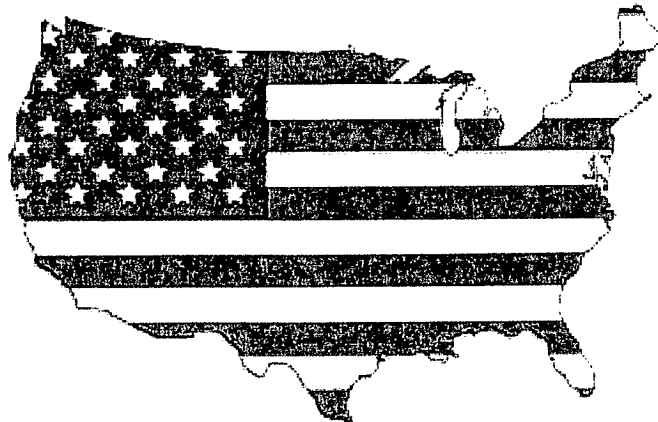


**Lower Republican
Water Crisis Task Force**

**Meeting with Governor Dave Heineman &
Dr. Ann Bleed**



**February 5, 2007
10:30-11:45 AM**

Governor Heineman and Dr. Ann Bleed:

Thank you for taking time out of your busy schedules to meet with us this morning. We appreciate your willingness to sit down and discuss this important water crisis.

We have worked extremely hard to unite people within our area that want to be “part of the solution.” We know and understand that “whining,” “screaming,” and “accusing others” does not serve any of us well as we all want what is best for our area of the state and the state as a whole.

We truly admire your leadership and we are again thankful for the opportunity we have to work out a feasible solution to the problem we all want to see resolved.

Albert Einstein is credited with saying, “In the middle of difficulty lies opportunity” and that is certainly true in this instance. Together, we all have a wonderful opportunity to help move our state forward!

Best Wishes,

Lower Republican Water Crisis Task Force

Lower Republican Water Crisis Task Force

TASK FORCE MEMBERS

NAME	BUSINESS/ORGANIZ.	TOWN	DAY PHONE
Allen VanDriel	Harlan Co. Health Admin.	Alma	(308) 928-2151
Jerrell Gerdes	Franklin Co. Health Admin.	Franklin	(308) 425-6221
Paul Waggoner	Waggoner Insurance	Alma	(308) 928-2448
Terry Thompson	Gary Thompson Insurance	Red Cloud	(402) 746-2242
Dale Helms	Helms Insurance	Holbrook	(308) 493-5466
Duane Murdoch	Realtor/Auctioneer	Oxford	(308) 991-7842
Steve Bartels	School Board/So. Central State Bank	Franklin	(402) 746-2542
Dave Bartels	Farmer	Riverton	(402) 746-2530
J.F. Hoffman	Farmer	Arapahoe	(308) 340-5987
Mike Lucas	Franklin Schools - Supt.	Franklin	(308) 425-6283 x. 11
Linea Bonham	Franklin Schools - Teacher	Franklin	(308) 425-6283
Mel Wiens	Fairbanks Implement	Holdrege	(308) 995-4448
Jay Dunlap	South Central State Bank & Union Bank	Milford	
Kevin Slocum	Franklin State Bank	Franklin	(308) 425-6225
Gary Meyer	Peoples Webster County Bank	Red Cloud	(402) 746-2251
Ron Hunter	Ag Valley Co-op	Edison	(308) 927-3681
Ruth Jackson	Franklin County Assessor	Franklin	(308) 425-6229

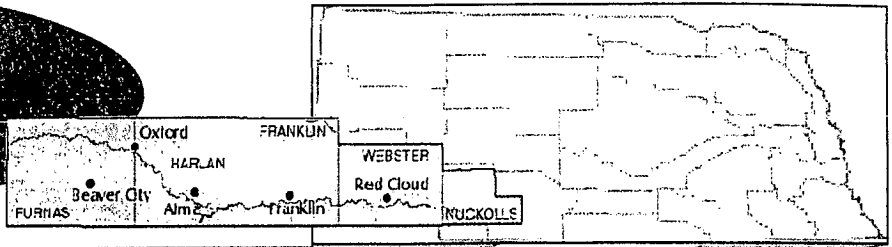
MIKE LUCAS

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Lower Republican
Natural Resources
District



