STATE OF OREGON

COUNTY OF YAMHILL

CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

KNUDSEN VINEYARDS PO BOX 280 DUNDEE OR 97115

confirms the right to use the waters of KNUDSEN POND # 2, CONSTRUCTED UNDER PERMIT R-11455, tributary of HESS CREEK, for SUPPLEMENTAL IRRIGATION of 123.91 ACRES.

This right was perfected under Permit S-51458. The date of priority is JULY 19, 1991. The amount of water to which this right is entitled is limited to an amount actually used beneficially, and shall not exceed 11.4 ACRE FEET OF STORED WATER ONLY, or its equivalent in case of rotation, measured at the point of diversion.

The point of diversion is located as follows:

Twp	Rng	Mer	Sec	Q-Q	Measured Distances			
3 S	3 W	WM	33	NW NE	176 FEET SOUTH & 1647 FEET WEST FROM NE CORNER,			
					SECTION 33			

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 from storage. This right is limited to any deficiency in the available supply of any prior right existing for the same land.

Not withstanding that Oregon Department of Fish and Wildlife has made a determination that fish screens and/or by-pass devices are not necessary at this time, the water user may be required in the future to install, maintain, and operate fish screening and/or by-pass devices to prevent fish from entering the diversion, and to provide adequate upstream and downstream passage for fish.

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

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				
3 S	3 W	WM	28	SW NE			28.67				
3 S	3 W	WM	28	SW NW			4.55				
3 S	3 W	WM	28	SE NW			29.57				
3 S	3 W	WM	28	NE SW			19.14				
3 S	3 W	WM	28	SE SW	3 .		1.37				
3 S	3 W	WM	28	SE SW		55	0.56				
3 S	3 W	WM	28	NE SE			0.15				
3 S	3 W	WM	28	NW SE			20.23				
3 S	3 W	WM	28	SW SE	2		1.59				
3 S	3 W	WM	28	SW SE		55	18.08				

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 the beneficial use of water without waste. The water user is advised that new regulations may require the 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 right to the use of the water for the above purpose is restricted to beneficial use on the lands or place of use described.

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

Issued ____ AUG 1 9 2010

Dwight W. French

Administrator Water Rights and Adjudications, for

Phillip C. Ward, Director Water Resources Department