

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

In the Matter of Instream Lease Application)	DETERMINATION and
IL-1679 and Preliminary and Final Award)	FINAL ORDER ON PROPOSED
of Mitigation Credits for Mitigation Project)	INSTREAM LEASE and MITIGATION
MP-119, Deschutes County)	CREDIT PROJECT

Authority

Oregon Revised Statute (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. Oregon Administrative Rule (OAR) Chapter 690, Division 077 implements the statutes and provides the Department's procedures and criteria for evaluating 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

Elizabeth McCool
60360 Horse Butte Road
Bend, Oregon 97702

Co-Lessor

Arnold Irrigation District (AID)
19604 Buck Canyon Road
Bend, Oregon 97702

Lessee

Deschutes River Conservancy Mitigation Bank (DRCMB)
700 NW Hill Street, Suite 1
Bend, Oregon 97703
gen@deschutesriver.org

Findings of Fact

1. On March 28, 2018, Elizabeth McCool, AID, and the DRCMB filed an application to renew instream lease IL-924, involving a portion of Certificate 74197.
2. During the review process, the Department identified that the instream reach, identified in the Final Order approving IL-924, evidenced by Special Order Volume 89, Page 903, requires modification to account for an approximate 1% river channel loss in a one mile stretch below POD No. 1. Therefore, the Department has assigned the application a new lease number, IL-1679, to differentiate it from the original lease.
3. Certificate 74197 describes the authorized place of use by township, range, section, quarter quarter, and tax lots. The tax lots on which a portion of the right to be leased have changed since Certificate 74197 was issued. Some tax lot configurations no longer match those

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.

shown on the map of the water right and some of the original tax lots identified on the water right of record have been partitioned or subdivided. The portion of the water right to be leased is described in Finding of Fact #4 is consistent with the water right of record in so far as possible.

4. The portion of the right to be leased is as follows:

Certificate: 74197 in the name of Arnold Irrigation District (confirmed by decree of the Circuit Court of the State of Oregon for Deschutes County; Volume 12 Page 282 and Volume 16 Pages 10 and 390)

Use: Irrigation of 1.11 acre

Season of Use: April 1 to November 1, further limited as follows:

April 1 to May 1 and Oct. 1 to Nov. 1 described herein as Season 1

May 1 to May 15 and Sept. 15 to Oct. 1 described herein as Season 2

May 15 to Sept. 15 described herein as Season 3

Priority Date: February 1, 1905 and April 25, 1905

Quantity: Rate: Season 1 (limited to 1/51st Cubic Foot per Second (CFS) per acre)
 Season 2 (limited to 1/39th cfs per acre)
 Season 3 (limited to 1/20.8th cfs per acre)

Duty: limited to 15.42 acre-feet per acre

The listed quantities reflect allowance of a 65% canal transmission loss as determined by decree of the Circuit Court of Deschutes County, dated March 24, 1933. Direct diversions are not allowed this transmission loss.

Source: Deschutes River, tributary to the Columbia River

Authorized Point of Diversion (POD):

Twp	Rng	Mer	Sec	Q-Q	Measured Distances
18 S	11 E	WM	27	NE SW	ARNOLD CANAL POD #1 – 2800 FEET SOUTH AND 3740 FEET WEST FROM THE NE CORNER OF SECTION 27

Authorized Place of Use:

Twp	Rng	Mer	Sec	Q-Q	Tax Lot	Acres
18 S	13 E	WM	30	NW NW	101	0.37
18 S	13 E	WM	30	SW NW	500	0.44
18 S	13 E	WM	30	SW NW	600	0.30
Total:						1.11

5. Certificate 74197 is a deficient water right. If water were diverted simultaneously to all authorized lands and uses described in the right at the maximum rates and duty allowed (described in Finding of Fact #4), the total rate and duty for the water right would be exceeded. In the event water were diverted simultaneously to all authorized lands and uses described in the right at the maximum rates and duty allowed at the POD (described in Finding of Fact #4), the portion of the right involved in this instream lease would be limited as described in the tables below. These rates and duty are also the quantities by which the diversion at POD #1 (Arnold Canal) under Certificate 74197 shall be reduced, if this instream lease is approved

