

McCook
21 June 2004
as revised by DNR 6-23-04

Fornoff, Haag, Wertz, Moore, Madsen, Smith, Merrigan

Haag proposal : 12 in allocation with 3" overuse
Trigger years : 10" allocation for alluvial acres and 1998
wells and 12" with no overuse. \$5.00/acre fee.

Fornoff proposal: 14.5 base allocation
Normal year 90%
Water short year 80%
\$5.00/acre fee

Proposal for Board

NORMAL YEAR

Allocate to 90% of the acres

12-13.5" allocation (36-3940.5 for 3 years)

No more than 16.5" pumped in a normal year

69" reserve *NRD thought 9" was ok since a 13" allocation won't allow for much accumulation anyway.*

WATER SHORT YEAR

Allocate to 80% of the acres

No overuse in water short years

~~Ignore water short year for first year of allocation~~

INCENTIVE PROGRAMS

Support CREP (limit input to reflect participation in district)

Develop own program (prioritize alluvium)

Fees/acre

\$102 - 624,000*

*Work with State to obtain state and federal funding

Transfers

10 miles maximum

Penalty for Overuse

1 inch overuse = 1 inch deduction next allocation period

2 inch overuse = 3 inch deduction next allocation period

3 inch overuse = 6 inch deduction next allocation period

4 inch overuse = 9 inch deduction next allocation period

Surface water

If surface water available must be accounted for

If nobody takes allocation it won't be counted

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Trigger years : 10" allocation for alluvial acres and 1998
wells and 12" with no overuse. \$5.00/acre fee.

Fornoff proposal: 14.5 base allocation
Normal year 90%
Water short year 80%
\$5.00/acre fee

Proposal for Board

NORMAL YEAR

Allocate to 90% of the acres
12-13" allocation (36-39 for 3 years)
No more than 16" pumped in a normal year
6" reserve

WATER SHORT YEAR

Allocate to 80% of the acres
No overuse in water short years

INCENTIVE PROGRAMS

Support CREP (limit input to reflect participation in district)
Develop own program (prioritize alluvium)
Fees/acre
\$10 – 624,000*

*Work with State to obtain state and federal funding

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Surface water

If surface water available must be accounted for

If nobody takes allocation it won't be counted

Roger Patterson

From: Roger Patterson [rpatterson@dnr.state.ne.us]
Sent: Wednesday, June 23, 2004 4:02 PM
To: 'Dan Smith'
Subject: RE: Proposal Questions

Dan -

Thanks for the response.

In an effort to get us both up to speed on what the other is thinking, let me tell you how I see things based on your answers.

NORMAL YEAR

I think 13 inches to 90% is what it will take to hit the goal of a 5% reduction (16 inch cap in a normal year).

I think you should stay where you were previously with a 6 inch cap on carry-forward.

WATER SHORT YEAR

30% of est. 40,000 shortfall is 12,000 AF using the 3:1 pumping to depletion ratio in quick response area you arrive at 36,000 acres of cutback. Since you have already cut back an additional

As you know, we will have to start this in 2005 if its a water short year under the compact. *36,000 - 7,500 = 28,500 see notes*

I think this leaves you about 28,500 AF or acres short (we can discuss Fri how we got to this conclusion). If that's the case you will need about \$10/acre to make an incentive program close the gap. That number can be smaller if we get state and or fed dollars. Also could be reduced some by providing a lower allocation to post 1998 wells.

Look forward to seeing you Fri AM.

Roger

-----Original Message-----

From: Dan Smith [mailto:dsmith@mnrnd.org]
Sent: Tuesday, June 22, 2004 1:44 PM
To: Roger Patterson
Subject: Proposal Questions

Roger,

I shall plan on being at DNR at 8 AM on Friday.

In answer to your questions:

Normal year

- Spreading? YES
- 16.5? IS part of the 40.5
- 9" reserve? IT IS carry forward
- Max acres? Between 311,000 and 312,000
- 5%? It doesn't. Incentives will have to

Water short year

10% of the est. 17,500 acres in quick response area. This leaves 36,000 - 17,500 or 28,500 acres to be retitled in water short years from "buy out" numbers.

