

STATE OF OREGON
 COUNTY OF JACKSON
 CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

GRAPELAND ACQUISITION LLC
 1475 KUBLI RD
 GRANTS PASS OR 97527

confirms the right to use the waters of A WELL (JACK 33910) in the SLAGLE CREEK BASIN for IRRIGATION of 16.3 ACRES.

This right was perfected under Permit G-16173. The date of priority is MAY 18, 2006. The amount of water to which this right is entitled is limited to an amount actually used beneficially, and shall not exceed 0.18 CUBIC FOOT 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	DLC	Measured Distances
37 S	4 W	WM	31	SE SW	39	JACK 33910 - 680 FEET SOUTH AND 540 FEET WEST FROM NE CORNER, DAVIDSON DLC 39

The amount of water used for irrigation under this right, 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 and 2.5 acre-feet per acre for each acre irrigated during the irrigation season of each year.

A description of the place of use is as follows:

Twp	Rng	Mer	Sec	Q-Q	GLot	DLC	Acres
37 S	4 W	WM	31	SE SW	1		0.1
37 S	4 W	WM	31	SE SW		39	15.1
37 S	4 W	WM	31	SW SE		39	1.1

Measurement, recording and reporting conditions:

- A. The water user shall maintain the totalizing flow meter in good working order consistent with those standards identified in OAR 690-507-645 (1) through (3). The water user 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.

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 and ORS 536.075. Any petition for judicial review must be filed within the 60-day time period specified by ORS 183.484(2). Pursuant to ORS 183.484, ORS 536.075 and OAR 137-004-0080, you may petition for judicial review and 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 within three months after issuance of the certificate.

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

The well shall produce groundwater only from the fractured bedrock groundwater reservoir.

Use of water under authority of this right may be regulated if analysis of data available after the right is issued discloses that the appropriation will measurably reduce the surface water flows necessary to maintain the free-flowing character of a scenic waterway in quantities necessary for recreation, fish and wildlife in effect as of the priority date of the right or as those quantities may be subsequently reduced.

To monitor the effect of water use from the well authorized under this right, the Department requires the water user to make and report annual static water level measurements. The static water level shall be measured in the month of March. Reports shall be submitted to the Department within 30 days of measurement.

Measurements must be made according to the following schedule:

Following the first year of water use, the user shall submit seven consecutive annual reports of static water level measurements. Based on an analysis of the data collected, the Director may require that the user obtain and report additional annual static water level measurements beyond the seven year minimum reporting period. The additional measurements may be required in a different month. If the measurement requirement is stopped, the Director may restart it at any time.

All measurements shall be made by a certified water rights examiner, registered professional geologist, registered professional engineer, licensed well constructor or pump installer licensed by the Construction Contractors Board and be submitted to the Department on forms provided by the Department. The Department requires the individual performing the measurement to:

- (A) Identify each well with its associated measurement; and
- (B) Measure and report water levels to the nearest tenth of a foot as depth-to-water below ground surface; and
- (C) Specify the method used to obtain each well measurement; and
- (D) Certify the accuracy of all measurements and calculations submitted to the Department.

The water user shall discontinue use of, or reduce the rate or volume of withdrawal from, the well if annual water level measurements reveal any of the following events:

- (A) An average water level decline of three or more feet per year for five consecutive years; or
- (B) A water level decline of 15 or more feet in fewer than five consecutive years; or
- (C) A water level decline of 25 or more feet; or
- (D) Hydraulic interference leading to a decline of 25 or more feet in any neighboring well with senior priority.

The period of non-use or restricted use shall continue until the water level rises above the decline level which triggered the action or until the Department determines, based on the water user's and/or the Department's data and analysis, that no action is necessary because the aquifer in question can sustain the observed declines without adversely impacting the resource or senior water rights. The water user shall in no instance allow excessive decline, as defined in Commission rules, to occur within the aquifer as a result of use under this right. If more than one well is involved, the water user may submit an alternative measurement and reporting plan for review and approval by the Department.

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 reference level is 18.33 below ground surface.

If substantial interference with a senior water right occurs due to withdrawal of water from any well listed on this right, then use of water from the well shall be discontinued or reduced and/or the schedule of withdrawal shall be regulated until or unless the Department approves or implements an alternative administrative action to mitigate the interference. The Department encourages junior and senior appropriators to jointly develop plans to mitigate interferences.

The works shall be equipped with a usable access port, and may also include an air line and pressure gauge to determine the water level elevation in the well at all times.

Where two or more water users agree among themselves as to the manner of rotation in the use of water and such agreement is placed in writing and filed by such water users with the watermaster, and such rotation system does not infringe upon such prior rights of any water user not a party to such rotation plan, the watermaster shall distribute the water according to the agreement.

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

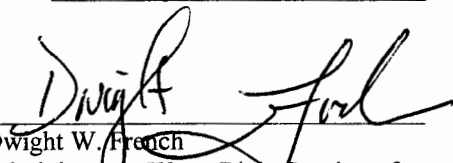
Failure to comply with any of the provisions of this right may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the right.

This right is for 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 use of water shall be limited when it interferes with any prior surface or ground water rights.

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Dwight W. French
Administrator, Water Right Services, for
Phillip C. Ward, Director
Oregon Water Resources Department

