

**STATE OF NEW MEXICO
BEFORE THE SECRETARY OF ENVIRONMENT**

**NEW MEXICO ENVIRONMENT DEPARTMENT
WATER PROTECTION DIVISION
DRINKING WATER BUREAU**

Complainant,

v.

No. DWB 24-13

CAMINO REAL REGIONAL UTILITY AUTHORITY,

Respondent.

SETTLEMENT AGREEMENT AND STIPULATED FINAL ORDER

This Settlement Agreement and Stipulated Final Order (“Final Order”) is entered into between the New Mexico Environment Department (“NMED”), acting through the Directors of the Water Protection Division and the Compliance and Enforcement Division, and Respondent, Camino Real Regional Utility Authority, (“Respondent”) (“CRRUA”) (collectively, the “Parties”) to resolve statutory and regulatory violations detailed in the Second Amended ACO (defined below). NMED alleged violations of the Environmental Improvement Act, NMSA 1978, Sections 74-1-1 to -18, and 20.7.10.300 NMAC of the Drinking Water Regulations at 20.7.10 NMAC.

I. STIPULATED FACTS AND BACKGROUND

As part of the settlement terms agreed to herein, the Parties stipulate to the following facts:

A. PARTIES

1. The NMED is an executive agency within the government of the State of New Mexico which administers and enforces the requirements of the Environmental Improvement Act ("EIA"), NMSA 1978, §§ 74-1-1 to -18, and the New Mexico Drinking Water Regulations ("DW Regulations"), 20.7.10 NMAC through its Drinking Water Bureau (“Bureau”).

2. Respondent owns and operates a public drinking water system (“System”), Camino Real Regional Utility Authority (“CRRUA”), PWS# NM3502507, located in Doña Ana County, New Mexico with a mailing address of PO Box 429, Sunland Park, New Mexico, 88063.

3. The System is a Community water system as defined by Section 20.7.10.100 NMAC, incorporating 40 C.F.R. §141.2, that regularly provides piped drinking water to approximately nineteen thousand four hundred sixty-six (19,466) residents and has approximately seven thousand three hundred eighteen (7,318) service connections to serve these residents, according to the Bureau’s database.

4. Respondent is a “supplier of water” as defined by 20.7.10.100 NMAC, incorporating 40 C.F.R. §142.2 because it is a person who owns or operates a public water system.

5. Respondent is a “person” as defined by the EIA, NMSA 1978, Section 74-1-3, and 20.7.10.100 NMAC, incorporating 40 C.F.R. §141.2.

6. Section 20.7.10.400(E) NMAC states that “If the safety precautions or preventive measures required to be employed under this section fail to protect the public water system from unauthorized entry or contamination, or if the water supply is endangered for any reason, the supplier of water shall immediately notify the department and take appropriate action to protect the supply.”

7. NMED issued a Notice of Violation (NOV) to Respondent on December 12, 2023, for failure to notify NMED that the Industrial Park Arsenic Treatment Plant, the Sunland Park Arsenic Treatment Plant, and the Santa Teresa Community Arsenic Treatment Plant were offline and intentionally bypassed for over a year allowing untreated water into the distribution system.

8. Section 20.7.10.600(C) NMAC, states that “If the safety of a water supply is endangered for any reason, the supplier of water shall notify persons served by the public water system of appropriate action to protect themselves against any waterborne hazards. If the supplier of water fails to take such action on its own, or at the direction of the department, the department may directly notify the persons served by the system.”

9. NMED issued a NOV to Respondent on December 12, 2023, for failure to notify customers of high pH levels and provide customers with appropriate action to take in order to protect themselves against any waterborne hazards.

10. 20.7.10.100 NMAC, incorporating 40 C.F.R. § 141.403(a)(5), states that ground water systems must either have completed corrective action for any significant deficiencies or be in compliance with a State approved corrective action plan within 120 days of receiving written notice from the State of a significant deficiency.

