final order.

Staff would also welcome any and all additional time-saving measures the Commission can devise, whether or not included in this motion.

Staff proposes the following procedural schedule:

Event/Deadline	Proposed Date
Staff to submit proposed form of order granting expedited process, as well as a proposed form of notice	Monday, November 2, 2026
Order granting expedited process	Friday, November 6, 2026
Distribution and publication of notice	Monday, November 9, 2026
Intervention/direct testimony and affidavit deadline	Monday, November 16, 2026
Staff motion to vacate hearing, if no opposition	Tuesday, November 17, 2026
Rebuttal testimony (only if necessary)	Monday, November 23, 2026
Hearing date (only if necessary)	Thursday, December 3, 2026
Proposed final order[15]	Thursday, November 19, 2026
Open meeting	Thursday, December 3, 2026

[15] This date is dependent on a lack of opposition to the transfer.

Several other subjects are in need of clarification. First, the Commission's normal process of requiring direct testimony from joint applicants (in this case, Melody Ranch and EMWT) is not feasible in this case. The parties are not familiar with the Commission's regulatory process, and preparing direct testimony (much less on an expedited basis) would be difficult or impossible. Instead, Staff would ask the Commission to authorize Melody Ranch and EMWT to sign and execute affidavits concerning the terms and conditions of the agreement. Staff would then file its own direct testimony to build the record and establish that all statutory and regulatory requirements are satisfied.

Second, this schedule is predicated on a lack of opposition to the transfer. Staff remains confident that there will be no objection. However, the process may be delayed if testimony is filed in opposition to the transfer.

Finally, as noted by the schedule proposed above, Staff will draft and file a proposed form of order granting this motion, as well as a proposed form of notice, by next Monday, November 2, 2026.

Conclusion

For the reasons previously outlined, Public Interest Advocacy Staff moves the Commission to commence and authorize an expedited transfer process to allow EMWT to begin providing water service to Melody Ranch's customers. The public interest is served by an order authorizing either the schedule proposed in this motion or a similarly rapid schedule, as well as by Commission authorization of any and all additional time-saving measures it may devise and deem appropriate.

Respectfully submitted this 30th day of October 2026.

Respectfully submitted,

/s/ John Bogatko

John Bogatko, NMPRC Legal Division
New Mexico Public Regulation Commission
P.O. Box 1269 | Santa Fe, NM 87504-1269
Email – John.Bogatko@prc.nm.gov

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WATER SYSTEM ASSETS, REAL PROPERTY, AND WATER RIGHTS TRANSFER AGREEMENT

ESTANCIA WILLARD MORIARTY TORRANCE REGIONAL WATER ASSOCIATION

AND

MELODY RANCH WATER COMPANY, LLC

THIS WATER SYSTEM ASSETS AND REAL PROPERTY, AND WATER RIGHTS TRANSFER AGREEMENT ("Agreement") dated on the ___ day of _____, 2026, is made and entered into by and between **Melody Ranch Water Company, LLC**, a New Mexico company limited liability company ("Melody Ranch" or "Transferor"), and the **Estancia Moriarty Willard Torrance Regional Water Association**, a joint powers agency incorporated pursuant to NMSA 1978 § 3-28-1 through 3-29-22, and NMSA 1978, § 11-1-1 through 11-1-7 (the "Association" or "Transferee").

RECITALS

WHEREAS, Melody Ranch owns and desires to transfer, and the Association desires to accept, all of Melody Ranch's Water System Assets to include, but not limited to, all real property, water rights, infrastructure (pipes, hydrants, storage tanks, pumps or any other utility plant necessary or currently in stock to operate the water system), equipment, customer information, and documents of the water system; and

WHEREAS, the Association desires to own, manage and operate the water system for the benefit of the public and Melody Ranch desires to aid the Association through goodwill and cooperation to include providing the Association with all technical and other information necessary to become familiar with, and then operate, the system; and

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WHEREAS, the Association desires to acquire the assets of Melody Ranch without assuming any debts, liabilities, or obligations arising from Melody Ranch's ownership, management, or operation of the water system including, without limitation, any outstanding accounts payable, unpaid bills, accrued expenses, contractual obligations, or other liabilities of any kind, whether known or unknown, accrued or contingent, arising or incurred on or before the date of transfer.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, including the mutual promises and agreements of Transferor and Transferee, the parties agree as follows:

1. DEFINITIONS. For purposes of this Agreement, including the Recitals set forth above, the following terms shall have the meanings ascribed to them below, unless the context clearly requires otherwise. Such definitions shall apply uniformly throughout this Agreement, including the Recitals, all operative provisions, and any exhibits or attachments incorporated herein by reference.

