

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

In the Matter of the Short-Term Lease of Existing)	FINAL ORDER TO
Water Right for Instream Use, Certificates 76358)	TERMINATE INSTREAM
and 76714, Deschutes County, Oregon)	LEASE

FINDINGS OF FACT

1. On May 27, 2004, a Short-Term Lease Application, which proposed to lease a portion of certificates 76358 (primary) and 76714 (supplemental) for instream purposes was submitted to the Department by:

Lessor #1
Gordon B. Smith
21229 Chilliwack Way
Bend, OR 97701

Lessor #2
Central Oregon Irrigation District (COID)
1055 SW Lake Court
Redmond, OR 97756

Lessee
Deschutes Resources Conservancy (now known as the Deschutes River Conservancy)
PO Box 1560
Bend, OR 97709

2. The Department assigned this lease agreement number L-570. A Final Order approving this lease was issued by the Department on July 26, 2004, as evidenced by Special Order Volume 60, Page 762.
3. The lease application requested to protect water instream for five years, terminating on October 31, 2008. The order approving the lease application contains the following provision allowing a Lessor to terminate the lease:

The lessor shall have the option of terminating the lease each year, prior to the lease being exercised (April 1), with 30 days written notice to the Department.

4. On July 20, 2006, the Department received a request from the Lessors and the Lessee to terminate the lease.
5. The lease was exercised during the 2004 and 2005 water use periods and is presently being exercised during the 2006 water period.
6. Therefore, given the above Findings of Fact, the lease may be terminated at the conclusion of the 2006 instream water use period, ending on October 31, 2006, consistent with the termination provision identified in Finding of Fact #3.

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.

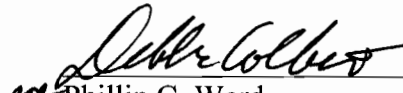
CONCLUSIONS OF LAW

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 effective November 1, 2006, and will no longer be in effect.

Dated at Salem, Oregon this 6th day of September, 2006.


Phillip C. Ward,
Director

DATE Mailed: SEP 11 2006