

**BEFORE THE WATER RESOURCES DEPARTMENT
OF THE
STATE OF OREGON**

In the Matter of the Proposed Short-Term)	FINAL ORDER TERMINATING
Lease of Existing Water Rights for Instream)	INSTREAM LEASE & MITIGATION
Use and Mitigation Credit Project,)	CREDIT PROJECT
Certificate 76358, Deschutes County)	

ORS 537.348 establishes the process in which a water right holder may submit a request to lease an existing water right for instream purposes. OAR Chapter 690, Division 077 implements the statutes and provides the Department's procedures and criteria for evaluating short-term instream lease applications.

OAR 690-521-0100 to 690-521-0600 establishes the process in which anyone may submit a ground water mitigation project to the Department for the purpose of establishing mitigation credits in the Deschutes Ground Water Study Area.

Lessor #1

High Desert Redmond, LLC
Attn: Chris Mott
1935 Silverton Rd.
Salem, OR 97303

Lessor #2

Central Oregon Irrigation District (COID)
1055 SW Lake Court
Redmond, OR 97756
transfers@coid.org

Lessee

Deschutes Water Exchange (DWE) Mitigation Bank
PO Box 1560
Bend, OR 97709
ghubert@deschutesrc.org

Findings of Fact

1. On March 29, 2006, COID, the DWE Mitigation Bank, and High Desert Redmond LLC filed an application to lease a portion of Certificate 76358 to instream use. The Department assigned the application number L-706.
2. The lease application requested to protect water instream for five years, terminating on October 31, 2010. A Final Order approving this lease and mitigation credit project was issued by the Department on May 10, 2006, as evidenced by Special Order Volume 68, Page 378. The mitigation credit project was awarded 17.6 mitigation credits for use in the General and Middles Deschutes River Zones of Impact. These mitigation credits were assigned to the Deschutes Water Exchange Mitigation Bank and expire on December 31, 2010.

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.

3. The final order contains a condition allowing the lease and mitigation credit project to be terminated early with written notification from all parties. On December 22, 2006, the Department received a request from High Desert Redmond and COID to terminate the lease and mitigation credit project prior to the 2007 irrigation season. On December 29, 2006, the Department received a request from the DWE Mitigation Bank to terminate the lease and mitigation credit project.
4. The lease was exercised during the 2006 water use period ending on October 31, 2006.

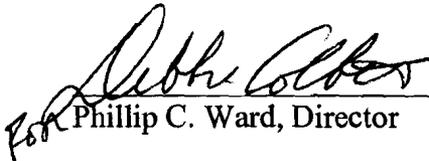
CONCLUSIONS OF LAW

The Department concludes that terminating the lease in advance of the 2007 irrigation season is consistent with OAR 690-077.

ORDER

Therefore, it is ORDERED that the Short-Term Lease described herein is TERMINATED and no longer in effect. The mitigation credits awarded to the Mitigation Project described herein are no longer valid.

Dated at Salem, Oregon this 5th day of January 2007.


Phillip C. Ward, Director

Mailing date: JAN 08 2007