Groundwater Management Controls

Moratorium on new wells.....	December 9, 2002
Moratorium on new acres.....	December 31, 2004
Metered.....	April 1, 2005
Acres Certified.....	December 31, 2004
Total acres	325,876

Integrated Management Plan - June 24, 2005

Allocations:

West of Hwy 183 = 36 inches for 3 years / East of Hwy 183 = 33 inches for 3 years

Water Usage

2003 = 13.03 inches per acre

2004 = 11.24 inches per acre

2005 = 7.41 inches per acre (36% below allocation)

Compact Compliance

When we negotiated with DNR, winter of 2005, for Integrated Management Plans, DNR said we should use our 1998 thru 2002 pumping averages. Ours was 242,289 acre feet. They said we should reduce that number by 5% to allow for the lag effect. 242,289 minus 12,111 (5%) equals 230,178 acre feet. This is where the LRNRD should be for compact compliance.

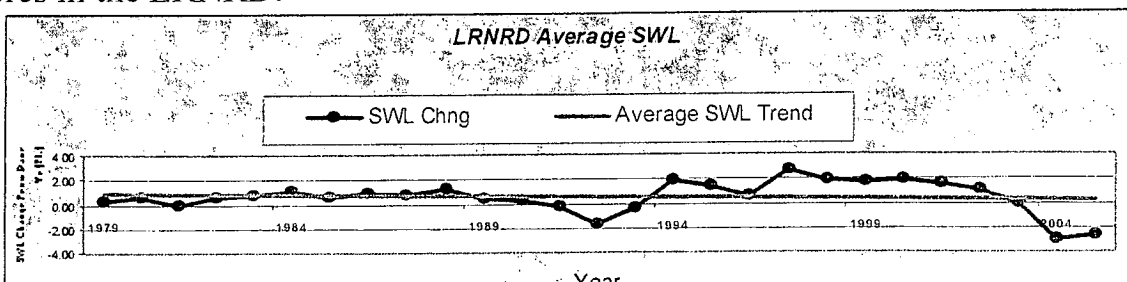
In 2005, our total pumping was 192,156 acre feet. This is 21% below our 1998 thru 2002 average and 17% below where DNR said we should be for compact compliance.

EQIP 2005 — Irrigated to Dryland 6,000 acres

CREP 7,538 acres

EQIP Special Initiative 1,360 acres

14,898 acres permanently or temporarily retired since 2005. This represents nearly 5% of the total irrigated acres in the LRNRD.



Info Pertaining to the Plan that Gov. Heineman and Dr. Ann Bleed are Proposing (as we understand it)

<u>YEAR</u>	<u>State Plan</u> 20% Pumping Reduction from original allocation in Upland Approx. 70% Pumping Reduction from original allocation in Quick Response	<u>If ALL 334,000 Quick Response Acres & ALL 943,000 Upland Acre Wells Were Shut Off</u>
1 st	7,443 acre-feet to Nebraska's credit	13,698 acre-feet to Nebraska's credit
2 nd	11,900 acre-feet to Nebraska's credit	21,965 acre-feet to Nebraska's credit
3 rd	15,047 acre-feet to Nebraska's credit	30,682 acre-feet to Nebraska's credit

Nebraska's overages in 2004, 2005, and 2006 were all more than the 30,682 acre-feet that could be saved in YEAR THREE if ALL WELLS WERE SHUT OFF (The first three years would barely make a dent in our overage but it would cause economic havoc).

