STATE OF OREGON

COUNTY OF CROOK

CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

DURGAN RANCH LLC 10809 SE DURGAN RANCH RD PAULINA OR 97751 NORTHWEST FARM CREDIT SERVICES FCLA PO BOX 607 3113 S HWY 97 SUITE 100 REDMOND OR 97756

confirms the right to the use of water perfected under the terms of Permit G-17074. The amount of water used to which this right is entitled is limited to the amount used beneficially, and shall not exceed the amount specified, or its equivalent in the case of rotation, measured at the point of diversion from the source. The specific limits and conditions of the use are listed below.

APPLICATION FILE NUMBER: G-15744

SOURCE OF WATER: FOUR WELLS IN WOLF CREEK BASIN

PURPOSE or USE: IRRIGATION OF 138.6 ACRES AND SUPPLEMENTAL IRRIGATION OF 280.1 ACRES

MAXIMUM RATE: 5.235 CUBIC FEET PER SECOND (CFS), BEING 1.89 CFS FROM WELL 1, 2.08 CFS FROM WELL 2, 1.26 CFS

FROM WELL 3 AND 0.89 CFS FROM WELL 4

PERIOD OF USE: AUGUST 1 THROUGH SEPTEMBER 15

DATE OF PRIORITY: APRIL 15, 2002

The wells are located as follows:

Twp	Rng	Mer	Sec	Q-Q	GLot	Measured Distances		
16 S	24 E	WM	4	NE NE	1	WELL 1 (CROO 51364) - 80 FEET SOUTH AND 520 FEET WEST		
					197	FROM NE CORNER, SECTION 4		
16 S	24 E	WM	4	SE SW	4.	WELL 2 (CROO 51747) - 520 FEET NORTH AND 1130 FEET		
				ii ii	9-4-1	WEST FROM S¼ CORNER, SECTION 4		
16 S	24 E	WM	5	SE SE		WELL 3 (CROO 51746) - 1010 FEET NORTH AND 590 FEET		
				* ±.		WEST FROM SE CORNER, SECTION 5		
16 S	24 E	WM	8	SW NW		WELL 4 (CROO 53470) - 80 FEET NORTH AND 180 FEET EAST		
						FROM W¼ CORNER, SECTION 8		

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 (or its equivalent) and 3.0 acrefeet for each acre irrigated during the irrigation season of each year.

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.

A description of the place of use is as follows:

IRRIGATION								
Twp	Rng	Mer	Sec	Q-Q	GLot	Acres	Wells	
16 S	24 E	WM	4	NW NE	2	4.1	3	
16 S	24 E	WM	4	SW NE		0.8	3	
16 S	24 E	WM	4	NE NW	3	9.3	3	
16 S	24 E	WM	4	SW NW		19.0	3	
16 S	24 E	WM	4	SE NW		25.1	3	
16 S	24 E	WM	4	NW SW		5.2	3	
16 S	24 E	WM	5	NE SE		8.8	3	
16 S	24 E	WM	5	SW SE		5.6	3	
16 S	24 E	WM	5	SE SE		11.2	3	
16 S	24 E	WM	8	NE NE		1.9	3	
16 S	24 E	WM	8	NW NE		9.8	3	
16 S	24 E	WM	8	SW NE		3.5	1, 2, 4	
16 S	24 E	WM	8	SE NW		2.9	1, 2, 4	
16 S	24 E	WM	8	NE SW		19.5	1, 2, 4	
16 S	24 E	WM	8	NW SW		3.3	1, 2, 4	
16 S	24 E	WM	8	SW SW		8.1	1, 2, 4	
16 S	24 E	WM	8	NW SE		0.5	1, 2, 4	

SUPPLEMENTAL IRRIGATION								
Twp	Rng	Mer	Sec	Q-Q	GLot	Acres	Wells	
16 S	24 E	WM	4	NE NE	1	2.4	1, 2	
16 S	24 E	WM	4	NW NE	2	6.3	1, 2	
16 S	24 E	WM	4	SW NE		31.7	1, 2	
16 S	24 E	WM	4	SE NE		1.2	1, 2	
16 S	24 E	WM	4	SE NW		6.6	1, 2	
16 S	24 E	WM	4	NE SW		38.8	1, 2	
16 S	24 E	WM	4	NW SW		25.5	1, 2	
16 S	24 E	WM	4	SW SW		37.8	1, 2	
16 S	24 E	WM	4	SE SW		8.5	1, 2	
16 S	24 E	WM	4	NW SE		18.0	1, 2	
16 S	24 E	WM	5	NE SE		0.5	1, 2	
16 S	24 E	WM	5	SE SE		25.6	1, 2	
16 S	24 E	WM	8	NE NE		32.6	1, 2	
16 S	24 E	WM	8	SE NE		3.0	1, 2	
16 S	24 E	WM	8	NE SW		4.0	4	
16 S	24 E	WM	8	NW SW		28.2	4	
16 S	24 E	WM	8	SW SW		0.8	4	
16 S	24 E	WM	9	NW NW		8.6	1, 2	

Measurement, recording, and reporting conditions:

A. The water user shall maintain the meter or other suitable measuring device approved by the Director 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.

Use of water under authority of this certificate may be regulated if analysis of data available after the certificate 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 reduced subsequently.

The combined quantity of water diverted at the additional point of appropriation (Well 4), together with that diverted at the original points of appropriation (Wells 1, 2, and 3), shall not exceed the quantity of water lawfully available at the original points of appropriation (Wells 1, 2, and 3).

Water shall be acquired from the same aquifer as the original points of appropriation.

The Department requires the water user to obtain, from a qualified individual (see below), and report annual static water levels for each well on the right. The static water level shall be measured in the month of March. Reports shall be submitted to the Department within 30 days of measurement.

The water user shall report annual March static water-level measurements whether or not the well is used. The reference level against which future measurements will be compared is 107.64 feet below ground surface for Well 1 (CROO 51364), 86.92 feet below ground surface for Well 2 (CROO 51747), 1.00 feet below ground surface for Well 3 (CROO 51746) and 70.05 feet below ground surface for Well 4 (CROO 53470). The Director may require the user to obtain and report additional water levels each year if more data are needed to evaluate the aquifer system.

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. Measurements shall be submitted on forms provided by, or specified by, the Department. Measurements shall be made with equipment that is accurate to at least the standards specified in OAR 690-217-0045. The Department requires the individual performing the measurement to:

- A. Associate each measurement with an owner's well name or number and a Department well log ID; and
- B. Report water levels to at least the nearest tenth of a foot as depth-to-water below ground surface; and
- C. Specify the method of measurement; and
- D. Certify the accuracy of all measurements and calculations reported to the Department.

The water user shall discontinue use of, or reduce the rate or volume of withdrawal from, the well(s) if any of the following events occur:

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

The period of restricted use shall continue until the water level rises above the decline level which triggered the action or 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 causing substantial interference with senior water rights. The water user shall not 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.

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(s) 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 well(s) 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 the water level elevation in the well at all times.

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.

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

Issued

Katherine Ratcliffe

Water Right Services Division Administrator, for

Ivan Gall, Director

Oregon Water Resources Department