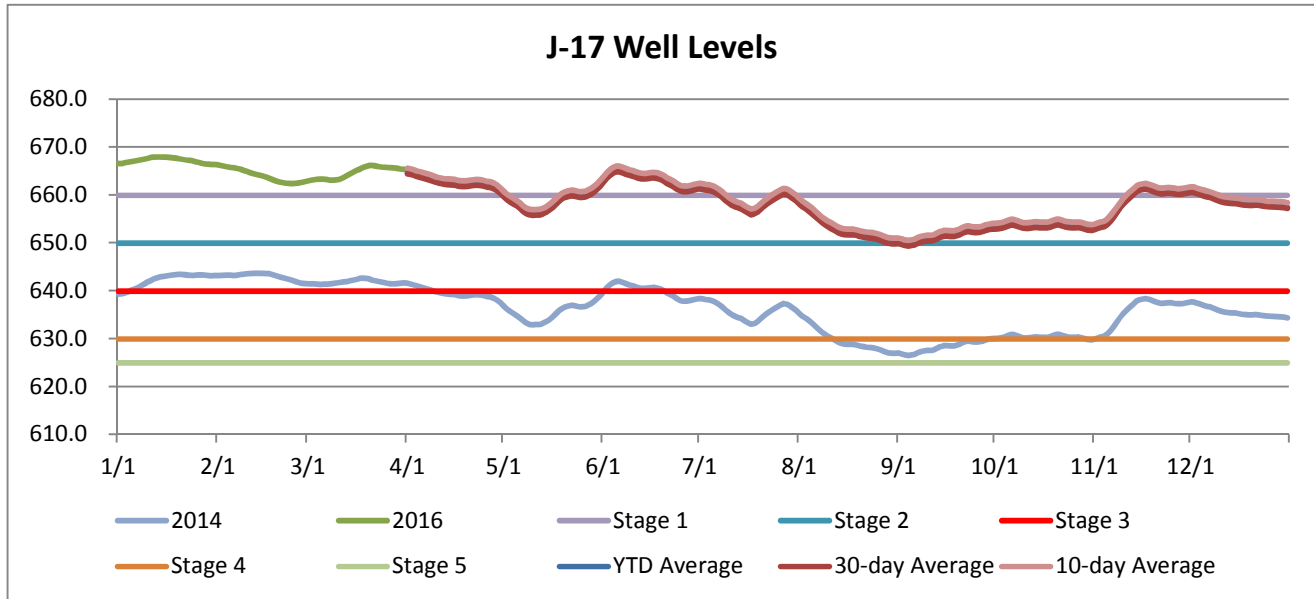


City of Hondo Texas Water Forecast

Step 1 - Estimating J-17 Well Levels for the remainder of 2016, as of March 31, 2016



The above chart contains 10 day average reads through the date indicated. The remainder of the 2016 is based on three different scenarios. Each scenario uses the 2014 actual for the remainder of the year and adjusts based on the difference between the 2014 and 2016 actuals through the date indicated. The three scenarios are:

- 1 - adjusted for the average daily difference year to date (January 1 through the date indicated)
- 2 - adjusted for the average daily difference for the last 30 days
- 3 - adjusted for the average daily difference for the last 10 days

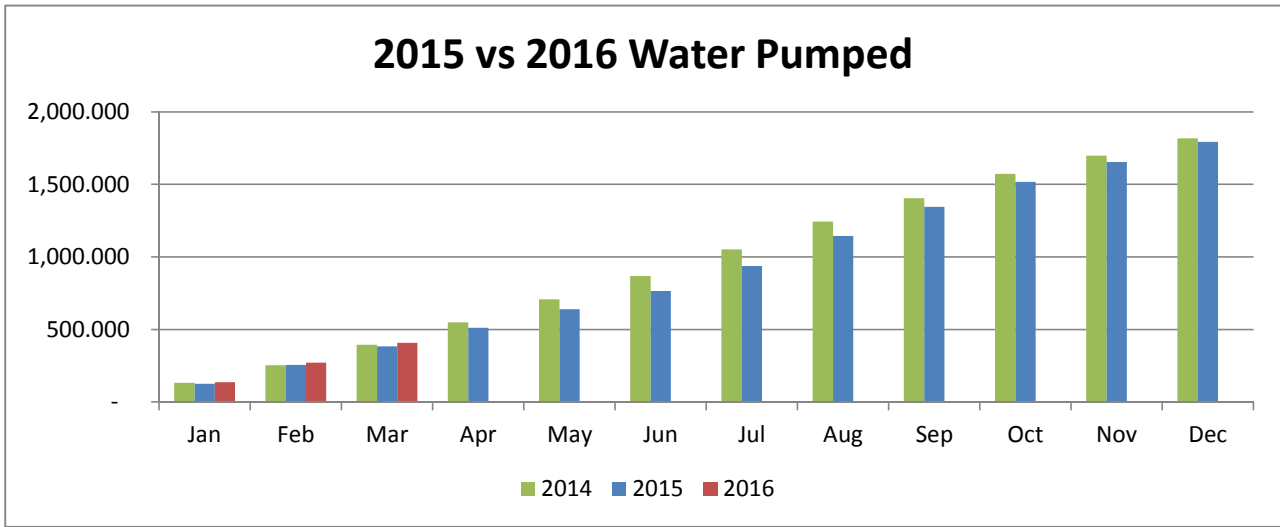
Please note the assumptions assume we have a one-time rise in the aquifer table, similar to last year's.

Step 2 - Calculating the Reduction based on Step 1

The City has 2,607.771 acre-feet of unrestricted water per calendar year. That allotment will be reduced by the number of days the EAA declares restrictions. The table below shows the restricted allotments using the Scenario based on the 10-day average from Step 1 above.

Stage	Duration Days	Reduction Percentage	Base Daily Amount	Total Reduction	Percent of Annual Allotment
None	199	0%	7.145	-	
Stage 1	166	20%	7.145	237.214	
Stage 2	0	30%	7.145	-	
Stage 3	0	35%	7.145	-	
Stage 4	0	40%	7.145	-	
Stage 5	0	44%	7.145	-	
Total	365			237.214	9.10%
Annual Allotment				2,607.77	
Adjusted allotment, if the scenario plays out				2,370.56	

Step 3 - Reviewing actual amounts used (pumped)



The above graph shows we have pumped more in January - March than we have in the past two-years for the respective months.

The numbers supporting the above chart are:

	2014	2015	2016	2016 - 2015 Difference	Percent Difference
Jan	132.509	127.505	136.666	9.16	7.18%
Feb	255.210	255.937	272.981	17.04	6.66%
Mar	395.526	384.367	408.170	23.80	6.19%
Apr	549.478	512.077			
May	708.143	639.787			
Jun	869.163	767.229			
Jul	1,053.594	938.011			
Aug	1,244.315	1,144.736			
Sep	1,404.910	1,346.240			
Oct	1,573.870	1,517.440			
Nov	1,698.580	1,654.457			
Dec	1,817.986	1,794.901			

Step 4 - providing a 2016 estimated usage (pumped), and comparing to Well J-17 Estimate

	Usage Estimate	Well J-17 Estimate	Difference
2016 estimate based on 4% below 2014 actual	1,723.10	2,370.56	647.45
2016 estimate as if the same as 2014	1,794.90	2,370.56	575.66
2016 estimate based on 4% above 2014 actual	1,866.70	2,370.56	503.86