

Dave Heineman
Governor

STATE OF NEBRASKA
DEPARTMENT OF NATURAL RESOURCES
Ann Bleed
Director

April 2, 2008

IN REPLY TO:

Stanley C. Goodwin
Attorney at Law
116 W. C St.
P.O. Box 607
McCook, NE 69001

RE: Frenchman Cambridge Agreement

Dear Stanley,

Enclosed please find Frenchman Cambridge Irrigation District's fully executed copy of the Agreement for their records. We will begin processing the first payment of \$52,000, due in three weeks, immediately.

Thank you and Frenchman Cambridge for the efforts taken in reaching this Agreement.

Sincerely,

Brian P. Dunnigan, P.E.
Acting Director

Enclosure

Law Offices of
STANLEY C. GOODWIN
Attorney at Law

Telephone
308-345-2580
308-345-2581 (FAX)

116 West C Street
P.O. Box 607
McCook, NE 69001

April 1, 2008

Ronald Theis
State of Nebraska
Department of Natural Resources
301 Centennial Mall South
4th Floor
State Office Building
Lincoln, NE 68509

RECEIVED

APR 02 2008

DEPARTMENT OF
NATURAL RESOURCES

Re: DNR Agreements

Dear Ron:

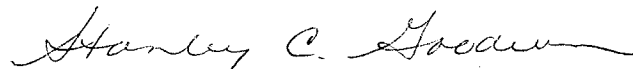
Enclosed please find two (2) executed agreements for Frenchman Cambridge Irrigation District. As we discussed by phone the requirement that the Agreements be signed by the Director of DNR by April 1, 2008 has been extended to April 4, 2008 and therefore should not be considered problematic for the execution of this agreement.

I have also enclosed the signed Memorandum of Agreement between DNR and Riverside Irrigation Company.

The third contract which will be with Frenchman Valley Irrigation District should be completed by the end of the week or the first of next week at the latest. The Board of Frenchman Valley meets Thursday evening to discuss this contract. I have recommended to the manager that the District enter into the Agreement.

Should you have any questions regarding this matter please don't hesitate to contact me. Once the Agreement is signed please forward to me a signed copy of the Agreements. I will send the signed Agreement for Frenchman Valley as soon as I have it in my hands.

Yours truly,



Stanley C. Goodwin

SCG:cjl

MEMORANDUM OF AGREEMENT

THIS AGREEMENT entered into on this ____ day of _____ in the year 2008 by and between; the **STATE OF NEBRASKA, DEPARTMENT OF NATURAL RESOURCES** hereinafter referred to as the "**STATE**", and **RIVERSIDE IRRIGATION COMPANY, INC.** hereinafter referred to as the "**COMPANY.**"

WHEREAS, the Company has the rights to natural flow of the Republican River for an identified Water Supply as hereinafter defined in Paragraph II for the year 2008; and

WHEREAS, the State desires the Company to forgo the use its Water Supply for the calendar year of 2008; and

WHEREAS, the Company is willing to waive rights to the use of its Water Supply for the calendar year 2008 to the State.

NOW THEREFORE, in consideration of these facts, the parties agree as follows:

I. DURATION OF AGREEMENT

This agreement is for the period from the execution of the Memorandum of Agreement (hereinafter "Agreement") to the end of the 2008 calendar year. There will be no extension or renewal of this Agreement unless further agreed to in writing by the parties.

II. DEFINITIONS

For purposes of the Agreement, the following terms are defined as follows:

"Water Supply" or "2008 Water Supply" shall mean the total amount of natural flow that would be available to the Company for beneficial use at the Headgate of Riverside Canal during the 2008 calendar year. Based on the average of natural flow diversions, as reflected in the State's records for the years 2001 to 2005, the expected water supply from natural flow is approximately 2,000 acre-feet per year. Both parties agree that the actual amount of natural flow could be more or less than the five-year average.

III. THE COMPANY AGREES TO PERFORM AS FOLLOWS:

A. The Company agrees to waive the rights to the use of its Water Supply to the State for the period from the date of the execution of this Agreement to the end of the 2008 calendar year.

B. The Company agrees not to divert natural flow from the Headgate of the Riverside Canal during the calendar year of 2008.

C. By execution of this Agreement, the Company represents and affirms that, in accordance with all relevant state statutes and Company procedures, the Company has received the requisite affirmative vote of its qualified electors, at a duly authorized meeting of the Company, authorizing it to enter into this Agreement.

D. The Company agrees to allocate and disburse funds received from the State under this agreement among its customers or shareholders in a reasonable manner, giving consideration to the benefits received and the rights surrendered.

E. The Company agrees to consult and collaborate with the State of Nebraska, the Republican River Basin Natural Resources Districts and other basin water resource interests on compliance with the Regulations now in effect with the several Natural Resources Districts for the Republican River Basin.

F. The Company agrees to defend, enforce and uphold the provision of this Agreement to ensure waiving its rights to the use of the Company's 2008 Water Supply to the State.

IV. THE STATE AGREES TO PERFORM AS FOLLOWS:

A. The State will pay the sum of one hundred sixty-five thousand dollars (\$165,000.00) to the Company, as payment in full to forgo the use of the Company's 2008 Water Supply. Payment shall be made to the Company within ninety (90) days of the execution of this Agreement. These payments compensate the Company for waiving the rights to the use of its Water Supply for the calendar year 2008 to the State for the term of this Agreement.

B. The State, Natural Resources Districts, and surface water irrigation districts will continue to work together to meet the State of Nebraska's obligations under the Republican River Compact and Settlement Agreements.

C. By execution of this Agreement, the State agrees to defend and uphold the provisions of this Agreement to ensure the Company's compensation for waiving rights for the use of the Company's 2008 Water Supply.

V. THE PARTIES MUTUALLY AGREE AS FOLLOW:

A. The parties agree to work with the Natural Resources Districts in meeting the goals and objectives identified in the Republican River Basin Integrated Management Plans and corresponding groundwater management rules and regulations

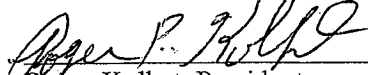
B. The parties agree that all operations by the Bureau will continue as normal, unaffected by this agreement.

C. The parties agree that that Company has retained and reserved the rights to any additional water that it would be entitled to receive under agreements and contracts between the Bureau and Company that are outside of the constraints of this Agreement.

D. In executing this agreement the parties shall be in compliance with all other applicable state and federal laws, including but not limited to, the National Environmental Policy Act and the Endangered Species Act and must not impair the Sec. of Interior's trust obligation to Native Americans.

E. This Agreement is void if no money is appropriated for payment.

RIVERSIDE IRRIGATION COMPANY, INC.



Roger Kolbet, President

3-28-08
Date

NEBRASKA DEPARTMENT OF NATURAL RESOURCES

Brian Dunnigan, Acting Director

Date