

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

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|--|---|------------------------------|
| In the Matter of the Lease of Existing Water |) | FINAL ORDER |
| Rights for Instream Use and Mitigation |) | TERMINATING INSTREAM LEASE & |
| Credit Project, Certificate 83571, Deschutes |) | MITIGATION CREDIT PROJECT |
| 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 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

Arrowood Development
250 NW Franklin Ave., Suite 203
Bend, OR 97701

Lessor #2

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

Lessee

Deschutes Water Exchange (DWE) Mitigation Bank
P.O. Box 1560
Bend, Oregon 97709
gen@deschutesriver.org

Findings of Fact

1. On June 29, 2006, the DWE Mitigation Bank, COID, and Arrowood Development filed an application to lease a portion of Certificate 76358 to instream use and to establish mitigation credits. The Department assigned the instream lease application number IL-753 and the mitigation credit project MP-87.
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 July 31, 2006, as evidenced by Special Order Volume 69, Page 151. The mitigation credit project was awarded 26.5 mitigation credits for use in the General and Middle Deschutes Zones of Impact. These mitigation credits were assigned to the DWE Mitigation Bank and were to 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. On September 26, 2007, Certificate 83571 was issued superseding Certificate 76358.
4. The final order contained a condition allowing the Lessor and the Lessee to terminate the lease in any year of the lease, prior to the lease being exercised that season, with written notification to the Department from all parties to the lease.
5. The portion of the right leased instream was quit claimed from Arrowood Development (Lessor #1) to COID on August 15, 2007. Their consent to terminate this instream lease is no longer needed.
6. On February 14, 2008, the Department received a request from COID and the DWE Mitigation Bank to terminate the lease and mitigation credit project prior to the 2008 irrigation season.
7. The lease was exercised during the 2006 and 2007 water use periods ending on October 31, 2007. Mitigation credits established by this project have not been used to provide mitigation for ground water permits.

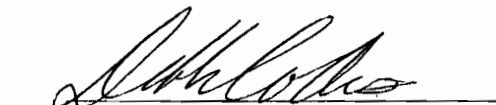
CONCLUSIONS OF LAW

The Department concludes that terminating the lease in advance of the 2008 irrigation season is consistent with OAR 690-077.

ORDER

Therefore, it is ORDERED that the Instream 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 28th day of February 2008.


Phillip C. Ward, Director

Mailing date: MAR 03 2008