1.1. Approval: That sequence of events and actions necessary for the Change of Ownership of Water Rights from Transferor to Transferee as described in paragraph 6.

1.2. Closing: Closing of the transaction contemplated herein and in accordance with the terms of this Agreement to occur according to the provisions of paragraph 14.

1.3. Conditions Precedent: Those conditions necessary for fulfillment prior to Closing as defined in paragraphs 4 and 13.

1.4. Documents:

1.4.1. OSE Change of Ownership Form from Transferor to Transferee; and

1.4.2. Quitclaim (Real Property and Water Rights) from Transferor to Transferee sufficient to meet the requirements for OSE change of ownership.

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1.4.3. Any other document required by the OSE for change of ownership of water rights.

1.5. OSE: Office of the State Engineer.

1.6. Real Property: means all real property and any right, title, or interest of Transferor therein, including fee ownership, leasehold interests, easements, rights-of-way, licenses, access rights, and other interests in land, upon, beneath, or across which any building, structure, improvement, fixture, equipment, infrastructure, or other Water System Asset of Melody Ranch is located, together with all associated and appurtenant rights necessary for the access, use, operation, maintenance, repair, and enjoyment of such assets, whether or not such real property or interests are specifically identified in this Agreement.

1.7. State Engineer Filing: OSE Change of Ownership Form from Transferor to Transferee.

1.8. Water Rights: means all of Transferor's right, title, and interest in and to any and all water rights owned or held by Transferor, including, without limitation, no less than twenty-two and one-half (22.5) acre feet of water rights associated with the Melody Ranch water system, together with all rights to appropriate, divert, withdraw, store, distribute, and beneficially use such water.

1.9. Water System Assets: means all real and personal property, equipment, infrastructure, rights, interests, and other assets owned or held by Transferor and used in, associated with, or necessary for the ownership, maintenance, and operation of the Melody Ranch water system, including, without limitation, all water storage tanks, well houses, pumps, distribution wells, drinking water wells, disinfection and treatment systems, water mains, distribution and service piping, valves, meters, hydrants, service connections, electrical equipment, and related fixtures and improvements; all water rights, permits, licenses, easements, rights-of-

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way, access rights, and other interests associated with the water system, to the extent transferable; all Transferor's Real Property, as defined herein; and all accounts receivable, customer information, operational records, engineering plans, maintenance records, and other documents and intangible assets relating to the water system, subject to applicable law. The term includes all appurtenances, accessories, replacements, and improvements associated with the foregoing, whether or not specifically identified in this Agreement.

2. TRANSFER OF THE WATER SYSTEM ASSETS. At the Closing of the transaction and the transfer of the Water System Assets as set forth in this Transfer Agreement ("Closing"), Transferor shall transfer all of the water rights, equipment, facilities, and other property that comprise, and are necessary for the continuation of operation of the water system and facilities presently being operated by Transferor, specifically including, the Water System Assets, free and clear of all liens and encumbrances.

2.1. Transferor shall prepare and provided to Transferee (i) a list of the Water Systems Assets that are to be transferred by Transferor to Transferee under this Transfer Agreement, which list includes all of the Water Systems Assets necessary for the operation of the System, and (ii) a map that shows the location of the Water Systems Assets. Additionally, Transferor shall provide to Transferee, as available, a list of all transferable contracts, licenses, permits and maps.

2.2. Transferee may elect to complete a Phase I environmental assessment, inspection or analysis, to determine whether any environmental or hazardous waste problems exist with respect to any of the Water Systems Assets. Such inspection shall be complete prior to Closing.

