



La Paz County Attorney's Office

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February 23, 2026

Kris Mayes
Arizona Attorney General
2005 North Central Avenue
Phoenix, Arizona 85004-1545
Email: AGinfo@azag.gov

Re: Request for opinion on McMullen Valley Groundwater Basin

Madam Attorney General:

I write to request a written opinion on behalf of La Paz County, Arizona, regarding an important issue in Arizona groundwater law, specifically determining whether, under the existing McMullen statute (A.R.S. § 45-552), if only the first purchaser of land from a specified City or Person is eligible to transfer groundwater away from the McMullen Valley Groundwater Basin ("McMullen") to an adjacent active management area, then subsequent purchasers of the land are ineligible to transfer such water.

This question takes on immediate importance because the residents of McMullen and La Paz County are in the midst of a fight to protect their groundwater supplies from exploitative mining by outside interests. As speculators line up to transfer groundwater away from McMullen, I ask for your review of and opinion about whether a water transfer by a second or later subsequent purchaser is legal.

The statute at issue is A.R.S. § 45-552 (the "initial transportation statute"). The initial transportation statute, enacted in 1991, initially provided that certain categories of entities may transfer water from McMullen to the Phoenix Active Management Area ("AMA"). To assist in interpreting the statute, this letter identifies the entities permitted to transport water by categories, ***Category 1***, ***Category 2***, etc. The initial transportation statute provided as follows:

A. A **city that purchased land before January 1, 1988** in a groundwater basin located outside of an initial active management area (***Category 1***) may, either directly or in exchange for central Arizona project water allocated for agricultural purposes, transport groundwater from that land to an adjacent active management area for use by any **city, town or private water company, and a groundwater replenishment district** established under title 48, chapter 27 **that purchases any of that land from the *Category 1* city (*Category 2*)** may, either directly or in exchange for central Arizona project water allocated for agricultural purposes,

transport groundwater from the land to the adjacent active management area only for use by the district and the district members. A.R.S. § 45-552(A) (1991) (emphasis added).

For context, prior to January 1, 1988, the City of Phoenix ("Phoenix") purchased land in McMullen. The initial transportation statute was enacted in order to allow Phoenix (*Category 1*) or a *Category 2* entity purchaser from Phoenix to transport groundwater withdrawn from Phoenix's McMullen area land to the Phoenix Active Management Area.

The initial transportation statute has been amended, most recently in 2006 which is the current version of the statute. The current statute reads:

A. A city that purchased land before January 1, 1988 (*Category 1*) in the McMullen valley groundwater basin or a person who purchased land before January 1, 1988 that was in that basin and that was in the same county as an adjacent initial active management area, (*Category 3*) either directly or in exchange for central Arizona project water allocated for agricultural purposes, may transport groundwater from that land to an adjacent initial active management area for use by any city, town, private water company or groundwater replenishment district. A city, town, private water company or groundwater replenishment district that purchases any land in the McMullen Valley groundwater basin from that city (*Category 2*) or land that was in that basin and that was in the same county as an adjacent initial active management area from that person (*Category 4*), either directly or in exchange for central Arizona project water allocated for agricultural purposes, may transport groundwater from that land to the adjacent initial active management area only for use by a city, town, private water company or groundwater replenishment district or the Arizona water banking authority pursuant to section 45-2491. A.R.S. § 45-552.

A *Category 2* and *Category 4* entity in the statute, therefore, qualifies to transfer ground water by its land purchase from the *Category 1* or *Category 3* entity or person.

The County requests an opinion regarding the following questions:

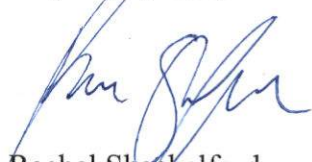
1. Would a *Category 2* or *Category 4* entity only be eligible to transfer groundwater if they were the first purchaser directly from a *Category 1* city or *Category 3* person?
2. When the *Category 2* or *4* entity sells the land, would subsequent landowners have legal rights to transfer groundwater under the current McMullen statute?
3. The statute requires that the land must have been purchased before January 1, 1988. If a *Category 1* city or *Category 3* person were to sell their land after 1988, but then reacquire the subject land in the future, would that person or entity still qualify under the current statute?

Phoenix sold its McMullen land to Arizona Valley Farms, LLC on or about July 2, 2012, who subsequently sold it to an entity controlled by New York-based hedge fund Water Assets Management on or about July 19, 2024. The County requests a legal opinion to determine

whether this series of transactions eliminates the possibility, now or at any point in the future, under the current McMullen statute, of current or future transfers of groundwater out of McMullen from the land once owned by Phoenix. The County believes that because no city, town, private water company or groundwater replenishment district was the entity that purchased Phoenix's McMullen land, then by the express terms of the statute, **Category 2** only applies to the first direct purchaser of land from the **Category 1** city, and not subsequent purchasers in the chain of title, therefore those entities may not transfer ground water out of McMullen.

Accordingly, I request, on behalf of La Paz County, a written attorney general opinion clarifying whether: (1) under the current McMullen statute (A.R.S. § 45-552), only the first purchaser of land from a specified city or person that/who purchased the land prior to 1988 is eligible to transfer groundwater away from McMullen to an adjacent initial active management area, making subsequent, unrelated purchasers of the land ineligible to transfer such water, and whether (2) even if the specified city or person were to reacquire the land sometime after selling it, the statutory transportation right would no longer apply.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Rachel Shackelford', is written over the typed name.

Rachel Shackelford
County Attorney
La Paz County, Arizona