

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

In the Matter of Transfer Application	)	FINAL ORDER
T-12239, Crook County	)	INCORPORATING SETTLEMENT
	)	AGREEMENT APPROVING A
	)	CHANGE IN CHARACTER OF USE

Authority

Oregon Revised Statutes (ORS) 540.505 to 540.580 establish the process in which a water right holder may submit a request to transfer the point of diversion, place of use, or character of use authorized under an existing water right. Oregon Administrative Rules (OAR) Chapter 690, Division 380 implement the statutes and provides the Department's procedures and criteria for evaluating transfer applications.

Applicant

U.S. BUREAU OF RECLAMATION
ATTN: CAROLYN R. CHAD
1917 MARSH RD
YAKIMA, WA 98901

Findings of Fact

1. On January 14, 2016, U.S. BUREAU OF RECLAMATION filed an application to change the character of use under Certificate 57612. The Department assigned the application number T-12239.
2. Notice of the application for transfer was published on January 19, 2016, pursuant to OAR 690-380-4000. The following summarizes the comments that were filed in response to the notice:
 - a. On February 17, 2016, WaterWatch of Oregon commented that the changes the Bureau of Reclamation is seeking to Certificate 57612 are inconsistent with the Crooked River Collaborative Water Security and Jobs Act of 2014 (the 2014 Act); the transfer application proposes conditions that go far beyond what is contemplated by state transfer statutes; and the transfer application would put the Water Resources Department in the position of acting contrary to past agency practices in issuing transfer for storage rights.

This final order is subject to judicial review by the Court of Appeals under ORS 183.482. Any petition for judicial review must be filed within the 60-day time period specified by ORS 183.482(1). Pursuant to ORS 536.075 and OAR 137-003-0675, you may 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.

- b. On February 17, 2016, The Confederated Tribes of the Warm Springs Reservation of Oregon commented that the proposed transfer application may not be consistent with the 2014 Act.
 - c. On February 18, 2016, Trout Unlimited, the United States Department of Commerce, National Oceanic and Atmospheric Administration, and the United States Department of the Interior, Fish and Wildlife Service commented that the proposed transfer application is not consistent with the 2014 Act.
 - d. On February 18, 2016, the Oregon Department of Fish and Wildlife (ODFW) submitted comments that the proposed transfer application is not consistent with the 2014 Act. On April 11, 2016, ODFW submitted additional comments intended to clarify ODFW's initial comments.
3. The comments summarized in Findings of Fact No. 2(a)-(d) raise the issue that the transfer application is not consistent with the 2014 Act. The Department reviewed the proposed change in character of use in accordance with ORS 540.530(1)(a).
4. The comments summarized in Finding of Fact No. 2(a) above raise the issue that "the application proposes conditions that go far beyond what is contemplated by state transfer statutes." The application form itself prompts the applicant to describe what the applicant proposes to accomplish with the transfer application. The comments provided by an applicant in the application form are not viewed by the Department as conditions to be imposed upon the transfer.
5. The comments summarized in Finding of Fact No. 2(a) above raise the issue that "the transfer application would put the Water Resources Department in the position of acting contrary to past agency practice in issuing transfers for storage rights." The Department reviewed the proposed change in character of use in accordance with ORS 540.530(1)(a).
6. On May 5, 2016, the applicant amended the application to narrow the proposed change in character of use to 5100.0 acre feet (AF) of storage for downstream fish life and wildlife use and 78887.0 AF of storage for irrigation and downstream fish life and wildlife use.
7. On February 22, 2016, the Department sent a copy of the draft Preliminary Determination proposing to approve Transfer Application T-12239 to the applicant. The draft Preliminary Determination cover letter set forth a deadline of March 23, 2016, for the applicant to respond. On April 19, 2016, Adam Sussman, agent for the applicant requested additional time for the applicant to respond to the draft Preliminary Determination. The Department granted the additional time for the applicant to respond with a new deadline of May 6, 2016. On May 5, 2016, the applicant amended the transfer application and provided suggested revisions to the draft Preliminary Determination. The Department agreed with the revisions and incorporated them into the draft Preliminary Determination. On May 6, 2016, the applicant requested that the Department proceed with issuance of a Preliminary Determination.

