

B. The Nebraska Department of Natural Resources agrees to implement the Groundwater Management and Protection Act in such a way that the streamflows upstream of the Harlan County Reservoir will provide an adequate water supply to the Bostwick Irrigation District in Nebraska every year, weather permitting. The Department will strive to achieve equity between surface water irrigators and ground water irrigators in the same area. The Department's goal will be to ensure that surface water irrigators, including those within the Nebraska Bostwick Irrigation District, will have a water supply at least equal to the allocations for ground water wells in the vicinity.

~~work with~~ work with the RRWRDs to develop
and implement an IMPs ~~that have~~ ^{with} goal of
maintaining an ^{surface} water supply for irrigation ^{to an acre}
the Bostwick District that is comparable to ^{has}
the ⁱⁿ water supply of gw in same
~~district~~ area.

Costs and Benefits for Surface Water Lease

2006 Costs and Be	Water Available	Cost	\$/AF Cost	AF Benefit***	\$/AF benefit Acres	\$/Acre	Inches/Ac./\$/ac-inch	Last year prices	Comparison
Irrigation District									
Frenchman Valley	6,400	\$ 400,000	\$ 63	3,672	\$ 108.93	\$ 9,292.4	\$ 43.05	\$2.00	
Riverside*	2,000	\$ 100,000	\$ 50	1,256	\$ 79.62	\$ 672.1	\$ 148.79		
Bostwick	12,500	\$ 2,564,500	\$ 205	18,404	\$ 139.35	\$ 22,446.0	\$ 114.25		
Total/Average	20,900	\$ 3,064,500	\$ 147	23,332	\$ 131.34	\$ 32,410.5	\$ 94.55		

* \$50,000 from MNRNRD

Note RF to gage is 50% of return flow

Current Bids by Irrigation Districts and Expected Benefits

2007	Water Available	Cost**	\$/AF Cost	AF Benefit***	\$/AF benefit Acres	\$/Acre	Inches/Ac./\$/ac-inch
Frenchman Valley	8,000	\$ 640,000	\$ 80	5,638	\$ 114	\$ 9,292.4	\$ 68.87
Riverside	2,000	\$ 126,000	\$ 63	1,409	\$ 89	\$ 672.1	\$ 187.47
Bostwick	17,500	\$ 5,583,413	\$ 319	19,091	\$ 292	\$ 22,446.0	\$ 248.75
Frenchman Camb	26,000	\$ 7,785,000	\$ 299	12,570	\$ 619	\$ 17,663.9	\$ 440.73
Total/Average	53,500	\$ 14,134,413		38,707	\$ 365	\$ 50,074.4	\$ 282.27

Average using midpoint of acres based on Delka vs DNR for Bostwick

~~includes a high price because of the risk the district is taking given the NEDs do not have the funds to pay~~

	ACRE Feet to Kansas	Cost per af to Kansas
Water 2006	14,690	\$ 209
Bostwick	14,963	\$ 373
Frenchman	16,673	\$ 467

*** The acre feet (AF) of benefit is the difference in how much Allocation minus Computed Beneficial Consumptive Use Nebraska would receive from not using the water for irrigation as compared to what we would receive if the water was used for irrigation according to the Compact Administration Accounting Procedures.

In August 2007 the Republican River Compact Administration will determine if Nebraska is in Compliance for the Water-Short-Year Administration for the years 2005 and 2006. Based on the Compact accounting numbers for 2005 and our estimates of the numbers for 2006, which have not yet been computed by the Compact Administration, Nebraska will be an average of 29,000 acre feet over our allocated supply. If we had not had the surface water lease program last year, we would have been over our allocation by another 11,000 acre feet.

The potential 37,000 acre feet of benefit from leased water in 2007 has a good chance of offsetting the expected over use of 30,000 acre feet of over use in 2007, putting us under our allocation for that year, and contributing a little toward a reduction of our overuse in 2006.

We will need to make serious reductions in the allocations even with the buyout, but the buyout will ease the burden.

Have copy to
Pam A.
& faxed to
Justin Lavene
4:30 PM

The Cornhusker
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BOSTWICK IRRIGATION DISTRICT IN NEBRASKA

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Ann Bleed
Dept. of Natural Resources
P.O. Box 94676
Lincoln, NE 68509-4676
Fax: (402) 471-2900

April 3, 2007

Subject: Memorandum of Agreement for Water

Dear Ms. Bleed,

At the April 3, 2007 board meeting the Board of Directors of the Bostwick Irrigation District in Nebraska reviewed the 2006 Memorandum of Agreement between the State of Nebraska Department of Natural Resources and the Bostwick Irrigation District in Nebraska. In addition to paragraph IV.B. discussed earlier it was also noted changes will need to be made to paragraphs II.A. and VI.A. The following paragraphs are suggested with the changes in bold font.

II.A. "Water Supply" shall mean the Water Supply determined by the U.S. Bureau of Reclamation (hereinafter "Bureau") under its water storage permit for Harlan County Lake as calculated and published by the Bureau for **March 5, 2007 (12,504 acre-feet)** according to the Harlan County Lake Operation Consensus Plan (hereinafter "Consensus Plan"), and natural flow that may become available for diversion at the Superior-Courtland Diversion Dam during the Irrigation Season.

IV.A. The State of Nebraska will pay the sum of **five million five hundred and eighty five thousand dollars (\$5,585,000.00)** as payment in full to purchase and/or lease the use of the District's Water Supply, within sixty (60) days of the execution of this Agreement. This payment compensates the District for the sale and/or lease of its Water Supply as defined above for the calendar year **2007** the State for the term of this Agreement. The State will also make a one time payment of sixty-four thousand five hundred dollars (\$64,500.00) to the District to assist the District in its payments of the annual operation and maintenance charges assessed by the U.S. Army Corp of Engineers. The District agrees to accept its computed share of those annual charges for such costs arising from the release of the District's share in accordance with a separate agreement between the District and Kansas Bostwick Irrigation District (hereinafter "Kansas Bostwick").

Respectfully,



Mike Delka, Manager

Bostwick Irrigation District in Nebraska

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DEPARTMENT OF
NATURAL RESOURCES

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