STATE OF OREGON

COUNTY OF CROOK

CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

QUAIL VALLEY RANCH III, LLC 2250 McGILCHRIST ST. SE # 200 SALEM, OR 97302

confirms the right to use the waters of CROOKED RIVER, a tributary of the DESCHUTES RIVER, for SUPPLEMENTAL IRRIGATION OF 105.9 ACRES.

This right was perfected under Permit 23259. The date of priority is MARCH 29, 1955. The amount of water to which this right is entitled is limited to an amount actually beneficially used and shall not exceed 1.39 CUBIC FEET PER SECOND, or the equivalent in case of rotation, measured at the point of diversion.

The point of diversion is located as follows:

TWP	RNG	MER	SEC	1/4 - 1/4	SURVEY COORDINATES	
14 S	15 E	WM.	21	SE SE	1070 FEET NORTH AND 70 FEET WEST FROM SE CORNER OF	
					SECTION 21	

The amount of water used for irrigation, together with the amount secured under any other water right existing for the same lands, is limited to a diversion of ONE-FORTIETH of one cubic foot per second (or the equivalent) and 4.0 ACRE FEET per acre for each acre irrigated during the irrigation season of each year.

The use shall conform to such reasonable rotation system as may be ordered by the proper state officer.

This is a final order in other than contested case. This order is subject to judicial review under ORS 183.484. Any petition for judicial review must be filed within the 60 day time period specified by ORS 183.484(2). Pursuant to ORS 536.075 and OAR 137-004-0080 you may either petition for judicial review or petition the Director for reconsideration of this order. A petition for reconsideration may be granted or denied by the Director, and if no action is taken within 60 days following the date the petition was filed, the petition shall be deemed denied.

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

SUPPLEMENTAL IRRIGATION										
TWP	RNG	MER	SEC	1/4-1/4	ACRES					
14 S	15 E	WM.	21	SW NE	19.1					
14 S	15 E	WM.	21	SE NE	5.5					
14 S	15 E	WM.	21	SW NW	4.2					
14 S	15 E	WM.	21	SE NW	18.0					
14 S	15 E	WM.	21	NE SW	3.7					
14 S	15 E	WM.	21	NE SE	34.3					
14 S	15 E	WM.	21	NW SE	19.7					
14 S	15 E	WM.	21	SE SE	1.4					
				TOTAL:	105.9					

This certificate describes that portion of the water right confirmed by Certificate 75490, State Record of Water Right Certificates, modified by the provisions of an order of the Water Resources Director entered on July 27, 2006, and recorded in Special Order Volume 69, Page 170, approving a petition by Ochoco Irrigation District under ORS 541.329 for mapping water rights within a district. This certificate supersedes water right certificate 75490 in the name of Hudspeth Land & Livestock.

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.

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Mailing Date: _____NOV 0 1 2006