8. On June 22, 2016, the Department issued a Preliminary Determination proposing to approve Transfer Application T-12239 and sent a copy to the applicant. Additionally, notice of the Preliminary Determination for the transfer application was published in the Department's weekly notice on June 28, 2016, and in the Bend Bulletin newspaper on June 25 and July 2, 2016, pursuant to ORS 540.520 and OAR 690-380-4020.
9. On July 28, 2016, a protest was received from WaterWatch of Oregon, 213 SW Ash St., Suite 208, Portland, OR 97204.
10. On July 28, 2016, a protest was received from Oregon Department of Fish and Wildlife, 4034 Fairview Industrial Drive SE, Salem, OR 97302.
11. On August 1, 2016, a standing statement and request for party status was received from David E. Filippi, attorney, Stoel Rives LLP, on behalf of North Unit Irrigation District, Ochoco Irrigation District, and the City of Prineville.
12. On June 8, 2016, the applicant requested five years to complete the transfer per OAR 690-380-5140(3).
13. The portion of the right to be transferred is as follows:

Certificate: 57612 in the name of U.S. BUREAU OF RECLAMATION (perfected under Permit R-2223)
Use: STORAGE FOR IRRIGATION
Priority Date: APRIL 8, 1914
Quantity: 83,987 ACRE-FEET (AF)
Source: CROOKED RIVER, tributary to the DESCHUTES RIVER

Authorized Place of Use:

Twp	Rng	Mer	Sec	Q-Q
16 S	16 E	WM	36	SE SE
16 S	17 E	WM	13	NE SE
16 S	17 E	WM	13	SW SE
16 S	17 E	WM	13	SE SE
16 S	17 E	WM	23	SW NE
16 S	17 E	WM	23	SE NE
16 S	17 E	WM	23	NE SE
16 S	17 E	WM	23	NW SE
16 S	17 E	WM	23	SW SE
16 S	17 E	WM	23	SE SE
16 S	17 E	WM	24	NE NE
16 S	17 E	WM	24	NW NE
16 S	17 E	WM	24	SW NE
16 S	17 E	WM	24	SE NW
16 S	17 E	WM	24	NE SW
16 S	17 E	WM	24	NW SW
16 S	17 E	WM	26	NE NE
16 S	17 E	WM	26	NW NE
16 S	17 E	WM	26	SW NE
16 S	17 E	WM	26	NE NW
16 S	17 E	WM	26	NW NW

Twp	Rng	Mer	Sec	Q-Q
16 S	17 E	WM	26	SW NW
16 S	17 E	WM	26	SE NW
16 S	17 E	WM	26	NE SW
16 S	17 E	WM	26	NW SW
16 S	17 E	WM	27	SE NE
16 S	17 E	WM	27	NW SW
16 S	17 E	WM	27	SW SW
16 S	17 E	WM	27	SE SW
16 S	17 E	WM	27	NE SE
16 S	17 E	WM	27	NW SE
16 S	17 E	WM	27	SW SE
16 S	17 E	WM	27	SE SE
16 S	17 E	WM	28	SW SE
16 S	17 E	WM	28	SE SE
16 S	17 E	WM	31	SW NE
16 S	17 E	WM	31	NE SW
16 S	17 E	WM	31	SW SW
16 S	17 E	WM	31	SE SW
16 S	17 E	WM	31	NW SE
16 S	17 E	WM	31	SW SE
16 S	17 E	WM	31	SE SE
16 S	17 E	WM	32	SW SE
16 S	17 E	WM	32	SE SE
16 S	17 E	WM	33	NE NE
16 S	17 E	WM	33	NW NE
16 S	17 E	WM	33	SW NE
16 S	17 E	WM	33	SE NE
16 S	17 E	WM	33	SW SW
16 S	17 E	WM	33	SE SW
16 S	17 E	WM	33	NE SE
16 S	17 E	WM	33	NW SE
16 S	17 E	WM	33	SW SE
16 S	17 E	WM	33	SE SE
16 S	17 E	WM	34	NE NE
16 S	17 E	WM	34	NW NE
16 S	17 E	WM	34	NE NW
16 S	17 E	WM	34	NW NW
16 S	17 E	WM	34	SW NW
16 S	17 E	WM	34	NW SW
16 S	18 E	WM	18	NW SW
16 S	18 E	WM	18	SW SW
17 S	16 E	WM	1	SE NE
17 S	16 E	WM	1	NE SE
17 S	16 E	WM	11	SW NE
17 S	16 E	WM	11	SE NE
17 S	16 E	WM	11	SW NW
17 S	16 E	WM	11	SE NW
17 S	16 E	WM	11	NE SW
17 S	16 E	WM	11	SE SW
17 S	16 E	WM	11	NE SE
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17 S	16 E	WM	11	SW SE

