

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

In the Matter of the Proposed Short-Term)	FINAL ORDER TO
Lease of Existing Water Rights for Instream)	TERMINATE
Use and Mitigation Credits, Certificate)	INSTREAM LEASE
75556, Crook County, Oregon)	& MITIGATION
)	CREDIT PROJECT

FINDINGS OF FACT

1. On March 11, 2004, a Short-Term Lease Application, which proposed to lease a portion of certificate 75556 for instream purposes and to establish mitigation credits in the Deschutes Ground Water Study Area, was submitted to the Department by:

Lessor	Lessee
Emmett Ranch LLC	Deschutes Water Exchange Mitigation Bank
PO Box 1830	P.O. Box 1560
Bend, OR 97709	Bend, OR 97709

2. The Department assigned this lease agreement number L-493 and the mitigation credit project number MP-14.
3. The lease application requested to protect water instream for five years, terminating on November 30, 2008. A Final Order approving this lease and mitigation credit project was issued by the Department on May 20, 2004, as evidenced by Special Order Volume 60, Page 74. The mitigation credit project was awarded 187.4 mitigation credits for use in the General and Crooked River Zones of Impact. These mitigation credits were assigned to the Deschutes Water Exchange Mitigation Bank.
4. On April 4, 2005, the Department received a request from the Lessee to terminate the lease. A request to terminate the lease was also received from the Lessor on April 5, 2005. The lease contains a condition allowing the lease to be terminated at any time with a request submitted by both the Lessor and the Lessee.
5. The lease was exercised during the 2004 water use period.

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 137-004-080 and OAR 690-01-005 you may either petition for judicial review or petition the Director for reconsideration of this order.

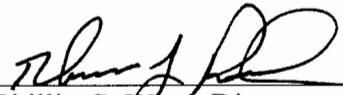
CONCLUSIONS OF LAW

The Department concludes that terminating the lease in advance of water being protected instream during the 2005 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 6th day of April, 2005.


Phillip C. Ward, Director