

STATE OF OREGON

COUNTY OF BAKER

CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

Kerns Bros Inc.
Rural Route 1
Haines, OR 97833

confirms the right to use the waters of Pine Creek, a tributary of Powder River, for the irrigation of 967.3 acres.

This right was confirmed by decree of the Circuit Court of the State of Oregon for Baker County. The Powder River decree is on record at Salem, in the Order Record of the WATER RESOURCES DIRECTOR, in Volume 6, at Page 291. The dates of priority are 1864, 1872, 1880, 1891, 1892, 1895, 1897, 1900, 1904, and 1909.

The amount of water to which this right is entitled is limited to amount actually beneficially used and shall not exceed 24.18 CUBIC FEET PER SECOND or its equivalent in case of rotation.

The points of diversion are located as follows:

1. Williams Ditch - NW¼ NW¼, Section 26, T. 8 S., R. 38 E., W.M.; 220'S. and 1000'W. from NW Corner of Sec. 26, T. 8 S., R. 38 E., W.M.
2. Welch Ditch - NE¼ NW¼, Section 26, T. 8 S., R. 38 E., W.M.; 1010'S. and 2200'W. from NW Corner of Sec. 26, T. 8 S., R. 38 E., W.M.
3. Cartmill Ditch - SE¼ NW¼, Section 25, T. 8 S., R. 38 E., W.M.; 2650'S. and 1960'W. from NW Corner of Sec. 25, T. 8 S., R. 38 E., W.M.

The amount of water used for irrigation, together with the amount secured under any other right existing for the same lands, is limited to ONE-FORTIETH of one cubic foot per second per acre, or its equivalent for each acre irrigated during the irrigation season of each year.

A description of the place of use to which this right is appurtenant is as follows:

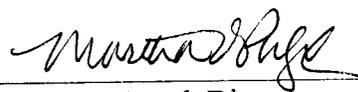
| Priority | Acres | Tax Lot | ¼ ¼ | Section | Township(South) | Range (East) | USE | POD |
|----------|-------|---------|------|---------|-----------------|--------------|-----|---------|
| 1864 | 40.00 | 4600 | NWNE | 21 | 8 | 39 | IR | #3 |
| 1864 | 40.00 | 4700 | SENE | 21 | 8 | 39 | IR | #3 |
| 1864 | 40.00 | 4600 | SWNE | 21 | 8 | 39 | IR | #3 |
| 1864 | 20.00 | 4600 | NWSE | 21 | 8 | 39 | IR | #3 |
| 1864 | 20.00 | 4700 | NESW | 21 | 8 | 39 | IR | #3 |
| 1872 | 35.00 | 2400 | NWSW | 7 | 8 | 39 | IR | #1 & #2 |
| 1872 | 32.50 | 2400 | SWSW | 7 | 8 | 39 | IR | #1 & #2 |
| 1872 | 20.00 | 4700 | NENW | 21 | 8 | 39 | IR | #3 |
| 1872 | 39.10 | 4700 | NWNW | 21 | 8 | 39 | IR | #3 |
| 1872 | 39.10 | 4700 | NWSW | 21 | 8 | 39 | IR | #3 |
| 1872 | 2.70 | 4700 | NESW | 21 | 8 | 39 | IR | #3 |
| 1872 | 39.10 | 4700 | SWNW | 21 | 8 | 39 | IR | #3 |
| 1872 | 20.00 | 4700 | NENW | 21 | 8 | 39 | IR | #3 |
| 1880 | 3.30 | 2400 | SWSW | 7 | 8 | 39 | IR | #1 & #2 |
| 1880 | 19.20 | 201 | NWNW | 18 | 8 | 39 | IR | #1 & #2 |
| 1891 | 8.75 | 2301 | SESE | 12 | 8 | 38 | IR | #1 & #2 |
| 1891 | 40.00 | 2302 | NESE | 12 | 8 | 38 | IR | #1 & #2 |
| 1891 | 18.20 | 2400 | SESW | 7 | 8 | 39 | IR | #1 & #2 |

| | | | | | | | | |
|--------------|---------------|------|------|----|---|----|----|---------|
| 1891 | 1.80 | 2301 | SESE | 12 | 8 | 38 | IR | #1 & #2 |
| 1892 | 20.00 | 4600 | SENE | 21 | 8 | 39 | IR | #3 |
| 1892 | 40.00 | 4600 | NENE | 21 | 8 | 39 | IR | #3 |
| 1892 | 20.00 | 4600 | SENE | 21 | 8 | 39 | IR | #3 |
| 1895 | 10.00 | 2400 | SWSE | 7 | 8 | 39 | IR | #1 & #2 |
| 1895 | 20.90 | 2400 | SESW | 7 | 8 | 39 | IR | #1 & #2 |
| 1895 | 10.00 | 2400 | NWSE | 7 | 8 | 39 | IR | #1 & #2 |
| 1895 | 39.10 | 2400 | NESW | 7 | 8 | 39 | IR | #1 & #2 |
| 1897 | 37.80 | 2400 | NESE | 7 | 8 | 39 | IR | #1 & #2 |
| 1897 | 3.10 | 2302 | NENE | 13 | 8 | 38 | IR | #1 & #2 |
| 1897 | 30.00 | 2400 | SWSE | 7 | 8 | 39 | IR | #1 & #2 |
| 1897 | 39.10 | 2400 | SESE | 7 | 8 | 39 | IR | #1 & #2 |
| 1897 | 30.00 | 2400 | NWSE | 7 | 8 | 39 | IR | #1 & #2 |
| 1897 | 26.80 | 2301 | NENE | 13 | 8 | 38 | IR | #1 & #2 |
| 1897 | 29.45 | 2301 | SESE | 12 | 8 | 38 | IR | #1 & #2 |
| 1900 | 40.00 | 4600 | NESE | 21 | 8 | 39 | IR | #3 |
| 1904 | 15.60 | 201 | NWNW | 18 | 8 | 39 | IR | #1 & #2 |
| 1904 | 7.50 | 2302 | NENE | 13 | 8 | 38 | IR | #1 & #2 |
| 1904 | 7.10 | 4600 | NWSE | 21 | 8 | 39 | IR | #3 |
| 1904 | 14.80 | 4700 | NESW | 21 | 8 | 39 | IR | #3 |
| 1904 | 1.80 | 4700 | NESW | 21 | 8 | 39 | IR | #3 |
| 1904 | 38.20 | 2400 | NENW | 18 | 8 | 39 | IR | #1 & #2 |
| 1909 | 7.30 | 4600 | NWSE | 21 | 8 | 39 | IR | #3 |
| TOTAL | 967.30 | | | | | | | |

This certificate confirm an order of the Director entered on OCT 28 1996 and recorded in Special Order Volume 50, Page 735, approving a petition by Kerns Brothers, Inc. under ORS 541.329 for mapping water rights within a district. This certificate supersedes certificates 4081, 4403, 50885, 68343 and water right transfer 6547.

The right to the use of the water for the above purpose is restricted to beneficial use on the lands or place of use described and is subject to all other conditions and limitations contained in said decree.

WITNESS the signature of the Water Resources Director, affixed OCT 28 1996.


 Martha O. Pagel, Director

Recorded in State Record of Water Right Certificates numbered 72612.

KERNS.KS