

The Rio Grande Project

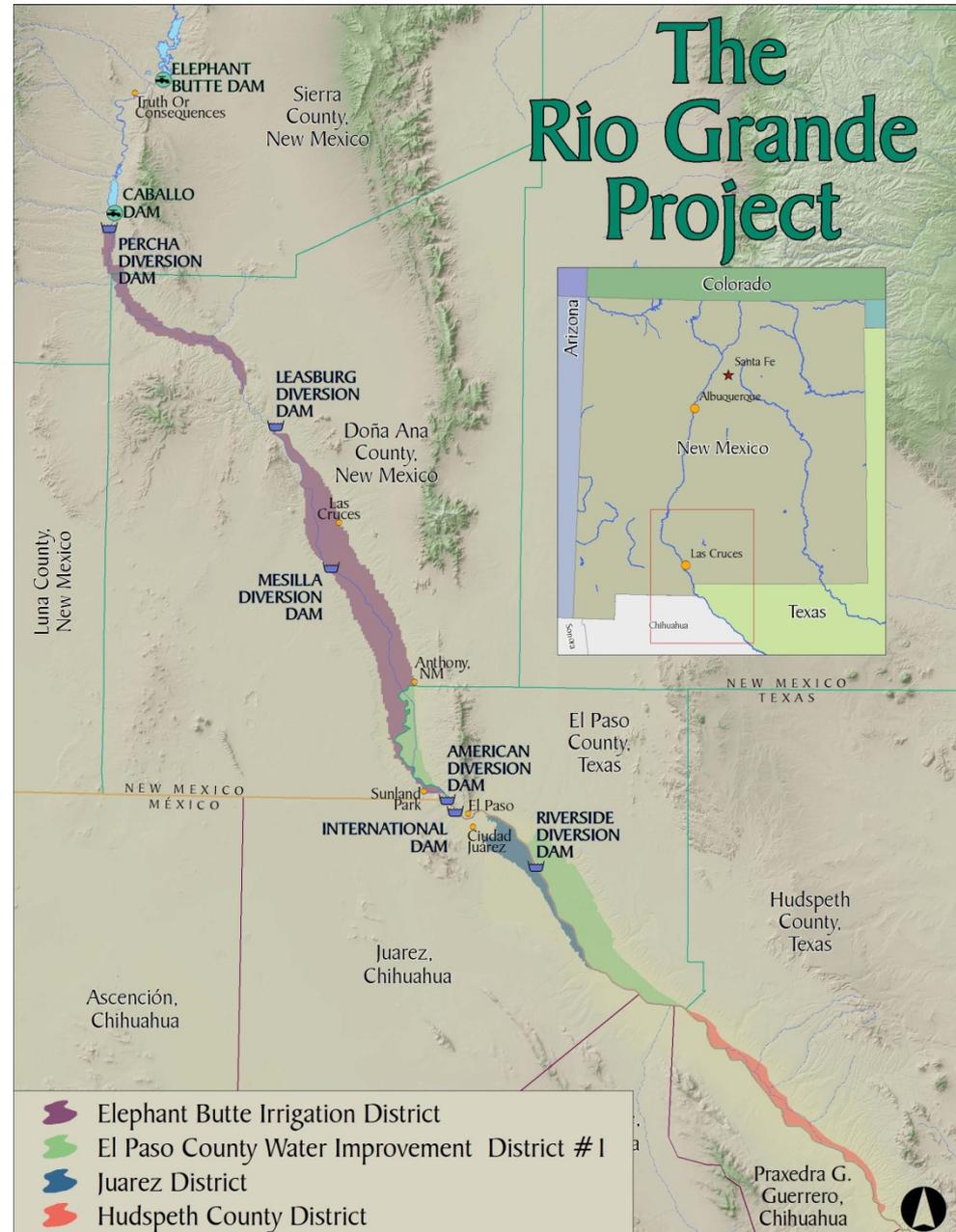
Delivers up to 60,000 acre-feet per year to Mexico

Federally Authorized Irrigable Area:

Total U.S. Project Acreages = 155,000 Acres

New Mexico – EBID = 88,000 Acres (57%)

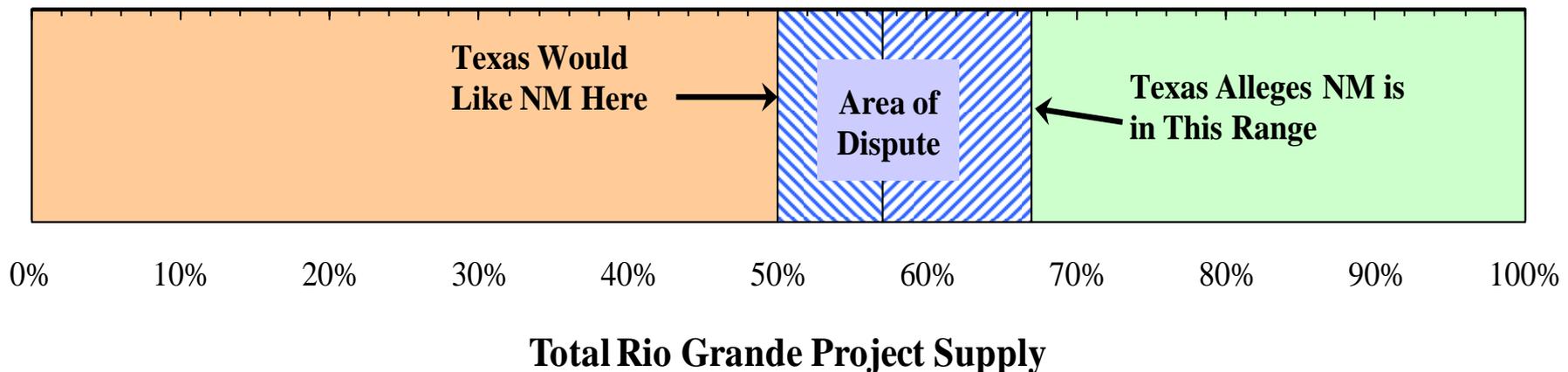
Texas – EPCWID#1 = 67,000 Acres (43%)