11. NMED issued a NOV to Respondent on March 16, 2020, for failure to correct significant deficiencies identified during the August 28, 2019, sanitary survey, within 120 days of receiving written notice from the State of significant deficiencies. The NOV notified Respondent of the requirement to provide public notice of the violation.

12. NMED issued a NOV to Respondent on January 17, 2024, for failure to correct significant deficiencies one (1) through four (4) identified during the December 6, 2023, sanitary survey by January 15, 2024. The NOV notified Respondent of the requirement to provide public notice of the violation.

13. 20.7.10.100 NMAC, incorporating 40 C.F.R. § 141.62(b)(16) and 141.23(i)(1), defines the Maximum Contaminant Level (MCL) for Arsenic as 0.010 milligrams per liter (mg/L) and states compliance with the MCL for Arsenic is determined by a Running Annual Average (RAA).

14. NMED issued a Notice of Violation (NOV) to Respondent on January 17, 2024, for exceeding the Arsenic MCL at Industrial Park Arsenic TP during the first (1st) quarter of 2024. The NOV notified Respondent of the requirement to provide public notice of the violation.

B. PROCEDURAL POSTURE

15. On March 1, 2024, NMED issued an Amended Administrative Compliance Order and Assessment of Civil Penalty No. DWB 24-13 ("Amended ACO") to Respondent to assess a civil penalty for violations of the EIA, and the DW Regulations, and to compel compliance with the EIA and the DW Regulations. The Amended ACO set forth a Schedule of Compliance ordering five (5) actions to be taken by Respondent and the assessment of a civil penalty. On March 11, 2024, Respondent timely filed an Answer to the Amended ACO wherein it denied relevant portions of the allegations in the Amended ACO and provided a Request for Hearing.

16. On April 23, 2025, the parties jointly submitted a Stipulated Partial Final Order ("SPFO"). The SPFO stipulated that the Schedule of Compliance in the Amended ACO had been complied with, but that the parties had not reached an agreement on the assessment and amount of the civil penalty.

17. On May 23, 2025, NMED filed a Second Amended Administrative Compliance Order and Assessment of Civil Penalty ("Second Amended ACO"). The Second Amended ACO added additional allegations, corrected the original civil penalty assessed against Respondent and sought the imposition of a bad faith enhancement to that civil penalty.

18. An administrative hearing on the issue of the assessment and amount of the civil penalty was conducted on September 3–4 and 16–17, 2025.

19. Prior to submission of written closing arguments and proposed findings of fact and conclusions of law, NMED and Respondent reached an agreement in principle on the remaining issue in this matter, the assessment and amount of the civil penalty.

20. The Parties agree to this Final Order pursuant to Section 20.1.5.600(B)(2) NMAC. The purpose of this Final Order is to set forth the agreement of the Parties settling all remaining matters of the Second Amended ACO.

II. ALLEGED VIOLATIONS

21. Respondent is alleged to have violated 20.7.10.400(E) NMAC, by failing to notify NMED that the Industrial Park Arsenic Treatment Plant, the Sunland Park Arsenic Treatment Plant, and the Santa Teresa Community Arsenic Treatment Plant were offline and intentionally bypassed for over a year allowing untreated water into the distribution system.

22. Respondent is alleged to have violated 20.7.10.600(C) NMAC, by failing to notify customers of high pH levels and provide customers with appropriate action to take in order to protect themselves against any waterborne hazards.

23. Respondent is alleged to have violated 20.7.10.100 NMAC, incorporating 40 C.F.R. § 141.403(a)(5), by failing to correct significant deficiencies identified during the August 28, 2019, sanitary survey within 120 days of receiving written notice from the State of significant deficiencies and significant deficiencies one (1) through four (4) identified during the December 6, 2023, sanitary survey, by January 15, 2024.

24. Respondent is alleged to have violated 20.7.10.100 NMAC, incorporating 40 C.F.R. § 141.62(b)(16) and 141.23(i)(1), by exceeding the Arsenic MCL at Industrial Park Arsenic TP during the first (1st) quarter of 2024, with a RAA concentration of 0.035 mg/L.