** The STATE PLAN is what many people refer to as the "15/50" plan but it is actually more like "20/70" when you look at cuts made to original allocations

** Info from Department of Natural Resources of State of Nebraska

Potential Land Tax Loss to the Republican Basin

334,000 Quick Response Acres
@ \$2,100 / Acre Value Irrigated
Value \$701,400,000

334,000 Quick Response Acres
@ \$800 / Acre Value Dryland
Value \$267,200,000

\$434,200,004 Loss To Republican Basin

1.2 Million Irrigated Acres
@ \$2,100.00 / Acre Value Irrigated
Value \$2.5 Billion Dollars

1.2 Million Acres
@ 800.00 / Acre Value Dryland
Value \$960 Million Dollars

\$1,540,000,000 Loss To Republican Basin

Webster County Example

Total Irrigated Acres 62,100

If Reduced to Dryland Tax Base Valuation Would be Reduced by
\$81,000,000

Cash to the County Would be Reduced by \$1,621,000

78% of Total Acres Irrigated is with Pivots or 48,100 Acres

Additional Loss to Personal Property on 370 Pivots, Wells, and
Motors

**Lower Republican
Water Crisis Task Force**

Republican River Basin Active Wells		
<i>Region</i>	<i># wells drilled prior to settlement date of January 1, 2003</i>	<i># wells drilled AFTER settlement date of January 1, 2003</i>
Upper Republican	3,331	0
Middle Republican	3,255	1
Lower Republican	3,566	* 0
<p>** Some records and media outlets will show that 53 wells were drilled after the settlement. However, 46 of those were east of Guide Rock, which was allowable by the State because Guide Rock is the diversion point to Kansas, so those wells had no impact on the amount of water Kansas received/receives. The remaining 7 wells were actually "replacement wells" but they were required to by the DNR to be registered as "new wells"</p>		
Tri-Basin	1,569	99
Twin Platte	140	12
Little Blue	28	2

- data from DNR well record data base

**Lower Republican
Water Crisis Task Force**

“Compliance Proposal Ideas for Packet”

SHORT-TERM	LONG-TERM
<p>1) Inter-Basin Transfer</p> <ul style="list-style-type: none"> • transfer surface water • no new depletions • willing buyer/willing seller • NRD to NRD agreements 	<p>1) Permanently establish infrastructure to effectively manage the loss of 7,000,000 acre-feet of water that escapes Nebraska annually</p> <ul style="list-style-type: none"> • Potentially expensive but will serve as PERMANENT SOLUTION
<p>2) Intra-Basin Augmentation</p> <ul style="list-style-type: none"> • ground water augmentation • surface water augmentation 	<p>2) Controlling riparian vegetative growth</p>
<p>3) Fair Compensation for Reduction of Irrigated Acres to Dryland</p> <ul style="list-style-type: none"> • temporary • permanent 	<p>3) State of Nebraska to be committed to maintenance of our region’s economic sustainability as stated in the goals/objectives of IMP (p. 18 of 22)</p>
<p>4) Strong State and Federal Leadership to actively pursue obtainable & realistic solutions to water crisis while maintaining strong economic outlook</p>	<p>4) State leaders to pursue possibility of opening up re-negotiations with Kansas</p> <ul style="list-style-type: none"> • dispute resolution
	<p>5) Investigate possible solutions and assistance from Federal Government and the U.S. Dept. of Agriculture</p>

excerpts from Compact agreement legal document

is not otherwise privileged and is (1) used by a State in the modeling process, or (2) is in the possession or control of a State, including its political subdivisions, in the form that the information exists at the time of the request. Data and information "necessary to complete the modeling work" also includes any available information to verify any other data and information. Shared information shall be subject to the Confidentiality Agreement dated October 19, 2001, signed by the States and the United States.

5. If at any time, the members of the Modeling Committee cannot reach agreement on necessary modifications to the RRCA Groundwater Model or any other issues, the Modeling Committee shall report the nature of the dispute to the States promptly and the States shall resolve the dispute as soon as possible.
6. The structure of the RRCA Groundwater Model, together with agreed upon architecture, parameters, procedures and calibration targets as of November 15, 2002, are described in the memorandum attached hereto as Appendix J.
7. The Modeling Committee shall submit the RRCA Groundwater Model to the States in final form with sufficient time for the States to review and agree to the RRCA Groundwater Model by July 1, 2003.
- * 8. Upon agreement by the States to the RRCA Groundwater Model, the States, through the RRCA, shall adopt the RRCA Groundwater Model for purposes of Compact accounting. Following final dismissal of this case, the RRCA may modify the RRCA Groundwater Model or the associated methodologies after discussion with the U.S. Geological Survey.
9. Between December 15, 2002 and July 1, 2003, if the States are unable to agree upon the final RRCA Groundwater Model or if any disputes arise in the

States. The arbitrator(s)' written report of decision and findings will be submitted to the States and the United States, as amicus, within thirty days of providing the arbitrator(s)' decision.

