

Memorandum of Agreement
between the
Frenchman – Cambridge Irrigation District
and the
Nebraska Department of Natural Resources
for
Drought Assistance for Increased Reservoir Storage

WHEREAS, drought induced low reservoir levels in Swanson Lake and Hugh Butler Lake threaten a variety of uses, including irrigation, fish, wildlife, and recreation; and

WHEREAS, leaving additional storage water in those reservoirs during the 2004 irrigation season would help sustain in-reservoir uses as well as provide additional water for the next irrigation season; and

WHEREAS, the Bureau of Reclamation (Reclamation) has approved the State of Nebraska for drought assistance in 2004 by authority of the Reclamation States Emergency Drought Relieve Act of 1991;

WHEREAS, Reclamation has approved drought funding assistance to the Nebraska Department of Natural Resources through Cooperative Agreement No. 03FC601826 (“Cooperative Agreement”)(a copy of which is attached hereto as Exhibit A) for a project that will result in additional storage water in drought affected reservoirs in the Republican Basin;

NOW THEREFORE, the parties agree as follows:

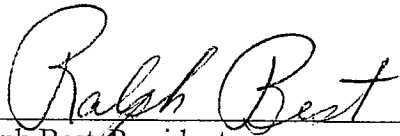
- 1) The District agrees to:
 - a) not call for 2004 irrigation season storage releases from Swanson Lake when the lake drops below elevation 2728.16 (27,455 acre feet)
 - b) not call for 2004 irrigation season storage releases from Hugh Butler Lake when the lake drops below elevation 2567.42 (17,112 acre feet)
- 2) The Department of Natural Resources agrees to:
 - a) provide financial assistance, which financial assistance shall consist solely of monies received by the Department as 2004 Reclamation Drought Assistance funding (“Federal Funding”), to the District for leaving irrigation supplies in the reservoirs in the amounts specified in Section 1) of this Agreement as follows:

- For Swanson Lake: that payment for the 2004 irrigation season (leaving the required amount of storage in the reservoir from the signature date of this contract through September 30, 2004) will be \$41,500.
 - For Hugh Butler Lake: that payment for the 2004 irrigation season (leaving storage in the reservoir from the signature date of this contract through September 30, 2004) will be \$39,750.
- b) provide payment of the Federal Funding within 60 days of the signature of this Agreement, provided that such Federal Funding has been received by the Department from Reclamation within such time period.
- 3) In the event that inflows exceed estimates, both parties agree that releases of storage water may be made for the benefit of the District, provided, the lake levels remain at or above the levels noted above. Should evaporation or other factors not caused by the District later lower the lake levels noted above, the eligibility of the District for compensation shall not be affected.
- 4) In the event that inflows do not meet estimates and the lake levels do not reach the levels noted above, the level of assistance provided to the District will not be reduced.
5. The District and the Department agree as follows:
- a) to the extent the Department does not receive the Federal Funding, or such funding is disallowed, the Department shall not be obligated to provide the financial assistance referenced in Section 2)a) of this Agreement. The Department's obligation under this agreement is contingent upon the receipt of the Federal Funding from Reclamation from which payment for agreement purposes can be made. No legal liability on the part of the Department for any payment may arise until the Federal Funds are made available to the Department. In the event the Federal Funding is disallowed after the financial assistance referred to in Section 2)a) has been provided to the District, the District agrees to return such funds to the Department.
 - b) the District, on receipt of the financial assistance contemplated by this Agreement, shall be a subrecipient pursuant to the Cooperative Agreement, and agrees to be bound by all of the provisions of the Cooperative Agreement applicable to subrecipients.
6. The District shall indemnify and hold the Department harmless from any and all losses, damages, or liability on account of personal injury, death, or property damage, or claims for personal injury, death, or property damage of any nature

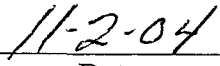
whatsoever and by whomsoever made, arising out of activities of the District, its employees or agents under this Agreement.

- 7) This agreement may be modified at any time by mutual agreement of the parties.

FRENCHMAN-CAMBRIDGE IRRIGATION DISTRICT

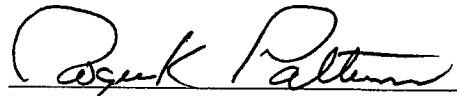


Ralph Best, President
Frenchman-Cambridge Irrigation District




Date

NEBRASKA DEPARTMENT OF NATURAL RESOURCES




Roger K. Patterson, Director
Nebraska Dept. of Natural Resources



Date

APPROVED

AS TO FORM & CONTENT
BY NDNR LEGAL COUNSEL



DATE 8/5/04

RALPH BEST, Pres.
Oxford, NE 68967

ROBERT ANDREWS, Sec.
Cambridge, NE 69022

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Cambridge, NE 69022



ROBERT WALLEN, Vice Pres.
McCook, NE 69001

DON MOORE, Treas.
Cambridge, NE 69022

STAN GOODWIN, Attorney
McCook, NE 69001

November 4, 2004

RECEIVED
NOV 8 2004
DEPARTMENT OF
NATURAL RESOURCES

State of Nebraska
Department of Natural Resources
ATTN: Roger Patterson
P.O. Box 94676
Lincoln, NE 68509-4676

Roger:

We are enclosing the signed copy of the "Memorandum of Agreement between the Frenchman-Cambridge Irrigation District and the Nebraska Department of Natural Resources for Drought Assistance for Increased Reservoir Storage".

We want to thank you so much for your assistance during this difficult time due to the drought. We are continuing to pray for rain.

Sincerely,

FRENCHMAN-CAMBRIDGE
IRRIGATION DISTRICT

Roy L. Patterson
Superintendent

RLP:pjp
Encl.