

ORIGINAL

**MEMORANDUM OF AGREEMENT**

**THIS AGREEMENT** entered into on this 10<sup>th</sup> day of May in the year of 2006 by and between; The **STATE OF NEBRASKA, NEBRASKA DEPARTMENT OF NATURAL RESOURCES** hereinafter referred to as the "STATE", The **MIDDLE REPUBLICAN NATURAL RESOURCES DISTRICT** hereinafter referred to as the "DISTRICT", and **RIVERSIDE IRRIGATION COMPANY, INC.** hereinafter referred to as the "COMPANY."

**WITNESSETH:**

**WHEREAS**, the Company has the rights to natural flow for an identified Water Supply as hereinafter defined in Paragraph II for the year 2006; and

**WHEREAS**, the State and the District desire to "purchase" and/or "lease" the use of the Company's Water Supply for the calendar year 2006; and

**WHEREAS**, the Company is willing to "sell" and/or "lease" the use of its Water Supply for the calendar year 2006 to the State and the District.

**NOW THEREFORE**, in consideration of these facts, the parties agree as follows:

**I. DURATION OF AGREEMENT**

This agreement is for the period from the execution of this Memorandum of Agreement (hereinafter "Agreement") to the end of the 2006 calendar year. There will be no extension or renewal of this Agreement unless further agreed to in writing by the parties.

**II. DEFINITIONS**

For purposes of the Agreement, the following term(s) are defined as follows:

"Water Supply" or "2006 Water Supply" shall mean the total amount of natural flow that would be available to the Company for beneficial use at the Headgate of Riverside Canal during the 2006 calendar year. Based on the average of natural flow diversions, as reflected in the State's records for the years 2001 to 2005, the expected water supply from natural flow is approximately 2000 Acre-Feet per year. Both parties agree that the actual amount of natural flow could be more or less than the five-year average.

**III. THE COMPANY AGREES TO PERFORM AS FOLLOWS:**

A. The Company agrees to relinquish the rights to the use of its Water Supply for the period from the date of the execution of this Agreement to the end of the 2006 calendar year.

B. By execution of this Agreement, the Company represents and affirms that, in accordance with all relevant state statutes and Company procedures, the Company has received the requisite affirmative vote of its qualified electors, at a duly authorized meeting of the Company, authorizing it to enter into this Agreement.

C. The Company agrees to consult and collaborate with the State, the Natural Resources Districts and other basin water resource interests during the modification of the Integrated Management Plans and associated Rules and Regulations now in effect with the several Natural Resources Districts for the Republican River Basin. The basis of these efforts shall be consistent with the letter to Governor Dave Heineman from the Nebraska Association of Resources Districts et al. dated January 9, 2006.

D. The Company agrees to defend and uphold the provisions of this Agreement to ensure the purchase and/or lease of the use of the Company's 2006 Water Supply to the State.

**IV. THE STATE AND THE DISTRICT AGREE TO PERFORM AS FOLLOWS:**

A. The State and the District will each pay the sum of fifty thousand dollars (\$50,000.00) to the Company, for a total payment of one hundred thousand dollars (\$100,000.00), as payment in full to purchase and/or lease the use of the Company's 2006 Water Supply, within ninety (90) days of the execution of this Agreement. These payments compensate the Company for relinquishing the use of its Water Supply for the calendar year 2006 to the State and the District for the term of this Agreement.

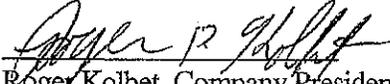
B. The State agrees to consult and collaborate with the Company, the Natural Resources Districts and other basin water resource interests during the modification of the Integrated Management Plans and associated Rules and Regulations now in effect with the several Natural Resources Districts for the Republican River Basin. The basis of these efforts shall be consistent with the letter to Governor Dave Heineman from the Nebraska Association of Resources Districts et al. dated January 9, 2006.

C. The State will continue to work with the Natural Resources Districts and surface water irrigation districts to meet Nebraska's obligations under the Republican River Compact and Settlement Agreements.

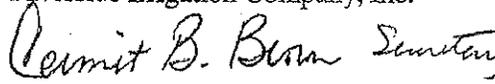
D. By execution of this Agreement, both the State and the District represent and affirm that they have appropriated and secured the funds necessary to meet their obligations under this Agreement.

E. Both the State and the District agree to defend and uphold the provisions of this Agreement to ensure the purchase and/or lease of the use of the Company's 2006 Water Supply to the State and the District.

**RIVERSIDE IRRIGATION COMPANY, INC.**

  
Roger Kolbet, Company President  
Riverside Irrigation Company, Inc.

5-15-06  
Date

  
Vermit B. Berman Secretary

**ORIGINAL**

NEBRASKA DEPARTMENT OF NATURAL RESOURCES

Ann Bleed  
Ann Bleed, Acting Director  
Nebraska Department of Natural Resources

5/10/06  
Date

**APPROVED**

AS TO FORM & CONTENT  
BY NDNR LEGAL COUNSEL

ADD DATE 5/9/06

MIDDLE REPUBLICAN NATURAL RESOURCES DISTRICT

Gayle Haag  
Gayle Haag, Board President  
Middle Republican Natural Resources District

5/18/06  
Date

Law Offices of  
**STANLEY C. GOODWIN**

Stanley C. Goodwin  
Nathan A. Schneider

Telephone  
308 345-2580  
308 345-2581 (FAX)

116 West C. Street  
P.O. Box 607  
McCook, NE 69001

May 17, 2006

State of Nebraska  
Department of Natural Resources  
301 Centennial Mall South  
4<sup>th</sup> Floor  
P.O. Box 94676  
Lincoln, NE 68509-4676

RECEIVED

MAY 22 2006

DEPARTMENT OF  
NATURAL RESOURCES

Attention: Ann Diers

Re: Enclosure

Dear Ms. Diers:

Enclosed please find the agreement among the Department, Middle Republican Natural Resources District and Riverside Irrigation Company, Inc. This document is returned to you pursuant to the letter of instruction of Ann Bleed dated May 10, 2006. Pursuant to that letter we have retained one executed original and have calendared the expectation of receipt of the payment required by the agreement.

Thank you for your assistance in this matter.

Yours truly,

  
Stanley C. Goodwin

SCG:ejl

KS001207

DNR 006913

## Acknowledgment

The undersigned hereby acknowledges receipt of the State of Nebraska's check for \$50,000.00 as payment in full of the State's monetary obligations under the Memorandum of Agreement by and between the State, the Middle Republican Natural Resources District, and Riverside Irrigation Company, Inc.

**Riverside Irrigation Company, Inc.**



By: Stanley C. Goodwin, Attorney in ~~Fact~~ for  
Riverside Irrigation Company, Inc.

7/31/06 Date

RECEIVED

AUG 02 2006

DEPARTMENT OF  
NATURAL RESOURCES