

To approp et al

Costs and Benefits for Surface Water Lease

2006 Costs and Benefits Irrigation District	Water Available	AF	Cost	\$/AF Cost	AF Benefit***	\$/AF benefit
Frenchman Valley	6,400	\$	400,000	\$	63	3,672 \$
Riverside*	2,000	\$	100,000	\$	50	1,256 \$
Bostwick	15,118	\$	2,564,500	\$	170	17,762 \$
Total/Average	23,518	\$	3,064,500	\$	130	22,690 \$

* \$50,000 from MRNRD
Note RF to gage is 50% of return flow

Current Bids by Irrigation Districts and Expected Benefits

2007	Water Available	AF	Cost**	\$/AF Cost	AF Benefit***	\$/AF benefit
Frenchman Valley	8,000	\$	800,000	\$	100	4,280 \$
Riverside	2,000	\$	120,000	\$	60	1,256 \$
Bostwick	16,000	\$	7,500,000	\$	200	18,166 \$
Frenchman Cambridge	26,000	\$	8,500,000	\$	327	11,960 \$
Total/Average	52,000	\$	16,920,000	\$	327	35,662 \$

- This is an estimate because the Bostwick Board has not yet provided an initial bid.

Cost per acres

Frenchman Valley		
Riverside		
Bostwick	23000	\$ 400 \$ 9,200,000
Frenchman Cambridge	17000	\$ 500 \$ 8,500,000

** The initial cost figures are no more than the initial bids by the irrigation districts that are being used to start the negotiations, should money for a lease become available.

*** The acre feet (AF) of benefit is the difference in how much Allocation minus Computed Beneficial Consumptive Use how much benefit 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 35,000 acre feet of benefit from leased water in 2007 would offset the expected over use of 24,200 acre feet for 2006 and offset another 11,000 acre feet of potential overuse in 2007. Perhaps more importantly, it would