6/25/2004

Mike Thompson

From: Roger Patterson [rpatterson@dnr.state.ne.us]
Sent: Monday, June 21, 2004 4:21 PM
To: Ann Bleed (E-mail); Ann Diers (E-mail); Brad Edgerton (E-mail); Mike Thompson (E-mail)
Subject: FW: Proposal

-----Original Message-----

From: Dan Smith [mailto:dsmith@mnrnd.org]
Sent: Monday, June 21, 2004 3:42 PM
To: Roger Patterson
Subject: Proposal

Roger,

This is the proposal you should be prepared to discuss on June 29th. We will be meeting at the Farm Credit Services Building on North Hiway 83 in McCook. Planned start time of 8:00 A.M. I will be in Lincoln on the 25th and could meet with you first thing in the morning if you need more information.

Also, there is a group that would like to have more information on the model. I don't think most of them would understand what they were told but the board thinks we should make an effort. Would you or someone from the department be willing to make a presentation some evening in McCook before the 13th of July. With harvest starting, I doubt if many would attend but once again we thought we should try to inform them. Ann should be able to relate there questions and concerns. Most of this group is from Hayes County.

Also, the economic study is still an issue. We will need something that can be presented with regard to that subject. I don't know if it could be done at the same time, but we will need some info before an August hearing.

Did Jim Cook or anyone have the time to address the fee per acre or buy water issues?

Dan Smith, Manager
Middle Republican Natural Resources District
1-800-873-5613 308-367-4281
dsmith@mnrnd.org
www.mnrnd.org

6/25/2004

DNR 017472

Mike Thompson

From: Roger Patterson [rpatterson@dnr.state.ne.us]
Sent: Tuesday, June 22, 2004 10:50 AM
To: Ann Bleed (E-mail); Brad Edgerton (E-mail); Mike Thompson (E-mail)
Subject: FW: Proposal

-----Original Message-----

From: Roger Patterson [mailto:rpatterson@dnr.state.ne.us]
Sent: Tuesday, June 22, 2004 10:46 AM
To: 'Dan Smith'
Subject: RE: Proposal

Thanks Dan. We will be there Tue at 8:00 AM. Let's try to get together on the 25th at 8:00 if that will work.

I have several questions I'd like to visit about before the McCook meeting. Some of them include:

NORMAL YEAR -

- Is spreading allowed on the 10% of lands that receive no allocation?
- Is the 16.5" part of the 40.5" allowed over 3 years?
- What is the 9" reserve? Is it a carry-forward into the next allocation period?
- What is the maximum number of acres that will be certified?
- How does this achieve a 5% reduction in background pumping (294kaf)?

WATER SHORT YEAR

- Is spreading allowed onto the 20% with no allocation?
- What does "ignore water short year for first year of allocation" mean?
- Will this meet the additional reduction in use goal for water short years for MRNRD (would need to reduce depletions by at least an additional 12kaf in these years)?

INCENTIVE PROGRAMS

What does \$2-624,000 mean? How will incentives work?

In response to your other questions - we would be glad to put together a presentation on the model between now and July 13 - let's try to schedule that soon. Unless we can get something from Cookson, I think the most useful information on economics may be the work Ray Supalla is doing for the power folks. Jim Cook and Dave Cookson both say the the authority for fees is not totally clear but not without some basis. We would help defend a plan that included fees.

Roger

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6/25/2004

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Mike Thompson

From: Roger Patterson [rpatterson@dnr.state.ne.us]
Sent: Tuesday, June 22, 2004 2:13 PM
To: Ann Bleed (E-mail); Brad Edgerton (E-mail); Mike Thompson (E-mail); Ann Diers (E-mail)
Subject: FW: Proposal Questions

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16.5? IS part of the 40.5
9" reserve? IT IS carry forward
Max acres? Between 311,000 and 312,000
5%? It doesn't. Incentives will have to

Water short year
Spreading? YES
We do not intend to call 2005 a water short year. People have to have a year to learn the system.
Reduction? YES we thought it would

Incentives

\$2.00 per acre will raise \$624,000. This would be used to support both CREP and a locally funded program

Dan Smith, Manager
Middle Republican Natural Resources District
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dsmith@mnrnd.org
www.mnrnd.org

6/25/2004

DNR 017475