Priority Date	Season 1	Season 2	Season 3	Duty
February 1, 1905	0.006 CFS	0.006 CFS	0.006 CFS	17.12 AF
April 25, 1905	0.015 CFS	0.022 CFS	0.032 CFS	
Totals:	0.021 CFS	0.028 CFS	0.038 CFS	

6. There is a supplemental water right, Certificate 76714, appurtenant to all or a portion of the lands described in Finding of Fact #4. The Lessor and Lessee have requested that this water right not be included as part of this lease application. During the term of the lease, water use under this right will also be suspended.
7. The lease application includes the information required under OAR 690-077-0076(3). The Department provided notice of the lease application pursuant to OAR 690-077-0077(1). No comments were received.
8. The Lessor and Lessee have requested that the instream use begin at POD #1, as described in finding of Fact #4. The POD is located within a known losing reach on the mainstem Deschutes River, which begins approximately at Benham Falls. The Watermaster has identified that the river channel losses approximately 1% of its flows in a one mile stretch below POD #1. Therefore, the quantity of water that may be protected immediately below the POD has been reduced by 1% to prevent injury to downstream water users and/or enlargement of the water right.
9. The instream use is as follows:
Deschutes River, tributary to the Columbia River

Instream Point: At POD #1 (as described in Finding of Fact #4)

Certificate	Priority Date	Instream Rate (cfs)			Instream Volume (af)	Instream Period
		Season 1	Season 2	Season 3		
74197	February 1, 1905	0.002	0.002	0.002	0.94	April 1 - October 31
	April 25, 1905	0.005	0.008	0.011	3.82	
	Totals	0.007	0.010	0.013	4.76	

Instream Reach: Immediately below POD #1 to Lake Billy Chinook

Certificate	Priority Date	Instream Rate (cfs)			Instream Volume (af)	Instream Period
		Season 1	Season 2	Season 3		
74197	February 1, 1905	0.002	0.002	0.002	0.84	April 1 - October 31
	April 25, 1905	0.005	0.008	0.011	3.73	
	Totals	0.007	0.010	0.013	4.57	

10. Other conditions to prevent injury and enlargement are:

The amount of water to be leased instream under Certificate 74197 does not include a 65% transmission loss associated with this right when used for its originally authorized purpose. The transmission loss may not be leased and protected instream.

11. The amount and timing of the proposed instream flow is allowable within the limits and use of the original water right.

12. The protection of flows within the proposed reach is appropriate, considering:
 - a. The instream water use begins at the recorded point of diversion;
 - b. The location of confluences with other streams downstream of the point of diversion.
 - c. There is a known area of natural loss of streamflow to the river bed downstream from the point of diversion. Stream channel losses have been accounted for within the Instream Reach, as identified in Finding of Fact #9; and
 - d. Any return flows resulting from the exercise of the existing water right would re-enter the river downstream of the reach of the instream water right.
13. The total monthly quantities of water to be protected under the existing and proposed instream rights in the reach will provide for a beneficial purpose.
14. The total monthly quantities of water to be protected instream under existing and proposed instream rights in the reach do not exceed the estimated average natural flow.
15. If approved, this instream lease is not reasonably expected to significantly affect land use as prescribed by ORS 197.180, OAR Chapter 660, Divisions 30 and 31, and OAR Chapter 690, Division 5.
16. Based upon review of the application, information provided by the Department's Watermaster, and other available information, the Department finds that the lease will not result in injury or enlargement. The order approving this instream lease may be modified or revoked under OAR 690-077-0077 if the Department later finds that the lease is causing injury to any existing water right or enlargement of the original right.
17. If a right which has been leased is later proposed to be leased again, transferred and/or reviewed under an allocation of conserved water, a new injury review shall be required. For example, instream transfers will be subject to a full and complete review to determine consistency with the requirements of OAR Chapter 690, Division 380 and Division 077. Approval of this lease does not establish a precedent for approval of any future transactions.
18. The Lessor, Co-Lessor and Lessee have requested that the lease terminate on October 31, 2018. The lease may commence on the date this final order is signed.
19. The Lessor, Co-Lessor and Lessee have requested the option of terminating the lease early with written notice to the Department.

