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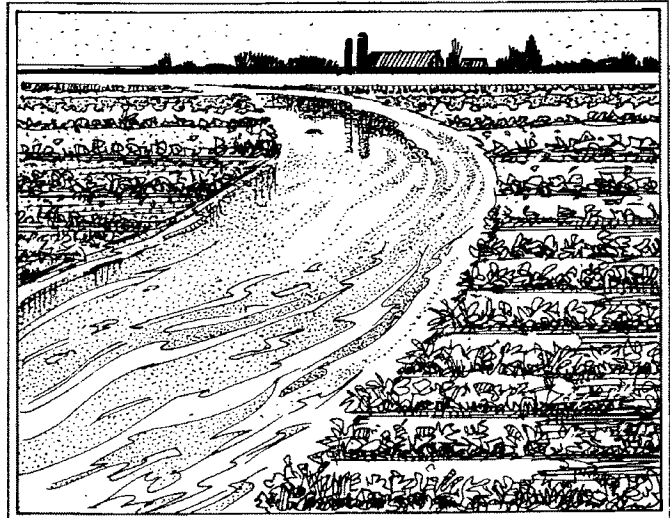
STATE DNR RUNS TRIPLE OPTION AT REPUBLICAN RIVER NRDS

Back in the day, nobody ran option football any better than the Cornhuskers. Five national championships were won running the option. Now, we see that the state Department of Natural Resources (DNR) has decided to dust off the old option game and run a new version of it, not on an undermanned football opponent, but rather, on the producers and economies of communities in the Republican River Basin (RRB).

The battle between Kansas and Nebraska over Republican River water has been heated for about two decades. The latest major episode occurred back in June 2008 when the states entered into a formal dispute resolution process with the goal of resolving future compliance issues, and thereby avoiding further litigation at the highest level—the U.S. Supreme Court.

In June 2009, the arbitrator sitting as judge in the resolution proceedings ruled in part that: (1) Kansas overestimated the amount of reduction in groundwater irrigated acreage (515,000 acres) that is necessary in Nebraska for Nebraska to comply with the 2002 settlement agreement. (2) The Nebraska natural resources districts' (NRD) current integrated management plans (IMPs), which have implemented a 20% reduction in groundwater withdrawals compared to average withdrawals for 1998-2006, are **probably** insufficient to ensure compact compliance during **prolonged** dry-year conditions. (3) The difficulty in ensuring compliance by Nebraska through the IMPs enacted by the RRB NRDS is the lag time between when pumping occurs or stops, and the time when streamflows drop or increase. The lag time is years. (4) Nebraska and the RRB NRDS should make further reductions in groundwater withdrawals beyond what is required in current IMPs in addition to obtaining **permanent supply contracts with surface water irrigators** to ensure compliance during dry year conditions.

What does this all mean going forward? As we assess the situation, we maintain that the hard work



undertaken by the three Nebraska RRB NRDS in developing IMPs that have reduced groundwater withdrawals by 20% from historic use are working well. When combined with adequate moisture provided by Mother Nature, compared to her contrariness of the latest drought years, the NRDS have stabilized the situation and attained compliance. However, if we get hammered again by a severe drought sometime down the road, the NRDS' IMPs, as the arbitrator said, are "probably" insufficient to ensure compliance. So, it seems that in order to protect ourselves from further legal action by an unfriendly Kansas, a **little more** may have to be done. But no excessive measures should be taken.

Enter now the state DNR with its option game, a game that must not be played. Why? Because it is a game that the Nebraska RRB NRDS can only lose because the opponent (DNR) controls the rules, the field, and game clock. The three NRDS know this. Their general managers and board members are fully aware they are being gamed and squeezed hard to play the option game under DNR and Kansas rules.

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