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AWDI rejects \$694,000 for its Baca Ranch water stake

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ALAMOSA - American Water Development Inc. has rejected a \$694,000 check meant to settle its claims to Baca Ranch water rights, a stumbling block to the sale of the ranch for inclusion in the Great Sand Dunes National Park and Preserve.

However, despite AWDI's rejection of the check from Vaca Partners, which wants to sell its interest in the ranch, "there is no concern that closing (the sale) will not ultimately occur," board members of the Rio Grande Water Conservation District were told Tuesday.

David Robbins, attorney for the water conservation district, was asked about the status of the sale of the 97,000-acre ranch to The Nature Conservancy, which intends to sell it to the federal government for inclusion in the dunes park. Robbins told the board he has heard no concerns about whether the deal will go through.

David Nicholas, a resident of the Baca subdivision, said that AWDI has returned the binding arbitration check. A conservancy official later confirmed the check's return.

The decision on whether AWDI must accept the check is before Chief District Judge O. John Kuenhold, who is expected to rule soon on the matter.

Robbins said that title clarifications are holding up the closing, now set for Aug. 31. Closing was set for April 30 but was delayed again last month, partly because of legal entanglements. Several closing dates set over the last year have been postponed by legal maneuvering.

In 1995, AWDI sold the ranch to Cabeza de Baca Land and Cattle Co. for \$13 million in cash and 10 percent of the gross proceeds on any sale of ranch water rights, which AWDI contends are worth millions of dollars. AWDI had been frustrated in its efforts to sell the water underlying the ranch outside the San Luis Valley.

To finance the purchase, Cabeza obtained funding from Vaca Partners and Farallon Capital Management. In December 2001, Cabeza contracted with the conservancy to sell the ranch for \$31.28 million for inclusion in the dunes park. Vaca and Farallon have filed a foreclosure action against Cabeza over ownership of the ranch.

In a four-hour hearing last month in Alamosa District Court, Richard Brown, a

lawyer representing AWDI, said there may be no contract for the sale of the ranch because of the foreclosure action.

Kuenhold will rule on a motion by the plaintiffs to require AWDI to release its senior lien on the ranch and accept \$694,000 for its interest. AWDI, despite the results of binding arbitration establishing that amount as a just price for the water rights, maintains the water is worth much more.

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