- f. Implementation: If the dispute is one involving the ongoing work of the Modeling Committee, the decision of the arbitrator(s) as to the resolution of the dispute shall be implemented by the Modeling Committee and their efforts shall proceed. If the dispute resolves the final RRCA Groundwater Model, the decision of the arbitrator(s) as to the final RRCA Groundwater Model shall be adopted by the RRCA for the purposes of Compact accounting.

- D. Except as described in Subsection V.B., all Compact accounting shall be done on a five-year running average in accordance with the provisions of the RRCA Accounting Procedures, attached as Appendix C. Flood flows will be removed as specified in the RRCA Accounting Procedures.

- * E. The States agree to pursue in good faith, and in collaboration with the United States, system improvements in the Basin, including measures to improve the ability to utilize the water supply below Hardy, Nebraska on the main stem. The States also agree to undertake in collaboration with the United States a system operations study and after completion of the study the States will revisit the five-year running average set forth in Subsection IV.D.

- F. Beneficial Consumptive Use of Imported Water Supply shall not count as Computed Beneficial Consumptive Use or Virgin Water Supply. Credit shall be given for any remaining Imported Water Supply that is reflected in increased stream flow, except as provided in Subsection V.B. Determinations of Beneficial Consumptive Use from Imported Water Supply (whether determined expressly or by implication), and any Imported Water Supply Credit shall be calculated in accordance

(IMP)

resources in the Republican River Basin can be eliminated or reduced through the adoption of a joint action plan.

Following four hearings on that report, DNR made final the preliminary conclusions in the report and the four Basin Natural Resources Districts were so informed. The LRNRD and the other three Districts each then adopted orders to proceed with developing a joint action plan for integrated management of hydrologically connected surface water and ground water resources in the Basin; preparation of a joint action plan for the LRNRD began soon thereafter.

The 2004 Nebraska Legislature adopted LB962 in April of 2004 and it was signed by Governor Johanns on April 15, 2004 and became operative on July 16, 2004. That bill repealed Neb. Rev. Stat. § 46-656.28 (Reissue 1998) and replaced it with legislation providing for a revised process for addressing hydrologically connected surface water and ground water resources. In order to avoid the need to begin anew the integrated management planning processes that had been commenced but not completed under Neb. Rev. Stat. § 46-656.28 (Reissue 1998), LB962 provided for the transition of those ongoing planning processes into the newly enacted process codified now as Neb. Rev. Stat. §§ 46-713 to 46-719 (Reissue 2004). The LRNRD and DNR agreed that preparation of a joint action plan had not been completed prior to July 16, 2004; therefore, subsection (3) of what is codified as Neb. Rev. Stat. § 46-720 (Reissue 2004), governs that transition. Completion of this plan proceeded under the new process and this plan is being proposed for adoption in accordance with Neb. Rev. Stat. § 46-718 (Reissue 2004).