III. COMPROMISE AND SETTLEMENT

A. GENERAL

25. The Parties have engaged in settlement discussions to resolve the Second Amended ACO without further proceedings.

26. The Parties stipulate to all facts set out in this Final Order.

27. To avoid further legal proceedings, NMED and Respondent agree to the terms and conditions in this Final Order to resolve the violations in the Second Amended ACO.

28. Specifically, the Parties agree that the corrective action and civil penalty set forth below, with the mutual stipulation to all facts herein, altogether constitute the agreed upon compromise in this matter.

29. The Parties admit jurisdiction and consent to the relief specified herein.

30. NMED may pursue the enforcement of this Final Order and all available rights and remedies to the maximum extent afforded under New Mexico law.

B. CIVIL PENALTY

31. NMSA 1978, Section 74-1-10(D)(1) of the EIA authorizes the NMED Secretary to assess a civil penalty of up to one thousand dollars (\$1,000.00) for each incident of noncompliance with an administrative compliance order.

32. NMSA 1978, Section 74.1.10(C) of the EIA authorizes the NMED Secretary to assess a civil penalty for violation of the Regulations that shall not exceed one thousand dollars (\$1,000.00) per violation per day.

33. The Penalty Policy requires NMED to calculate a penalty per violation, plus a multiple day component. After calculation of the penalty plus multiple day component per violation, the Penalty Policy instructs that NMED is to evaluate whether the violator acted in good faith or bad faith.

34. Upon such evaluation, a bad faith enhancement of up to 50% may be applied if the violator had been previously warned, has a history of noncompliance, knew or should have known that the conduct violated the law or is not taking action to resolve the violation. This enhancement is calculated against the total penalty per violation and rounded to the nearest whole dollar.

35. NMED assessed against Respondent a civil penalty of two hundred fifty two thousand dollars (\$252,000.00) for the violations set forth within the Second Amended ACO.

C. SETTLEMENT OF CIVIL PENALTY

36. The Second Amended ACO assessed a civil penalty against Respondent of two hundred fifty-two thousand dollars (\$252,000.00). This civil penalty includes a fifty (50) percent bad faith enhancement. The base civil penalty assessed was in the amount of one hundred sixty-eight thousand dollars (\$168,000.00). The fifty percent bad faith enhancement was for eighty four thousand dollars (\$84,000.00).

37. In settlement of the Second Amended ACO, Respondent agrees to pay the full penalty amount of one hundred sixty eight thousand dollars (\$168,000.00), plus twenty five (25) percent of the bad faith enhancement figure above, equal to twenty-one thousand dollars (\$21,000.00).

The final figure to be paid by Respondent is in the amount of one hundred eighty-nine thousand dollars (\$189,000.00).

38. Respondent shall pay the above sum in three (3) equal installments of sixty-three thousand dollars (\$63,000.00) each. Payments of penalties shall be made to the Water Conservation Fund. The first installment shall be due on March 30, 2026, the second installment shall be due on June 30, 2026, and the third installment shall be due on October 31, 2026. The parties agree that there will be no additional penalty if Respondent accelerates the above-mentioned payments. On the date that delivery of funds is initiated, Respondent shall notify the Water Protection Compliance and Enforcement Bureau Financial Manager by email at:

Financial Manager
Water Protection Compliance & Enforcement Bureau
New Mexico Environment Department
P.O. Box 5469 (87502)
1190 S. St. Francis Drive
Santa Fe, New Mexico 87505
wpceb.drinkingwater@env.nm.gov

ACH deposits shall be made to Wells Fargo Bank as follows:

Wells Fargo Bank, N.A.
200 Lomas Blvd. NW
Albuquerque, NM
New Mexico Environment Department
1190 S. St. Francis Drive
Santa Fe, New Mexico 87502

Routing Transit Number: 121000248
Deposit Account Number: 4123107799
Descriptor: NMED-DWB 24-13