2.3. If any environmental problems or hazardous waste conditions are determined to exist with respect to any of the Water System Assets, then Transferee shall promptly

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notify Transferor of the environmental problems or hazardous waste conditions. Transferor shall have the option, but not the obligation, to mitigate any such environmental hazard or conditions. If Transferor chooses not to mitigate the hazard or conditions, it shall notify Transferee of its decision, and in that event Transferee may decline to accept transfer of all or any portion of the Water System Assets that Transferee, in its absolute discretion, determines can reasonably be expected to cause liability to either Transferee.

2.4. Transferee shall provide to Transferor a copy of any report or other information that is obtained or received by Transferee as a result of any assessment, inspection or analysis of the Water System Assets made by or on behalf of Transferee within ten (10) days after Transferee's receipt of such information.

2.5. Transferor agrees to provide Transferee with all technical and other information necessary to become familiar with, and then operate, the Water System Assets.

2.6. Transferor agrees to make its personnel available, including its owners and Tracy Padilla specifically, to Transferee to walk through the Water System Assets and show Transferee how the system operates on an ongoing basis for at least two (2) months post-Closing. The obligations of this paragraph shall survive Closing.

3. ACRE FEET TO BE TRANSFERRED. Transferor agrees to transfer and Transferee agrees to accept all Water Rights held by Transferor, as defined above.

4. CONDITIONS PRECEDENT FOR CHANGE OF OWNERSHIP OF WATER RIGHTS. Transferee agrees to use all commercially reasonable efforts to meet the following obligations:

4.1. The State Engineer Filing, which includes Transferee as the new owner of the Water Rights, to change ownership of the Water Rights as provided herein and Transferee shall

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provide a copy of the State Engineer Filing to Transferor within ten (10) days after the State Engineer Filing has been filed with the OSE.

4.2. EXECUTION AND DELIVERY OF TRANSFER DOCUMENTS. Simultaneous with the execution of this Agreement, Transferor and Transferee shall execute the following documents, which shall be held in escrow pending Closing and shall not become effective to convey title until Closing:

4.2.1. OSE Change of Ownership Form from Transferor to Transferee; and

4.2.2. Quitclaim Deed conveying the Real Property and Water Rights from Transferor to Transferee; and

4.2.3. Any other documents necessary to effectuate the transfer of the Water System Assets and Water Rights to the Transferee.

4.3. At Closing, the conveyance documents shall be released from escrow and delivered to Transferee. Transferee shall thereafter promptly record the deed with the appropriate County Clerk and submit the required change-of-ownership documentation to the OSE, together with the recorded instrument of conveyance. Following acceptance of the change-of-ownership filing by the OSE, Transferee shall record the accepted filing with the appropriate County Clerk as required by applicable law.

5. PROTESTS AND APPEALS. Transferor understands and acknowledges that change of ownership may require an undeterminable length of time despite the parties' diligent efforts to obtain approval and that Transferee may terminate this Agreement at any time prior to approval, upon written notice to Transferor.

6. APPROVAL. "Approval" occurs when:

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6.1. The OSE distributes a letter stating that the State Engineer Filing has been "accepted for filing" and subsequently, showing in the OSE database that the contact information for the owner of the Water Rights has been changed to Transferee's name.

7. CONDITIONS OF APPROVAL.

7.1. If the OSE includes condition(s) of approval not acceptable to Transferee, Transferee and Transferor agree to negotiate. If following the negotiation, the inconsistent or unacceptable condition(s) of approval cannot be resolved to the reasonable satisfaction of Transferee, Transferee may elect to terminate this Agreement. If instead Transferee elects to appeal the condition of approval, Transferor agrees to cooperate and participate as necessary to have the inconsistent condition of approval removed through the appeal process but shall not be required to take any action which would limit or compromise Transferee's ownership or perfection of additional Water Rights.

7.2. If the OSE includes a condition(s) of approval unacceptable to Transferor and Transferor elects to appeal the unacceptable condition of approval, Transferee will cooperate as necessary in Transferor's appeal.

