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ENVIRONMENT · WATER USE AND CONSERVATION

Saudi Arabia was pumping water on 10,000 acres of drought-stricken Arizona. The governor just stripped its leases

BY SUMAN NAISHADHAM AND THE ASSOCIATED PRESS

October 4, 2023 at 2:00 PM EDT



Arizona Democratic Gov. Katie Hobbs just stripped a Saudi giant of leases in the state.

AP PHOTO/ROSS D. FRANKLIN, FILE

Arizona governor Katie Hobbs said this week her administration is terminating state land leases that for years have given a Saudi-owned farm nearly unfettered access to pump groundwater in the dry southwestern state.

On Monday, Hobbs, a Democrat, said the state had canceled Fondomonte Arizona's lease in western Arizona's Butler Valley and would not renew three other leases up for renewal there next year.

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An investigation by the governor's office found that Fondomonte Arizona violated some of its lease terms. Hobbs called it "continued to pump unchecked amounts of groundwater, in violation of the lease," and "in default on their lease."

Fondomonte Arizona, a subsidiary of Saudi dairy giant Almarai, operates a large dairy farm in Arizona that feeds livestock in the water-stressed Gulf Kingdom.

Through a spokesperson, Fondomonte said it would appeal the governor's decision to terminate its 640-acre (259-hectare) lease in Butler Valley. Altogether, Fondomonte

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farmed about 3,500 acres (1,416 hectares) in the rugged desert area west of Phoenix.



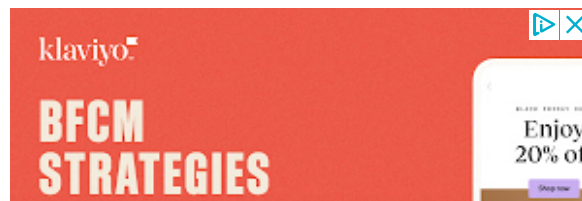
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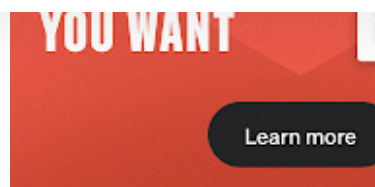
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Fondomonte raised eyebrows when in 2014 it purchased nearly 10,000 acres (4,047 hectares) of land for \$47.5 million about 20 miles (32 kilometers) away from Butler Valley in Vicksburg, Arizona. Since then, worsening drought in Arizona [has brought renewed attention](#) to the company's water use and the broader issues of foreign-owned farms and groundwater pumping.

The violations the governor's office detailed relate to the company's storage of hazardous materials, among other issues. On Monday, Hobbs' office said that Fondomonte was notified of the violations in 2016, but an investigation in August found the company had not fixed the problem seven years later. That gave Arizona's State Land Department grounds to terminate the lease.



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The Arizona governor's office said the State Land Department terminated three other leases the company had in Butler Valley, where groundwater is being pumped from the land — free of charge.”

The department manages land owned by Arizona, which in Fondomonte's case, had been leased to the company. Butler Valley's groundwater is especially important

because of state law that in theory allows for it to be pumped elsewhere. That makes its water of interest to cities like Phoenix, also dealing with water supply-related stress and a fast-growing population.

In Arizona, cities such as Phoenix and Tucson have restrictions on how much groundwater they can pump under a 1980 state law aimed at protecting the state's aquifers. But in rural areas, little is required of water users to pump from underground aquifers besides registering wells with the state and using the water for activities, including farming, that are deemed a "beneficial use."

Fondomonte also farms in Southern California's Palo Verde Valley, an area that gets its water from the shrinking [Colorado River](#). Those operations have attracted less scrutiny. Not all of Fondomonte's farms in Arizona are affected by the governor's decision. And it's not the only foreign company farming in the Southwest. The United Arab Emirates-owned Al Dahra ACX Global Inc. grows forage crops in Arizona and California, and is a major North American exporter of hay.

Almarai's holdings in the Southwest are just one example of the farmland the company and its subsidiaries operate outside Saudi Arabia. It farms tens of thousands of acres in Argentina, which has also faced severe drought conditions in recent years.

Foreign entities and individuals control roughly 3% of U.S. farmland, according to the U.S. Department of Agriculture. Canada is the largest holder — mainly of forestland.

Kris Mayes, Arizona's Democratic attorney general, praised the governor for cracking down on the foreign-owned farm.

In April, Mayes announced that the state had rescinded permits that would've allowed Fondomonte to [drill new water wells](#) after inconsistencies were found in its applications. On Monday, Mayes called the govt direction," adding that the state should have act

"The decision by the prior administration to allow drilling in the ground and pump unlimited amounts of groundwater is scandalous," Mayes said.

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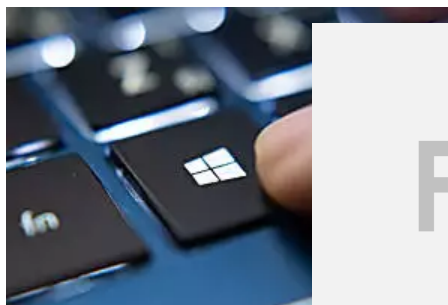
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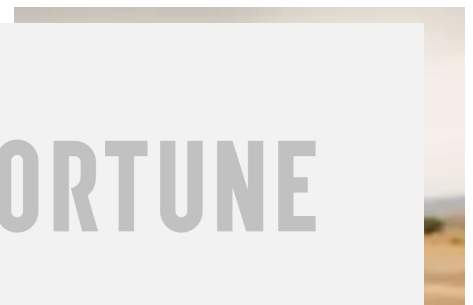
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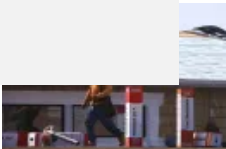


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