April 26, 2011

Texas Water Development Board
Contract Administration
Attention: Sanjeev Kalaswad
P.O. Box 13231
Austin, TX 78711-3231
contracts@twdb.state.tx.us

Subject: Progress Report March 2011-April 2011 for Contract No.: 1004831106
Brackish Groundwater Desalination Demonstration Project

Dear Sanjeev:

This letter serves as the progress report for the period of March 2011 through April 2011, as required by the above referenced contract. There have been no expenditures made, and therefore, no payment submissions or requests thus far for this project.

(1) TWDB Contract Number: 1004831106

(2) Total Expenses for billing period beginning March 2011 through April 2011: None

(3) Total Services for this period: None

(4) Total In-kind Services: None

(5) Less Local Share: None

(6) Total TWDB’s Share of total study costs: None

(7) Amount of Retainage: None

(8) Total Costs to be Reimbursed: None

In addition, we have received your email dated April 14, 2011 instructing us that we must select Option A-Initiate work without SAWS participation (with modified proposal and scope of services), or Option B-Wait until SAWS makes a decision in October 2001 regarding
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whether to move forward with Task 5 (Well Testing) portion of this Project. We are in the process of deciding how we want to move forward given these options. Thank you for your consideration and understanding of the changes that have occurred at SAWS (Project PARTICIPANT) regarding this project. Please contact Bill Mullican or me if you require any further information.

Very truly yours,

[Signature]

Shirley J. Ross
Client Service Manager
Camp Dresser & McKee Inc.

cc: Bill Mullican