8. FAILURE TO OBTAIN APPROVAL; TERMINATION. If Approval does not occur, or the Agreement is terminated under the conditions set forth in paragraph 15, all documents provided to Transferee shall be returned to Transferor, this Agreement shall terminate; provided that certain obligations of this Agreement that have been expressly designated to survive termination shall survive Closing. In the event of a termination of this Agreement, Transferee agrees to execute a General Deed (Water Rights) from Transferee to Transferor, if necessary, to clear any claim of Transferee to the Water Rights.

9. NON-ASSUMPTION OF LIABILITIES. Transferee shall not assume and shall not be responsible or liable for any debts, liabilities, or obligations of Transferor or arising out of

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or relating to Transferor's ownership, management or operation of Melody Ranch on or before the date of transfer, whether known or unknown, fixed or contingent, accrued or unaccrued, including, without limitation, any unpaid bills, accounts payable, taxes, assessments, contractual obligations, claims, judgments, or other financial obligations. Transferor shall remain solely responsible for the payment, satisfaction, and discharge of all debts, liabilities, and obligations. No provision of this Agreement shall be construed to constitute an assumption by Transferee of any liability or obligation of Transferor unless expressly identified and assumed in writing by Transferee in this Agreement.

10. INDEMNIFICATION BY TRANSFEROR. Transferor shall defend, indemnify, and hold harmless Transferee and its officers, directors, employees, agents, representatives, successors, and assigns from and against any and all claims, demands, actions, damages, losses, liabilities, judgments, costs, and expenses, including reasonable attorney fees and litigation costs, arising out of or relating to: (a) any debts, liabilities, or obligations of Transferor or arising from its ownership, management, or operation of Melody Ranch on or before the date of transfer, whether known or unknown, accrued or contingent; (b) any unpaid bills, accounts payable, taxes, assessments, contractual obligations, liens, security interests, or other encumbrances attributable to any period on or before the date of transfer; (c) any claim asserted by a third party arising from any act, omission, transaction, or occurrence involving Transferor or Melody Ranch on or before the date of transfer; or (d) any breach of Transferor's representations, warranties, or obligations under this Agreement. Upon written notice of any claim subject to indemnification, Transferor shall promptly undertake the defense of such claim at its sole expense, using counsel reasonably acceptable to Transferee. Transferor shall not compromise or settle any such claim in a manner that imposes any liability or obligation upon Transferee without Transferee's prior written consent. The obligations contained in this paragraph shall survive the closing and transfer of the assets and

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shall not be limited by Transferee's knowledge of any existing debt, liability, or obligation at the time of transfer, except to the extent expressly assumed by Transferee in this Agreement.

11. REPRESENTATIONS, COVENANTS AND WARRANTIES OF TRANSFEROR. Transferor does hereby represent, covenant and warrant to Transferee the following:

11.1. Transferor represents that it is a New Mexico limited liability company, duly organized and validly existing under the laws of the State of New Mexico in good standing, and has full right, power and authority to enter into this Agreement and to deliver and execute all documents contemplated hereby or delivered or to be delivered in connection herewith, and to perform its obligations hereunder.

11.2. Transferor represents and warrants that it has fully disclosed to Transferee all outstanding debts, liabilities, obligations, liens, claims, and encumbrances arising from or relating to its ownership, management, or operation of Melody Ranch or affecting any of the assets or real property being transferred pursuant to this Agreement, whether known or unknown, accrued or contingent. Transferor further represents and warrants that all Water System Assets and real property transferred pursuant to this Agreement shall be conveyed free and clear of all liens, security interests, claims and encumbrances. Transferor shall be solely responsible for the payment, satisfaction, and discharge of all debts, liabilities, and obligations arising or incurred on or before the date of transfer, including, without limitation, unpaid bills, accounts payable, taxes, assessments, and contractual obligations, and shall satisfy and discharge any liens or encumbrances affecting the transferred property on or before the date of transfer. The representations and warranties in this paragraph shall survive the closing and transfer of all assets.

11.3. As of Closing, Transferor warrants that it shall have good and merchantable title to the Water Rights, fee simple title to the real property to which the Water Rights are

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appurtenant or on which any of the Water System Assets are located, and valid, enforceable rights to any easements, leases or licenses of the Water System Assets. Transferor warrants that the Water Rights and the appurtenant real property are free and clear of all liens, security interests, mortgages, pledges, encumbrances, ditch fees, taxes and assessments, and charges or claims of whatever nature and are not subject to judgment, suit, lien, receivership or any other encumbrance whatsoever. As of Closing, Transferor represents that the Water Rights will be in good standing with the OSE and will not have been forfeited or abandoned.

