

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

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| In the Matter of the Proposed Short-Term) Lease of Existing Water Rights for Instream) Use, Permit 25915, Jackson County) | DETERMINATION and FINAL ORDER ON PROPOSED INSTREAM LEASE |
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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.

Lessor #1
 Crystal Springs Development Group Joint Venture
 1014 N. Riverside
 Medford, Oregon 97501

Lessor #2
 Jim Pendleton
 Talent Irrigation District (TID)
 P.O. Box 467
 Talent, Oregon 97450

Lessee
 Oregon Water Trust
 522 SW Fifth Avenue, Suite 825
 Portland, Oregon 97204
steve@owt.org

Findings of Fact

1. Crystal Springs Development Group Joint Venture, TID, and the Oregon Water Trust filed an application to lease a portion of Permit 25915 to instream use. The Department assigned the application number L-683.
2. The rights to be leased are as follows:

Permit 25915

| IRRIGATION | | | | | |
|------------|-----|-----|-----|-------|-------|
| Twp | Rng | Mer | Sec | Q-Q | Acres |
| 37 S | 1 W | WM | 27 | NE SW | 2.7 |
| 38 S | 1 W | WM | 27 | NE SE | 3.3 |
| 38 S | 1 W | WM | 27 | SW SE | 38.5 |
| 38 S | 1 W | WM | 27 | SE SE | 24.7 |

Point of Diversion:

| Twp | Rng | Mer | Sec | Q-Q | Survey Coordinates |
|------|-----|-----|-----|-------|---------------------|
| 39 S | 2 E | WM | 20 | SE SE | TOE OF EMIGRANT DAM |

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 lease application includes the information required under OAR 690-077-0077(3). The Department provided notice of the lease application pursuant to OAR 690-077-0077(6). No comments were received.
4. The instream use is as described in the lease application:
 Bear Creek
 Tributary to Rogue River in the Rogue Basin

Instream Reach: From POD (as described in Finding of Fact #2), downstream in Bear Creek to a place immediately above the Phoenix Canal diversion, at approximately River Mile 17, near the City of Talent.

| Certificate | Priority Date | Instream Rate (cfs) | Period Protected Instream |
|--------------------|----------------------|----------------------------|----------------------------------|
| Permit 25915 | September 6, 1915 | 0.69 | June 21 through October 31 |

5. Other conditions to prevent injury and enlargement are: The portion of water protected instream under this lease shall be based on the same percentage diversion and delivery rate that TID is diverting to rights of the same priority within the District. The instream rate listed is based upon a 1/100th cfs per acre rate. In cases of shortage of supply, where the general allotment in the District has been reduced, TID may deliver less than 2.65 AF/ac in accordance with TID policy governing Short-Term Instream Leases. In the event that TID stops delivery of irrigation water prior to October 31, the delivery for instream use shall also stop. Reporting to the watermaster shall be consistent with any required reporting of District operations.
6. Based upon review of the application, comments received, information provided by the Department's Watermaster, and other available information, the Department finds that the lease will not result in injury or enlargement. This finding is made through an abbreviated review recognizing that the 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.
7. If a right which has been leased is later proposed to be leased again or transferred to an instream use under ORS 537.348 and OAR 690-077-0070 or OAR 690-077-0075 a new injury review shall be required. 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 future leases or transfers.
8. The lease will terminate on October 31, 2005.

CONCLUSIONS OF LAW

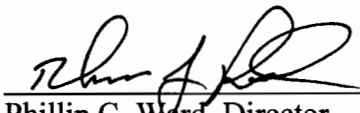
The Department concludes that the lease will not result in injury or enlargement, OAR 690-077-0077. The lease agreement conforms to the applicable provisions of OAR 690-077-0015.

ORDER

Therefore, it is ORDERED:

1. That the Short-Term Lease as described herein is APPROVED.
2. The former place of use shall no longer receive water as part of these rights during the term of the lease.

Dated at Salem, Oregon this 8th day of August 2005.


Phillip C. Ward, Director

Mailing date: AUG 12 2005