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J. David Aiken

University of Nebraska-Lincoln

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CORNHUSKER ECONOMICS

DNR Proposes Three Republican River Dry-Year Options

On June 30, 2009 an arbitrator concluded that Natural Resource District (NRD) ground water plans are insufficient to keep Nebraska in compliance with the Republican River Compact (RRC) settlement in dry years. The [September 30, 2009 Cornhusker Economics](#) explored the significance of the arbitrator's decision. In October, the Nebraska Department of Natural Resources (DNR) proposed [three possible dry year plans](#) that would keep Nebraska in RRC compliance. This newsletter explores the DNR proposals.

What are the current NRD plans? Basically, the NRDs have banned new irrigation wells and limit the pumping from current irrigation wells. The ground water allocations are 13.5 inches per irrigated acre in the Upper Republican NRD, 13 inches in the Middle Republican and 9 inches in the Lower Republican.

And these plans won't keep Nebraska in compact compliance during dry years? The arbitrator concluded no.

What has the DNR proposed? The DNR has proposed three options: one that would restrict all irrigation wells during all years, and two that would restrict well pumping and surface water irrigation during dry years only.

What is Option One? Option One would restrict ground water pumping 60 percent across all three Republican Basin NRDs. Irrigators in the Lower Republican NRD could pump 3.6 inches/year/irrigated acre; while irrigators in the Middle Republican NRD could pump 4.8 inches; and Upper Republican NRD irrigators could pump 5.9 inches. The DNR computer models project that these pumping restrictions would keep Nebraska in RRC compliance for all years.

Market Report	Yr Ago	4 Wks Ago	12/11/09
Livestock and Products,			
Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$82.51	\$83.16	\$78.63
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	99.96	102.78	103.69
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	96.25	93.55	95.55
Choice Boxed Beef, 600-750 lb. Carcass.	143.13	139.94	136.09
Western Corn Belt Base Hog Price Carcass, Negotiated.	53.47	52.58	63.63
Feeder Pigs, National Direct 50 lbs, FOB.	59.48	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	60.45	57.70	67.25
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	91.00	94.37	90.62
National Carcass Lamb Cutout, FOB.	265.66	242.30	244.88
Crops,			
Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu.	4.58	4.38	4.17
Corn, No. 2, Yellow Omaha, bu.	3.64	3.61	3.67
Soybeans, No. 1, Yellow Omaha, bu.	8.42	9.52	10.18
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	4.73	6.11	6.05
Oats, No. 2, Heavy Minneapolis, MN, bu.	2.13	2.62	2.54
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	202.50	*	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	77.50	82.50	87.50
Grass Hay, Large Rounds, Premium Nebraska, ton.	75.00	*	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	125.00	122.50	115.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	42.00	41.75	40.00
*No Market			

Current NRD and DNR Recommended Ground Water Allocations*			
	URNRD	MRNRD	LRNRD
Current NRD	13.5	13.0	9.0
DNR Option One	5.9	4.8	3.6
* acre inches per irrigated acre			

What is Option Two? Option Two would restrict pumping only during dry years, and only for certain “rapid response” wells: wells that would deplete streamflow by ten percent after five years pumping. Pumping from these ten-percent/five-year wells would be prohibited in dry years. Surface water irrigation could also be restricted. Option Two would result in 190,100 ground water irrigated acres being dried up during dry years, about 19 percent of the total well irrigated acres in the basin.

What is Option Three? Option Three is very similar to Option Two. Option Three would restrict pumping only during dry years, and only for certain “rapid response” wells: wells that would deplete streamflow by ten percent after two years pumping. Pumping from these ten-percent/two-year wells would be prohibited in dry years. Surface water irrigation could also be restricted. Option Two would result in 110,000 ground water irrigated acres being dried up during dry years, about 11 percent of the total well irrigated acres in the basin.

What happens next? The DNR presented this information to the Republican Basin NRDs in October, in the hopes that each NRD would incorporate one of these three approaches (or some variation thereof) in their NRD ground water management plans.

Would ground water irrigators be compensated for not pumping? That is the \$64,000 question (or the [\\$715 million question](#)). The Unicameral enacted legislation that would have allowed NRDs to levy special taxes and issue bonds to, among other things, pay ground water irrigators not to pump, either temporarily or permanently. That legislation was declared unconstitutional by the Nebraska Supreme Court. So that statute would need to be changed in order to provide NRDs with the fiscal authorities to pay irrigators for their water. Alternatively the Unicameral could provide funding to pay irrigators for their water, although that might be difficult in 2010, when significant state budget cuts are expected.

J. David Aiken, (402) 472-1848
 Professor, Water & Agricultural Law Specialist
 Department of Agricultural Economics
 University of Nebraska–Lincoln
daiken@unl.edu



**Last Issue of the Year.
 Have a Safe and Happy Holiday!!!**