11.4. Transferor has no knowledge of any outstanding judgments against Transferor that would in any manner affect the consummation of this transaction or constitute any cloud upon the title to the Water Rights. Transferor has no knowledge of any litigation, proceedings, or investigations pending, or any threats of litigation, proceedings or investigations, which might result in any cloud upon the title to the Water Rights, or in any material change in the value of the Water Rights.

11.5. Transferor shall comply with all Conditions Precedent prior to or at the time of the Closing.

11.6. Upon and after the execution of this Agreement, and until Closing, Transferor shall not sell, offer to sell, pledge, encumber, alter, assign, convey or otherwise affect in any way any of its Water Rights to any other party at any time.

12. COOPERATION. Transferor and Transferee shall cooperate before, during and after Closing to effectuate the transactions contemplated in this Agreement, including, without limitation, the execution of any documents or the taking of any action (or the restraining from taking of any action) necessary or desirable to achieve the intended results herein, and including, without limitation, the full cooperation and participation in any formal or informal administrative meetings or hearings held by the OSE or the New Mexico Public Regulation Commission.

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13. CONDITIONS PRECEDENT TO CLOSING. All obligations of Transferee to close this transaction are subject to the fulfillment of each of the following Conditions Precedent before or at Closing. If the following Conditions Precedent cannot be fulfilled, Transferee shall have the option of terminating this Agreement and may pursue any remedy available to it as provided herein, unless any of the Conditions Precedent described in paragraph 4 cannot be fulfilled through no fault of Transferor in which case the only remedy available to Transferee shall be termination of this Agreement.

13.1. The representations and warranties of Transferor as provided in this Agreement will be true at Closing as though the representations and warranties were made at Closing.

13.2. Transferor will have performed and complied with all agreements and conditions as provided by this Agreement.

14. CLOSING. Closing of this transaction shall occur within ten (10) days following the satisfaction of all conditions precedent as contained in paragraph 13 or as otherwise agreed to by the parties.

15. MATERIAL BREACH AND REMEDIES; TERMINATION.

15.1. In the event Transferor commits any breach of this Agreement and fails to cure such breach within thirty (30) days following Transferee's written notice to Transferor describing such breach and what cure is deemed necessary, then Transferee, at its option and upon ten (10) days written notice to Transferor may elect to: (i) terminate this Agreement; (ii) waive such breach and proceed to close; or (iii) seek specific performance and should the remedy of specific performance not be available or should such a claim be disallowed by a court, Transferee may pursue (and may plead in the alternative for) claims for damages.

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15.2. In the event Transferee commits any breach of this Agreement and fails to cure such breach within thirty (30) days following Transferor's written notice to Transferee describing such breach and what cure is deemed necessary, then Transferor, at its option and upon ten (10) days written notice to Transferee may elect to: (i) terminate this Agreement; (ii) waive such breach and proceed to close; or (iii) seek specific performance and should the remedy of specific performance not be available or should such a claim be disallowed by a court, Transferor may pursue (and may plead in the alternative for) claims for damages.

16. ADDITIONAL DOCUMENTATION. Any and all further or other documentation that may be required to close and consummate the transaction after the signing of this Agreement, shall be made and delivered by the parties as required.

17. BROKERAGE AND OTHER FEES. Neither party has retained a water rights broker relative to this transaction. Both parties agree to pay for their own legal fees and other professional services fees required by either party in connection with the transfer of the Water System Assets.

