

STATE OF OREGON

COUNTY OF MARION

CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

BLUE LINE FARMS INC.
4741 BRUSH CREEK RD NE
SILVERTON OR 97381

confirms the right to use the waters of A WELL in the PUDDING RIVER BASIN for PRIMARY IRRIGATION of 105.2 ACRES AND SUPPLEMENTAL IRRIGATION of 62.5 ACRES.

This right was perfected under Permit G-11258. The date of priority is DECEMBER 26, 1990. The amount of water to which this right is entitled is limited to an amount actually used beneficially, and shall not exceed 1.61 CUBIC FEET PER SECOND or its equivalent in case of rotation, measured at the well.

The well is located as follows:

Twp	Rng	Mer	Sec	Q-Q	GLot	DLC	Survey Coordinates
7 S	1 W	WM	5	NE SE			1950 FEET NORTH & 1290 FEET WEST FROM SE CORNER, SECTION 5

The amount of water used for irrigation, together with the amount secured under any other right existing for the same lands, is limited to a diversion of ONE-EIGHTIETH of one cubic foot per second, or its equivalent for each acre irrigated, and shall be further limited to a diversion of not to exceed 2.5 acre-feet per acre for each acre irrigated during the irrigation season of each year. This right is limited to any deficiency in the available supply of any prior right existing for the same land. 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.

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

IRRIGATION							
Twp	Rng	Mer	Sec	Q-Q	GLot	DLC	Acres
7 S	1 W	WM	4	NW SW			3.0
7 S	1 W	WM	4	SW SW			5.4
7 S	1 W	WM	5	SW NE			18.9
7 S	1 W	WM	5	SE NE			1.3
7 S	1 W	WM	5	NE SE			38.8
7 S	1 W	WM	5	SE SE			37.8

NOTICE OF RIGHT TO PETITION FOR RECONSIDERATION OR JUDICIAL REVIEW

This is an order in other than a 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. In addition, under ORS 537.260 any person with an application, permit or water right certificate subsequent in priority may jointly or severally contest the issuance of the certificate at any time before it has issued, and after the time has expired for the completion of the appropriation under the permit, or within three months after issuance of the certificate.

SUPPLEMENTAL IRRIGATION							
Twp	Rng	Mer	Sec	Q-Q	GLot	DLC	Acres
7 S	1 W	WM	5	SW NE			3.0
7 S	1 W	WM	5	SE NE			27.4
7 S	1 W	WM	5	SE NW			1.9
7 S	1 W	WM	5	NE SW	1		3.6
7 S	1 W	WM	5	NW SE			26.6

The water user shall report a March static water level in the well to the Groundwater/Hydrology Section of the Water Resources Department by April 15 of each year. The measurement shall be made and calculations detailed by a certified water rights examiner, registered professional geologists, certified engineering geologists, professional engineers, licensed land surveyors, licensed water well constructor, licensed pump installer, or the water user.

Use of water from the well shall not be allowed if the well displays (A) an average water level decline of 3 or more feet per year for 5 consecutive years, or (B) a water level decline of 15 or more feet in fewer than 5 consecutive years, or (C) a water level decline of 25 or more feet, or (D) a hydraulic interference decline of 25 or more feet in any neighboring well with senior priority which provides water for an authorized use.

The Water Resources Department has determined that the initial water level in the well is that of the initial March report. That is the level from which the cited declines in (A), (B) and (C) above will be referenced.

The well shall be maintained in accordance with the General Standards for the Construction and Maintenance of Water Wells in Oregon. The works shall be equipped with a usable access port, and may also include an air line and pressure gauge adequate to determine water level elevation in the well at all times. When required by the Department, the water user shall install and maintain a weir, meter, or other suitable measuring device and keep a complete record of the amount of ground water withdrawn.

The Director may require water level or pump test results every ten years.

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

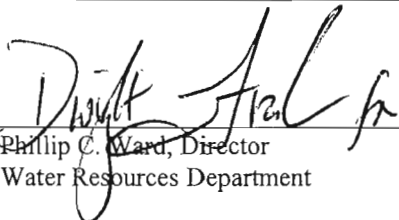
This right is for beneficial use of water without waste. The water user is advised that new regulations may require use of best practical technologies or conservation practices to achieve this end.

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 of water shall be limited when it interferes with any prior surface or ground water rights.

JUL 31 2009

Issued _____


 Phillip C. Ward, Director
 Water Resources Department