Twp	Rng	Mer	Sec	Q-Q
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17 S	16 E	WM	12	SW NW
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17 S	16 E	WM	12	NW SW
17 S	16 E	WM	12	SW SW
17 S	16 E	WM	12	SE SW
17 S	16 E	WM	12	NE SE
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17 S	17 E	WM	5	SW NE
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17 S	17 E	WM	5	NW NW
17 S	17 E	WM	5	SW NW
17 S	17 E	WM	5	SE NW
17 S	17 E	WM	5	NE SW
17 S	17 E	WM	5	NW SW
17 S	17 E	WM	5	SW SW

Twp	Rng	Mer	Sec	Q-Q
17 S	17 E	WM	5	NE SE
17 S	17 E	WM	5	NW SE
17 S	17 E	WM	6	NE NE
17 S	17 E	WM	6	NW NE
17 S	17 E	WM	6	SW NE
17 S	17 E	WM	6	SE NE
17 S	17 E	WM	6	NE NW
17 S	17 E	WM	6	NW NW
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17 S	17 E	WM	6	NW SW
17 S	17 E	WM	6	SE SW
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17 S	17 E	WM	7	NW SE
17 S	17 E	WM	8	NW NW
17 S	17 E	WM	8	SW NW
17 S	17 E	WM	9	NE NW
17 S	17 E	WM	9	SE NW
17 S	17 E	WM	18	NW NW
17 S	17 E	WM	19	SW NE
17 S	17 E	WM	19	NW SW
17 S	17 E	WM	19	SW SW

14. On December 7, 2016, by agreement of the Parties, the Districts and the City, Transfer Application T-12239 now proposes to change the character of use of:
- a) 5100 AF to storage for mitigation for City of Prineville groundwater pumping (downstream fish life and wildlife use).
 - b) 10,000 AF to storage for irrigation and downstream fish life and wildlife use, and
 - c) 68,887 AF to storage for downstream fish life and wildlife use.
15. The Parties, the Districts and the City signed a settlement agreement resolving the protests on January 11, 2017. The agreement is incorporated herein by reference in its entirety and attached hereto.

Transfer Review Criteria [OAR 690-380-4010(2)]

16. Water has been used within the last five years according to the terms and conditions of the right. There is no information in the record that would demonstrate that the right is subject to forfeiture under ORS 540.610.
17. A dam structure sufficient to store the full amount of water allowed under the existing right was present within the five-year period prior to submittal of Transfer Application T-12239.
18. The proposed change would not result in enlargement of the right.
19. The proposed change would not result in injury to other water rights.


Conclusions of Law

The change in character of use proposed in Transfer Application T-12239 is consistent with the requirements of ORS 540.505 to 540.580 and OAR 690-380-5000.

Now, therefore, it is ORDERED:

1. The change in character of use proposed in Transfer Application T-12239 is approved.
2. The right to the use of the water is restricted to beneficial use at the place of use described, and is subject to all other conditions and limitations contained in Certificate 57612 and any related decree.
3. Water Right Certificate 57612 is cancelled. Certificate 92200 is issued describing that portion of the right not affected by this transfer.
4. Full beneficial use of the water shall be made, consistent with the terms of this order, on or before **October 1, 2022**. A Claim of Beneficial Use prepared by a Certified Water Right Examiner shall be submitted by the applicant to the Department within one year after the deadline for completion of the changes and full beneficial use of the water.
5. After satisfactory proof of beneficial use is received, a new certificate confirming the right transferred will be issued.

Dated at Salem, Oregon this 25 day of January, 2017.