39. If Respondent fails to make timely and complete payment of the civil penalty as set forth above, NMED shall provide Respondent with written notice of this failure by email to the following email addresses of Respondent's counsel:

adan@trujillolegalservices.com; susan@uttonkery.com

If Respondent fails to make timely and complete payment as set forth above within five (5) business days from NMED's written notice, Respondent agrees to pay a stipulated penalty of one thousand dollars (\$1,000.00) per day for each day payment is not timely or complete after the date of written notice, up to and including thirty (30) days. On day 31 and beyond of Respondent's failure to make timely and complete payment after the date of written notice, Respondent shall pay a stipulated penalty of three thousand dollars (\$3,000.00) per day for each day payment of the civil penalty and any accrued stipulated per day penalties are not timely or complete. Respondent shall not contest or dispute in any way the stipulated per day penalties in the event that NMED brings an action against Respondent for the failure to make timely or complete payment.

40. This Final Order shall constitute a complete and final resolution of the issues set forth in the Second Amended ACO.

D. OTHER TERMS AND CONDITIONS

41. Reservation of Rights and Defenses. This Final Order shall not be construed to prohibit or limit in any way NMED from requiring Respondent to comply with any applicable state or federal requirement not resolved herein. This Final Order shall not be construed to prohibit or limit in any way NMED from seeking any relief authorized by the Environmental Improvement Act or 20.7.10 NMAC for violation of any state or federal requirement applicable to Respondent not resolved herein. This Final Order shall not be construed to prohibit or limit in any way Respondent from raising any defense to a NMED action seeking such relief. This Final Order shall not be construed to apply to any enforcement matters that exist outside of DWB 24-13.

42. Mutual Release. The Parties mutually release each other from all claims that each party raised or could have raised against the other regarding the facts and violations in the Second Amended ACO.

43. Waiver of State Liability. Respondent shall assume all costs and liabilities incurred in performing all obligations under this Final Order. NMED, on its own behalf and on behalf of the State of New Mexico, does not assume any liability for Respondent's performance of any obligation under this Final Order.

44. Effective Date. This Final Order shall become effective on the date it has been signed by the Department Secretary or their designee.

45. Termination of Final Order; Survival. Except as otherwise provided in this Paragraph, the terms of this Final Order shall terminate when Respondent has fulfilled the requirements of this Final Order. The reservations of rights and defenses and the mutual release herein shall survive the execution and performance of this Final Order, and shall remain in full force and effect as an agreement between the Parties.

46. Entire Agreement. This Final Order merges all prior written and oral communications between the Parties concerning the subject matter of this Final Order, contains the entire agreement between the Parties, and shall not be modified without the express written agreement of the Parties.

47. Binding Effect. This Final Order shall be binding on the Parties and their officers, directors, employees, agents, subsidiaries, successors, assigns, trustees, or receivers.

48. Enforceability. This Final Order shall be enforceable by any of the Parties by the filing of a civil action in the First Judicial District Court in Santa Fe, New Mexico.

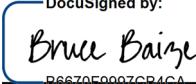
49. Signatory Authority. The persons executing this Final Order on behalf of Respondent and NMED, respectively, represent that they have the requisite authority to execute this Final Order on behalf of Respondent and NMED.

50. Counterparts. This Final Order may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

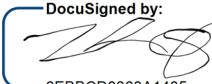
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**APPROVAL OF SETTLEMENT AGREEMENT AND
STIPULATED FINAL ORDER**

This Settlement Agreement and Stipulated Final Order, agreed to by NMED and Respondent Camino Real Regional Utility Authority, is hereby APPROVED as a FINAL ORDER issued pursuant to NMSA 1978, § 74-1-10.

By: 
Bruce Baizel, NMED,
Compliance and Enforcement Director

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Date: 2/10/2026

By: 
NMED Legal - Certifying Legal Sufficiency

DocuSigned by:
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Date: 2/10/2026

By: 
Juan Carlos Crosby, Executive Director,
CRRUA

Date: 02/06/2026

IT IS SO ORDERED

**James C. Kenney
Cabinet Secretary
New Mexico Environment Department**