

STATE OF OREGON
COUNTY OF YAMHILL
CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

BAILEY NURSERIES, INC.
9855 NW PIKE ROAD
YAMHILL, OREGON 97148

confirms the right to store the waters of NORTH YAMHILL RIVER, AN UNNAMED DRAINAGE DITCH AND AN UNNAMED INTERMITTENT TRIBUTARY OF NORTH YAMHILL RIVER, all tributaries of the YAMHILL RIVER, in KATZ FARM RESERVOIR, appropriated under Permit 51527, for AGRICULTURAL USE, IRRIGATION AND WILDLIFE USE.

The right to store these waters was perfected under Reservoir Permit R-11492. The date of priority is FEBRUARY 24, 1993. The amount of water entitled to be stored each year under this right is not more than 675.0 ACRE-FEET (AF); BEING 575.0 AF FOR AGRICULTURAL AND IRRIGATION USE AND 100.0 AF FOR WILDLIFE USE. The appropriation of water for storage is limited to the period of November 1 through June 30 of each year.

NORTH YAMHILL RIVER - SW 1/4 NW 1/4, SECTION 33, AS PROJECTED WITHIN J. PENNINGTON DLC 66, TOWNSHIP 3 SOUTH, RANGE 4 WEST, W.M.; 1360 FEET SOUTH AND 770 FEET EAST FROM THE NW CORNER OF SECTION 33;

KATZ FARM RESERVOIR AND UNNAMED DRAINAGE DITCH - SE 1/4 NW 1/4, SECTION 33, AS PROJECTED WITHIN J. PENNINGTON DLC 66, TOWNSHIP 3 SOUTH, RANGE 4 WEST, W.M.; 1850 FEET SOUTH AND 2390 FEET EAST FROM THE NW CORNER OF SECTION 33; AND

UNNAMED INTERMITTENT TRIBUTARY - SW 1/4 NW 1/4, SECTION 34, AS PROJECTED WITHIN A. ELDER DLC 68, TOWNSHIP 3 SOUTH, RANGE 4 WEST, W.M.; 1350 FEET SOUTH AND 630 FEET EAST, W.M.

The reservoir is located as follows:

NE 1/4 NE 1/4
SE 1/4 NE 1/4
BOTH AS PROJECTED WITHIN A. ELDER DLC 68
NE 1/4
SE 1/4 NW 1/4
BOTH AS PROJECTED WITHIN J. PENNINGTON DLC 66
SECTION 33

NW 1/4 NW 1/4
SW 1/4 NW 1/4
BOTH AS PROJECTED WITHIN A. ELDER DLC 68
SECTION 34
TOWNSHIP 3 SOUTH, RANGE 4 WEST, W.M.

The right to store and use the water for the above purpose is restricted to beneficial use at the place of use described.

Measurement, recording and reporting conditions:

- A. The water user shall install a meter or other suitable measuring device as approved by the Director. The water user shall maintain the meter or measuring device in good working order, shall keep a complete record of the amount of water used each month and shall submit a report which includes the recorded water use measurements to the Department annually or more frequently as may be required by the Director. Further, the Director may require the water user to report general water use information, including the place and nature of use of water under the right.

- B. The water user shall allow the watermaster access to the meter or measuring device; provided however, where the meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.

The outlet gate shall be cycled at least once each year and shall be fully operational. The embankment and spillway shall be kept clear of brush, debris, and burrowing animals.

The dam shall be constructed, operated, and maintained according to the approved plans and specifications on file with the Water Resources Department.

The water user shall install, maintain and operate fish screening and by-pass devices as required by the Oregon Department of Fish and Wildlife (ODFW) to prevent fish from entering the diversions. The required screens and by-pass devices are to be in place, functional and approved by an ODFW representative prior to diversion of any water.

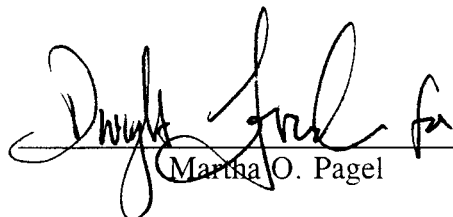
Failure to comply with any of the provision of this right may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the right.

The right to use water for the above purpose is restricted to beneficial use, without waste, on the lands or place of use described. The water user is advised that new regulations may require use of best practical technologies or conservation practices to achieve this end.

By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

The use confirmed herein may be made only at times when sufficient water is available to satisfy all prior rights, including rights for maintaining instream flows.

WITNESS the signature of the Water Resources Director, affixed MARCH 24, 2000.


Martha O. Pagel

Recorded in State Record of Water Right Certificates numbered 76458.