foot of benefit under the Republican River Accounting. If we paid $180 per acre foot purchased this year it would total $3,744,000 or $166.8 per acre an $208 per acre foot of benefit under the Republican River Accounting. If we paid $200 per acre foot, it would total $4,160,000 or $185.33 per acre and $208 per acre foot of benefit under the Republican River Accounting. I think we could negotiate a price in this range with Bostwick if we allow them to pump and make use of their remaining ground water allocation.

The current asking price from Frenchman Cambridge is $7,785,000 or $299 per acre foot purchased and $440.73 per acre with a value of $651 per acre foot of benefit under the Republican River Accounting. Under this proposal Frenchman Cambridge ground water pumpers could still pump their remaining allocation of ground water.

Regarding the question of how much would the long term allocations change if we did a permanent buyout of the Frenchman Cambridge and Bostwick Irrigation districts, we estimate the allocations could increase by .5 to 1 inch over what they would have to be basin-wide without the buyout. This projection assumes a moderate drought as we have been experiencing will continue unabated, that those irrigators with wells would still be allowed to pump and that the reservoirs themselves would still exist and have evaporation rates similar to what they have been in the recent drought years.

However, the availability of surface water for short periods of extreme drought could be very helpful in helping Nebraska through extremely dry years. Ann

Steve Henry

2007 Frenchman/Cambridge Irrigation District
Buyout Proposal
On the Cambridge Canal from Medicine Creek Reservoir

Baseline rational is that a minimum of 26,000 to as much as 30,000 acre/feet of surface water can be delivered through the Cambridge Canal during the normal irrigation period of approximately June 1 through August 30, 2007. Each farm operator under the canal would be giving up 8 inches of irrigation water on each of the 17,230 acres served by the canal. The water buyout contract payment would be made to the Frenchman/Cambridge Irrigation District from the respective government agencies funding the project. Payments to the farm operators would be made through the District outlined as follows:

Proposal 1: On co-mingled acres affected by the surface water buyout, the farm operator would give up the third year water allocation, but would be able to utilize any unused allocation from the first two years.

Buyout amount	$ 8,650,000
Less Irrigation District Budget	990,482
Less Irrigation District Water Charge to Irrigators	453,000
Net to Farm Operators	$ 7,206,518

This would net the farm operator $418.25 per acre or $52.28 per acre/inch of water purchased.

This proposal would be the most costly and the most difficult to administer due to a separate third year NRD calculation. It is also complicated by a less than perfect overlap of co-mingled acres that would make a prorated calculation necessary.

Proposal 2: Well water usage would not be affected on co-mingled acres of the surface water buyout.

Buyout amount	$ 7,785,000
Less Irrigation District Budget	990,482
Less Irrigation District Water Charge to Irrigators	453,000
Net to Farm Operators	$ 6,341,518

This would net the farm operator $368.05 per acre or $46.00 per acre/inch of water purchased.

This proposal would be the least costly and easiest to administer as it would not require any modifications in the third year of the water allocation. It would also allow maximum flexibility to the farm operators who at this late date could prepare for at least some irrigation on the previously co-mingled acres. This would also minimize the financial hardships to the input suppliers and businesses in the area.

The proposals as outlined in this documents are for discussion purposes only. Many additional details would need to be considered. No authority to make or accept a negotiated buyout on behalf of the Frenchman/Cambridge Irrigation District has been given at this time.