Lower Rio Grande Water Dispute (2004)

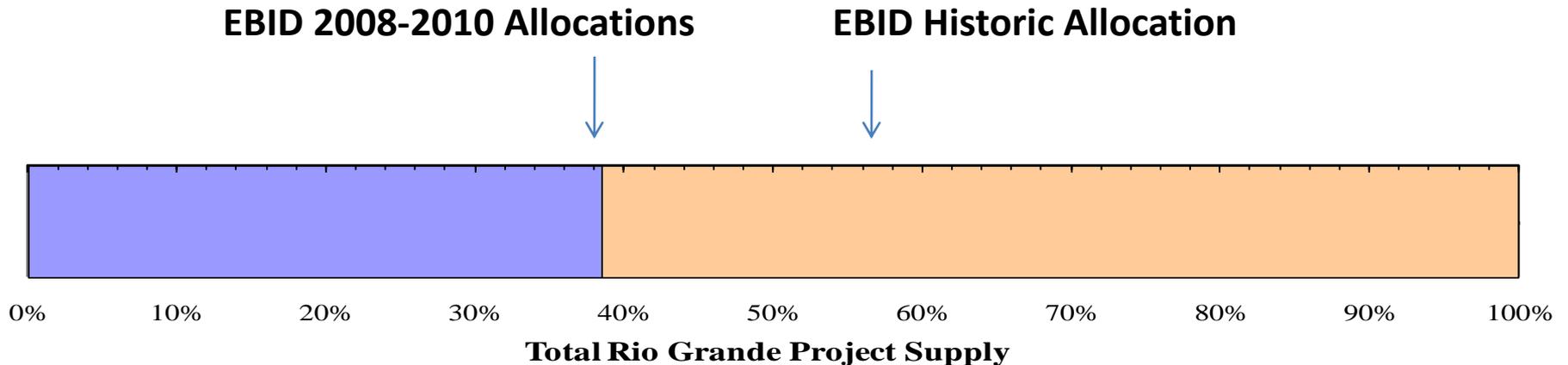
✓ *Texas Alleged*

- ✓ New Mexico was using some of Texas' share of Lower Rio Grande water
- ✓ New Mexico was unlawfully degrading the quality of water delivered to Texas
- ✓ Texas wanted its water supply directly from the reservoir, exclusive of New Mexico return flows



The 2008 Operating Agreement: Allocation of Project Water (2008-2010)

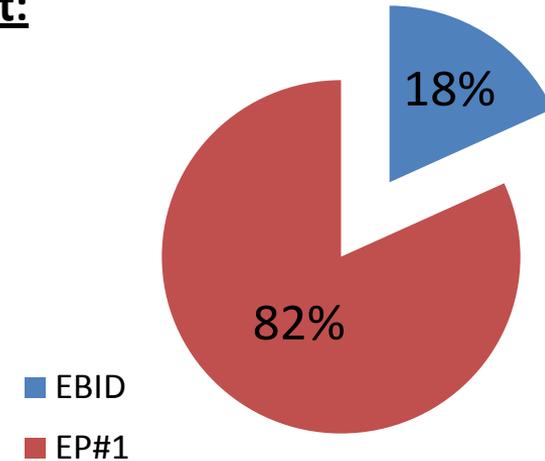
- ✓ The Rio Grande Project Annual Allocations to the Districts changed significantly:
 - ✓ EBID used to be allotted 57 percent of the Project Supply,
 - ✓ From 2008-2010 they were allotted about 38 percent
 - ✓ EPCWID used to be allotted 43 percent,
 - ✓ From 2008-2010 they were allotted about 62 percent



2008 Operating Agreement: 2011 Project Allocations (Thru May)

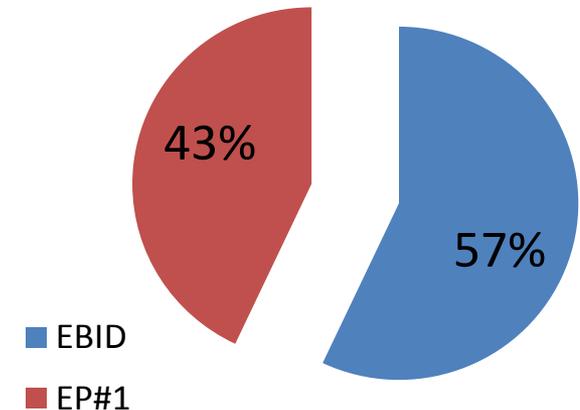
Under 2008 Operating Agreement:

End of Month	Usable Water in RG Project	Allocation		
		EBID	EP#1	Mexico
End of May 2011	AF 333,250	AF 55,750	AF 251,200	AF 19,600



Historic Operations:

End of May 2011	333,250	179,000	135,000	19,600
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Since June, we have received two different Project Allocation updates from Reclamation that we disagree with for technical reasons.

Effect of Relinquishment on EBID Supply

- Under two relinquishments scenarios preliminarily evaluated by Reclamation in early July, EBID's allocation dropped or stayed almost the same.

	No Relinquishment (acre-feet)	Relinquishment (af)	
		60,000	70,000
EBID Allocation	65,850	62,150	66,450

- Under historic Project operations, and a 60,000 acre-foot relinquishment, EBID's allocation would have increased by 30,000 acre-feet.

The bottom line remains that the 2008 Operating Agreement needs to change!