Preliminary Award of Deschutes Basin Mitigation Credits

20. The Lessee, a mitigation bank chartered by the Water Resources Commission, has requested that the portion of the right to be protected instream be used to generate mitigation credits.
21. The Department assigned this mitigation credit project number MP-119.

22. The Department provided notice of the mitigation credit project pursuant to OAR 690-521-0300 (6). The Department also provided notice of the mitigation credit project to the Oregon Department of Fish and Wildlife, Oregon Department of Environmental Quality, Oregon Parks and Recreation Department, Oregon Department of State Lands, the Oregon Department of Agriculture, and the Department's Watermaster pursuant to OAR 690-521-0300 (7) and OAR 690-505-0630 (2). No comments were received.
23. Therefore, the Department finds that 2.0 mitigation credits may be awarded to this mitigation credit project and assigned to the DRC Mitigation Bank. The mitigation credits may be used to mitigate for ground water permit applications and existing conditioned ground water permits and certificates, providing mitigation pursuant to the Deschutes Ground Water Mitigation Rules, OAR Chapter 690, Division 505, within the Middle Deschutes and /or the General Zones of Impact.
24. The mitigation credits expire on December 31, 2018.
25. The use and maintenance of the mitigation credits is subject to the terms and conditions of the DRC Mitigation Bank Charter.
26. The Department shall award final mitigation credits upon completion of the approved project by the applicant and verification by the Department that the project is complete. The issuance of the Final Order approving the proposed instream lease shall result in completion of the project and verification that the project is complete.
27. No precedent is set by this Final Order as to the amount of mitigation credits that may be generated by a subsequent mitigation credit project.

Conclusions of Law

The Department concludes that the lease will not result in injury or enlargement, OAR 690-077-0077. The lease conforms to the applicable provisions of OAR 690-077-0015.

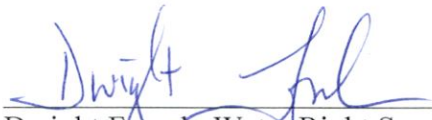
This mitigation project results in mitigation credits pursuant to ORS 537.746 and OAR 690-521-0300 and 690-521-0400.

Now, therefore it is ORDERED:

1. The Lease as described herein is APPROVED.
2. During each year of the term of the lease, the former place of use will no longer receive water as part of these rights, any supplemental rights, or any other layered irrigation water rights, including ground water registrations and permits.
3. The term of the lease will commence upon approval of the instream lease and terminate on October 31, 2018.

4. **Final Award of Deschutes Basin Mitigation Credits:** Issuance of this Final Order results in completion of the project and verification by the Department that the project is complete. The Department concludes that the mitigation credit project is awarded mitigation credits, as described above, pursuant to OAR 690-521-0400 and ORS 537.746. Mitigation Credits, in the amount of 2.0 credits, as described herein, are awarded to this mitigation project and assigned to the DRC Mitigation Bank. Mitigation Credits may be used to satisfy a mitigation obligation of a ground water permit applicant and/or ground water permit/certificate holder in the Middle Deschutes and General Zones of Impact.
5. Mitigation credits are valid until used (or until they expire or are terminated) to satisfy a mitigation obligation of a ground water permit applicant and/or ground water permit/certificate holder within the Deschutes Ground Water Study Area pursuant to the Deschutes Ground Water Mitigation Rules. Mitigation credits are used when a person submits to the Department documentary evidence that valid credits have been obtained and assigned to satisfy a mitigation obligation.
6. The mitigation credits shall expire on December 31, 2018.
7. The use and maintenance of the mitigation credits shall be subject to the terms and conditions of the DRC Mitigation Bank Charter.

Dated at Salem, Oregon this day **MAY 09 2018** .



Dwight French, Water Right Services Division Administrator, for
Thomas M. Byler, Director, Oregon Water Resources Department

Mailing date: **MAY 09 2018**

*This document was prepared by Sarah
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questions, please call 503-986-0890.*