January 10, 2011 RESERVOIR LEVEL AND SNOW UPDATE

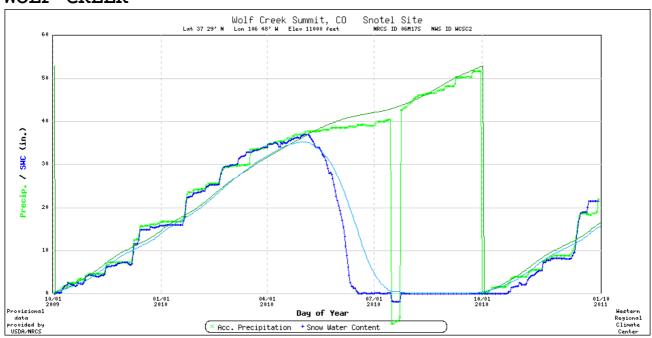
The widespread snow in the 2^{nd} half of December has not continued into the first half of this month, and the forecast for this week has only a 20% chance of snow at best. However the Upper Rio Grande and Rio Chama basins are still above average with respect to snow water equivalent. The Sangre de Cristo basin continues to be below average as it did not receive as much snow in December. The first NRCS forecast for 2011 has been released, and it predicts March to July runoff at San Marcial at 525,000 ac-ft, about 50,000 ac-ft below the long term average. The prediction is that the La Nina pattern that developed in the fall will continue during the spring, leading to reduced snowfall. Last January the NRCS prediction was for 505,000 ac-ft from March to July, but only 322,000 ac-ft was recorded at San Marcial.

COMBINED STORAGE Elephant Butte and Caballo January 7, 2011 468,778 acre-feet

SNOW - PRECIPITATION UPDATE
Based on Mountain Data from NRCS SNOTEL Sites
As of Monday January 10, 2011

BASIN Data Site Name	ELEV. S (Ft)	SNOW WATER	EQUIVALENT % Avg	TOTAL PREC	CIPITATION % Avg
UPPER RIO GRANDE BASIN					
	a		116		115
Basin Wi	de percen	nt of avera	age 116		115
RIO CHAMA BASIN					
Pagin wi	do nordon	nt of avera	age 111		92
Dasin Wi	de bercer	ic or aver	ige iii		32
SANGRE DE CRISTO MOUNTAIN RANGE BASINS					
Basin wi	de percen	nt of avera	age 63		71
Dubin wi	ac Porcer		-50		, _

WOLF CREEK



FORECAST

UPPER RIO GRANDE VALLEY/EASTERN SAN JUAN MOUNTAINS BELOW 10000 FT-INCLUDING...CREEDE...SOUTH FORK 654 AM MST MON JAN 10 2011

REST OF TODAY

MOSTLY CLOUDY. SLIGHT CHANCE OF SNOW IN THE MORNING...THEN ISOLATED SNOW SHOWERS IN THE AFTERNOON. HIGHS 13 TO 20. WEST WINDS UP TO 10 MPH. CHANCE OF PRECIPITATION 20 PERCENT. WIND CHILL READINGS 6 BELOW TO 16 BELOW ZERO IN THE MORNING.

TONIGHT

MOSTLY CLOUDY. A 10 PERCENT CHANCE OF SNOW SHOWERS UNTIL MIDNIGHT. LOWS 3 BELOW TO 20 BELOW ZERO. LIGHT WINDS BECOMING WEST UP TO 10 MPH AFTER MIDNIGHT. WIND CHILL READINGS 14 BELOW TO 24 BELOW ZERO AFTER MIDNIGHT.

TUESDAY

MOSTLY SUNNY. HIGHS 10 TO 18. WEST WINDS UP TO 10 MPH. WIND CHILL READINGS 19 BELOW TO 29 BELOW ZERO IN THE MORNING.

TUESDAY NIGHT

MOSTLY CLOUDY. A 10 PERCENT CHANCE OF SNOW AFTER MIDNIGHT. LOWS 1 BELOW TO 10 BELOW ZERO. WEST WINDS UP TO 10 MPH.

WEDNESDAY

PARTLY SUNNY WITH A 10 PERCENT CHANCE OF SNOW. HIGHS IN THE MID 20S TO LOWER 30S. WEST WINDS UP TO 10 MPH IN THE MORNING BECOMING LIGHT.

