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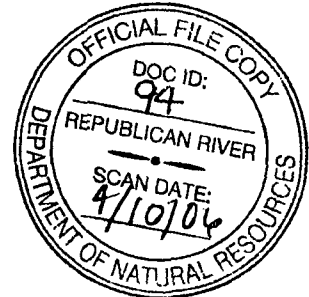
Upper Republican
NATURAL RESOURCE DISTRICT

Mike T
File

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September 22, 2005

Ann Bleed
Nebraska Department of Natural Resources
P.O. Box 94676
Lincoln, NE 68509-4676



Dear Ann:

The Republican River Natural Resources Districts met on September 16th, 2005 to proactively discuss and coordinate Republican River Compact (RRC) compliance issues. The group will continue the discussion at the NARD conference, at 3:00 p.m. on September 21, 2005 (room TBA). Your presence would be appreciated as we continue to work toward identifying activities necessary to keep the State of Nebraska in compliance with the RRC.

The NRD representatives discussed several alternative approaches, including regulation, incentive programs to retire acres or reduce irrigation, transferring use from the "Quick Response" area to upland areas, transferring water ground water or surface water from the Platte Basin, and pumping ground water into the stream to increase Nebraska's allocation. The group further acknowledged the importance of the timing of benefits each alternative could offer, taking into account temporary constraints, legislative or other, that might make an alternative infeasible to implement within the timeframe necessary to achieve compliance.

The alternatives were broadly categorized as most feasible for attaining immediate short-term, future short-term, and long-term objectives. Immediate alternatives we felt were limited to stream flow mitigation and leasing of surface water rights. Future short-term alternatives were identified as transfers, stream flow mitigation, and/or leasing surface water rights. The most efficient long-term alternatives are likely regulation and incentive programs. No formal action was taken and these alternatives have not been approved by any of the NRD Boards. However, we feel the most likely alternatives need to be identified and discussed.

There was also some discussion centering around the availability of technical information. The Republican Basin NRDs need technical information from the Department of Natural Resources. Several requests have been made for model runs to analyze the effects of some of the alternatives already employed, primarily regulation. The RRCA model is a valuable resource that can be used to run simulations for alternative solutions or sets of solutions.

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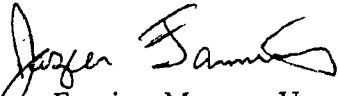
DEPARTMENT OF
NATURAL RESOURCES

This technical assistance and information is needed by the NRD's in a timely fashion so that we can make our best efforts to be proactive in the State of Nebraska's compliance efforts. The growing concern over the ability of the State of Nebraska to comply with the compact in the face of the continuing drought should serve as ample notice that an increased amount of technical information and assistance is needed in the Republican Basin. As you are aware, the first compliance measure occurs at the end of 2006. Thus, time is of the essence in analyzing the alternatives available to achieve compliance.

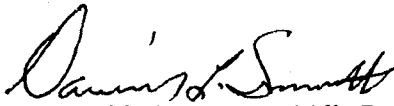
The Republican River Natural Resource Districts request immediate assistance from the Department of Natural Resources in analyzing alternative solutions, described above. Specifically, we need to identify areas where stream flow supplementation and the leasing of surface water would be most efficient, quantify the impacts to Nebraska's consumptive use of retirement or regulation schemes, and evaluate the feasibility of transfers.

We realize there are several unknowns involved in the modeling process. However, we must not forgo the benefits of using the model as a simulation tool due to the lack of complete information, as we possess historical information and can compute reasonable estimates for most of the unknowns. If there is anything the NRD's can do to assist the Department with this request, please contact us with your requests.

Sincerely,



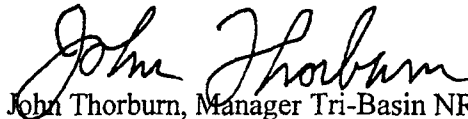
Jasper Fanning, Manager Upper Republican NRD



Dan Smith, Manager Middle Republican NRD



Mike Clements, Manager Lower Republican NRD



John Thorburn, Manager Tri-Basin NRD

Cc: Governor Dave Heineman
Dean Edson