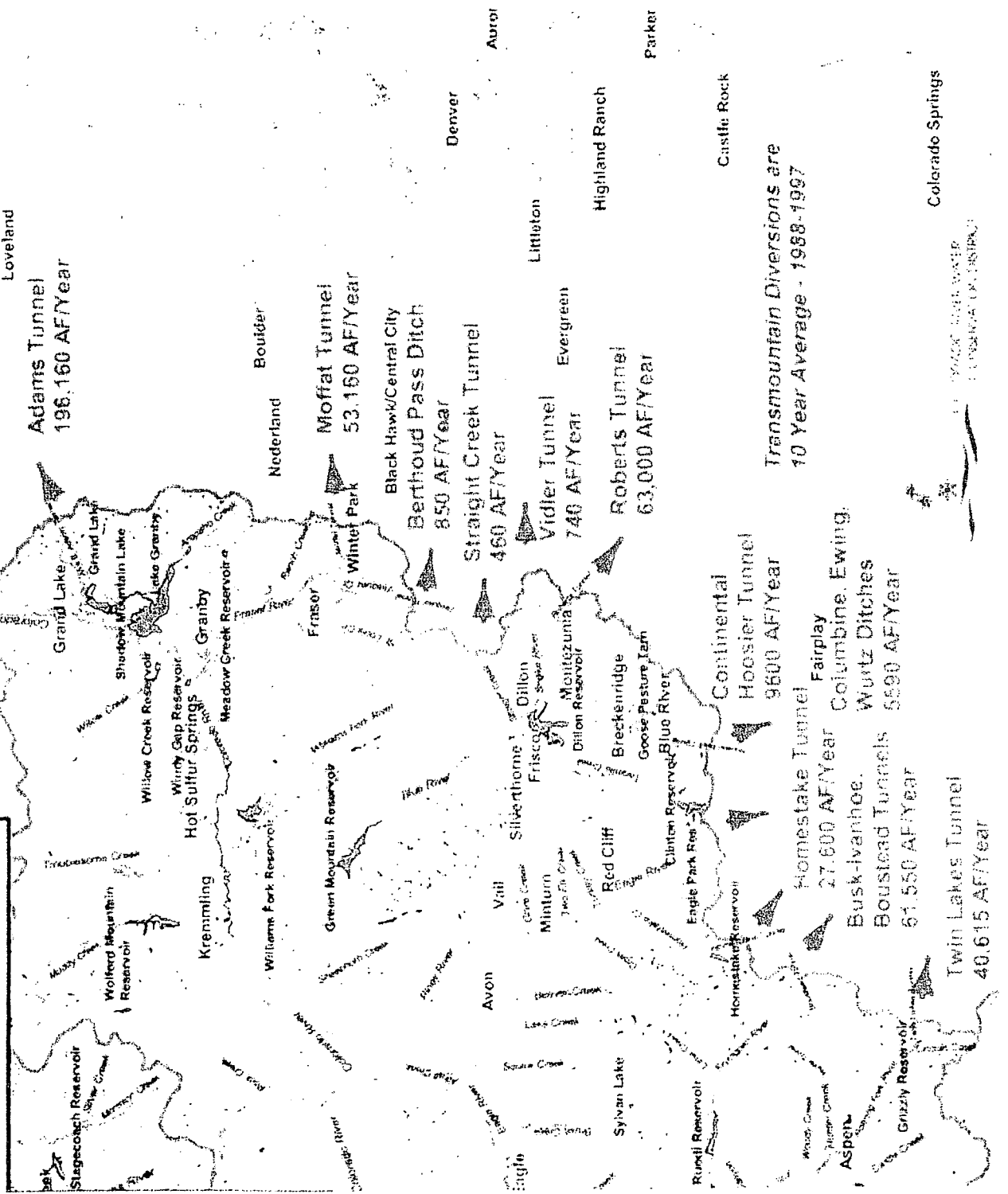
GOALS AND OBJECTIVES

Pursuant to Neb. Rev. Stat. § 46-715 (Reissue 2004), an integrated management plan must include clear goals and objectives with a purpose of sustaining balance between water uses and water supplies so that the economic viability, social and environmental health, safety, and welfare of the Republican River Basin can be achieved and maintained for both the near term and the long term. The LRNRD and the DNR have adopted the following Goals and Objectives to achieve that purpose.

Goals:

1. To assist the State of Nebraska, in cooperation with the other Basin Natural Resources Districts, in maintaining compliance with the Republican River Compact as adopted in 1943 and as implemented in accordance with the Settlement Agreement approved by the United States Supreme Court on May 19, 2003.
2. Ensure that ground water and surface water users within the LRNRD assume their share of the responsibility to keep Nebraska in compliance with the Republican River Compact. Neither the LRNRD or DNR will require the integrated management plan to be amended solely for the purpose of changing the

Colorado River Trans-mountain Diversions



Transmountain Diversions are
10 Year Average - 1958-1997