WEDNESDAY NIGHT THROUGH THURSDAY NIGHT

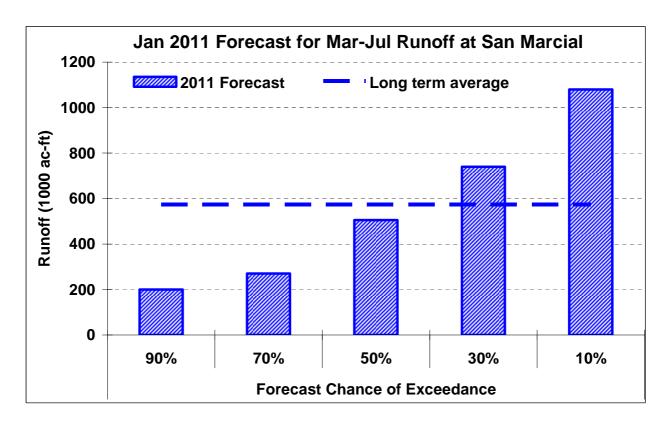
MOSTLY CLOUDY WITH A 10 PERCENT CHANCE OF SNOW. LOWS 1 BELOW TO 13 ABOVE ZERO. HIGHS 28 TO 35.

FRIDAY AND FRIDAY NIGHT

MOSTLY CLOUDY. A 20 PERCENT CHANCE OF SNOW. HIGHS 19 TO 31. LOWS 8 TO 18.

SATURDAY THROUGH SUNDAY

MOSTLY CLOUDY WITH A 20 PERCENT CHANCE OF SNOW. HIGHS 30 TO 38. LOWS 7 TO 16.



NRCS New Mexico Water Supply Outlook Report as of January 1, 2011

Following up on last winter's "El Nino" pattern, which dropped considerable snow over much of the state, New Mexico has started the 2011 water year in the opposite position. During the summer and fall, a fairly strong "La Nina" built in the equatorial Pacific waters, which has led to a drier than average start to this year. Much of the state received well below average precipitation from October through late December, with the southwestern part of the state being the driest. There were a couple widespread storms which dropped significant snowfall in late December, bolstering both the snowpack and water year precipitation values at high elevation sites state-wide. Basins in the northeastern and southern parts of New Mexico still remain significantly below average for the water year, though. With the potential for the effects of the "La Nina" pattern expected to remain in place for much of the spring, water managers and users will need to be prepared for below average runoff in much of the state.

SNOWPACK

Snowfall has started off very slow this year for most of New Mexico. Until the last week of December, most basins in the state were recording less than 65% of average snowpack numbers. The notable exceptions were the Animas/San Juan and Upper Rio Grande basins which were seeing somewhat above average snowpack, mainly due to the earlier snowfall in southern Colorado. A strong storm in late December dumped some decent snow at high elevations across much of the state. This boosted snowpack numbers somewhat, but the southern basins along with those in northeastern New Mexico remain significantly below average. The potential for the relatively strong "La Nina" pattern to remain in place through much of the spring does not boost confidence that the snowpack numbers will improve substantially through this snow season. It is still early, though, so there is still a potential for a pattern shift which will allow New Mexico into the storm track long enough to pick up some significant snows.

PRECIPITATION

High elevation precipitation in October ranged from 22 percent of average in the Zuni/Bluewater Basins to 129 percent of average in the Canadian River Basin. Most of the state was somewhat below average overall with the exception of the western quarter which is well below average. As has been the case for the past few years, November was significantly drier than average across the state, ranging from 5 percent of average in the Rio Hondo Basin up to 86 percent of average in the Animas/San Juan Basin. The southern half of the state was again the driest area. December precipitation picked up late in the month, ranging from near average (97 percent) in the Mimbres River Basin up to 250 percent of average in the Zuni/Bluewater Basins. As of December 31, year to date averages are generally somewhat below average for the state, ranging from 51 percent of average in the Mimbres River Basin to 98 percent of average in the Zuni/Bluewater Basins. The one exception is the Animas/San Juan Basin which is at 139 percent of average as of December 31.

RESERVOIRS

As has been the case in many recent years, demand for water stored in New Mexico reservoirs has remained high, often exceeding supply. Some small gains were made over the past year, increasing the amount of water stored in some reservoirs, but overall storage remains well below average as a whole. One factor that remains very important in meeting user demands is an above average spring runoff from snowpack. Early indications are not looking very promising this year, but with the majority of the snow season ahead of us, there is still quite a bit of uncertainty. A moderate "La Nina" is in place, which usually means drier than average conditions for much of New Mexico. If this occurs, it could reduce runoff forecasts even more than they currently are. At this point it is still very difficult to make an accurate prediction of what this year will bring.