18. NOTICES. All notices, requests, demands and other communications given, or required to be given hereunder shall be in writing and shall be given (i) by personal delivery with a receipted copy of such delivery, (ii) by certified or registered United States mail, return receipt requested, postage prepaid, or (iii) by electronic transmission (E-mail) with an original mailed by first class mail, postage prepaid, to the following addresses:

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If to Transferor:	Tracey Padilla Post Office Box 51615 Albuquerque, NM 87181 Email: echoandmelody@gmail.com
AND	Pete V. Domenici, Jr. Domenici Law Firm, PC Post Office Box 4295 Albuquerque, NM 87196-4295 Email: pdomenici@domenicilaw.com
If to Transferee:	Estancia Willard Moriarty Torrance Water Association c/o Bobby Ortiz, Chairman 416 5th Street Estancia, NM 87106
AND	Jonas M. Nahoum, Esq. Long & Komer, P.A. 1800 Old Pecos Trail P. O. Box 5098 Santa Fe, NM 87502-5098 Email: jonas@longkomer.com

Any such notice sent by registered or certified mail, return receipt requested, shall be deemed to have been duly given and received seventy-two (72) hours after the same is so addressed and mailed with postage prepaid. Notice sent by recognized overnight delivery service shall be effective only upon actual receipt thereof at the office of the addressee set forth above, and any such notice delivered at a time outside of normal business hours shall be deemed effective at the opening of business on the next business day. Notice sent by electronic mail shall be effective only upon actual receipt of the original unless written confirmation is sent by the recipient of the electronic mail stating that the notice has been received, in which case the notice shall be deemed effective as of the date specified in the confirmation. Any party may change its address for purposes of this paragraph by giving notice to the other party and to Escrow Agent as herein provided. Delivery of any copies as provided herein shall not constitute delivery of notice hereunder.

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19. APPLICABLE LAW. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of New Mexico.

20. NEW MEXICO PUBLIC REGULATORY COMMISSION APPROVAL. Public Regulation Commission Approval. It is understood by the parties that approval of the New Mexico Public Regulation Commission (NMPRC) will be required before Melody Ranch can convey its property and water system to EMWT. This Agreement is contingent upon NMPRC approval of this transaction since its approval is required by law. Should the NMPRC approve less than the entire transaction, should the NMPRC place limits or restrictions upon the transactions, or should the NMPRC impose conditions upon the transaction, EMWT may review the NMPRC ruling. If the NMPRC ruling materially changes the terms agreed to by the parties in this agreement, in EMWT's sole determination, EMWT may withdraw from its obligations under this Agreement without penalty or renegotiate key provisions that are affected by the NMPRC ruling within five (5) business days of its receipt, given the short appeal time periods for NMPRC decisions.

21. BINDING EFFECT. All of the agreements between the parties shall be binding upon and inure to the benefit of the parties, their successors, court appointed Trustee or assigns. All of the covenants and promises contained within this Agreement shall be binding upon the heirs and/or assigns of Transferor and their successors in interest.

22. CAPTIONS. The captions of any articles, paragraphs or sections hereof are made for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

23. ATTORNEYS' FEES, ETC. In any action for breach of this Agreement between Transferee and Transferor seeking enforcement of any of the terms and provisions of this Agreement, or in connection with any of the Water Rights described herein, the prevailing party

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in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses including reasonable attorneys' fees.

24. ENTIRE AGREEMENT. This Agreement merges all previous negotiations between the parties hereto and constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof. No alteration, modification, or amendment hereto shall be valid except when in writing and when signed by the parties.

25. NATURE AND SURVIVAL OF REPRESENTATIONS. All statements contained in this Agreement or any instrument delivered by or on behalf of Transferor as provided in this Agreement, or in connection with this transaction, will be deemed representations and warranties by Transferor as provided in this Agreement. All representations, warranties, indemnities, and agreements made by Transferor or Transferee in this Agreement will survive Closing.

26. ASSIGNMENT. This Agreement may not be assigned by either party.

27. TIME PERIODS. Whenever in this Agreement, an act is specified to be accomplished within a certain number of days, days refers to calendar days.

WHEREFORE, on the day indicated below by our signatures, the parties agree to be bound by the terms and conditions contained in this Agreement.

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TRANSFEROR:

Melody Ranch Water Company, LLC

By: Signed by: 712AF01EE7234BC... Tracey Padilla

Title: President

Date: 10/29/2026

TRANSFEREE:

Estancia Moriarty Willard Torrance Regional Water Association

By: Signed by: 254C022EAB0B4FF... Robert Ortiz

Title: Chairman

Date: 10/29/2026