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

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

IN THE MATTER OF TRANSFER APPLICATION)	
T-12239, IN THE NAME OF U.S. BUREAU OF	)	SETTLEMENT AGREEMENT
RECLAMATION,)	
<i>Applicant</i>)	
)	
OREGON DEPARTMENT OF FISH AND WILDLIFE;)	
WATERWATCH OF OREGON, INC.,)	
<i>Protestants</i>)	

The Oregon Water Resources Department (“Department”), U.S. Bureau of Reclamation (“Bureau”), Oregon Department of Fish and Wildlife (“ODFW”), and WaterWatch of Oregon, Inc. (“WaterWatch”) (collectively, the “Parties”) do hereby stipulate and agree in this Settlement Agreement (“Agreement”) as follows:

A. Background

1. On January 14, 2016, the U.S. Bureau of Reclamation filed Transfer Application T-12239.
2. On June 22, 2016, the Department issued a Preliminary Determination recommending approval of Application T-12239.
3. On July 28, 2016, the Oregon Department of Fish and Wildlife and WaterWatch of Oregon each filed a timely protest.
4. On August 1, 2016, North Unit Irrigation District, Ochoco Irrigation District, and City of Prineville filed a Standing Statement and Request For Party Status.
5. The Parties agree that North Unit Irrigation District, Ochoco Irrigation District, and City of Prineville (collectively, the “Signatories”) should be signatories to this Agreement. The Districts and City agree to be bound by the Agreement, to the same extent as the Bureau, ODFW, WaterWatch, and the Department.
6. The Parties and Signatories agree that the protests are resolved solely on the terms set forth in this Agreement.

B. Consent

1. Each Party and Signatory to this Agreement certifies that it has read the entire Settlement Agreement, including the draft Final Order Incorporating Settlement Agreement, and understands and agrees with the contents thereof.

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2. Each Party and Signatory to this Agreement understands and agrees that this Agreement and all documents incorporated by reference set forth the entire agreement of the Parties with respect to the subject matter of this Agreement.
3. Each Party and Signatory to this Agreement understands and agrees that this Agreement and the Final Order Incorporating Settlement Agreement issued pursuant to this Agreement constitute the complete and final resolution of the protests.
4. Effective upon the signing of this Agreement by the Parties and Signatories, the Bureau, ODFW, WaterWatch, and Signatories waive any and all rights to petition for judicial review of this Agreement, and waive any and all rights to request reconsideration, petition for judicial review, or appeal the Final Order Incorporating Settlement Agreement issued by the Department.

C. Terms of the Agreement

1. Each Party and Signatory understands and agrees that the final order on T-12239 changes the character of use of certain quantities of water authorized to be stored in Prineville Reservoir and identifies the purpose for which the water is to be stored.
2. Each Party and Signatory understands and agrees that the Bureau will be the holder of the certificate issued confirming T-12239 and that the Bureau is also the reservoir owner.
3. Each Party and Signatory understands and agrees that the Bureau will manage the reservoir and the identified storage purposes consistent with the Crooked River Collaborative Water Security and Jobs Act of 2014 ("2014 Act").
4. Each Party and Signatory understands and agrees that the Water Resources Department will regulate for the total quantity stored.
5. Each Party and Signatory understands and agrees that some or all of the 68,887 acre feet (AF) of stored water stored for downstream fish life and wildlife use in one year could be considered stored for irrigation in a subsequent year in accordance with Section 4 of the 2014 Act, as it amends the Act of August 6, 1956 ("1956 Act") by adding Sections 6(b) and Section 7(c) to the 1956 Act. Each Party and Signatory agrees that Oregon law allows this.
6. Each Party and Signatory understands and agrees that 10,000 AF of stored water stored for irrigation and downstream fish life and wildlife use could be released for downstream fish life and wildlife use consistent with Section 4 of the 2014 Act, as it amends the 1956 Act by adding Section 6(a)(3), and Section 6(c) of the 2014 Act. Each Party and Signatory agrees that Oregon law allows this.

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7. Once each Party and Signatory has signed this Agreement, the Department will issue a Final Order Incorporating Settlement Agreement consistent with the attached draft Final Order Incorporating Settlement Agreement.
8. Each Party and Signatory to this Agreement represents, warrants, and agrees that the person who executes this Agreement on its behalf has the full right and authority to enter into this Agreement on behalf of that Party or Signatory and bind that Party or Signatory to the terms of this Agreement.
9. Each Party and Signatory to this Agreement certifies that it has had a reasonable opportunity to review and request changes to the Agreement, and that it has signed this Agreement of its own free will and accord.
10. The Parties and Signatories agree that nothing in this Agreement or the Final Order Incorporating Settlement Agreement establishes factual, legal, or policy precedent.
11. This Agreement may be signed in counterparts.

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

 Date

 U.S. Bureau of Reclamation

 Date


 Oregon Department of Fish and Wildlife

 Date

 WaterWatch of Oregon, Inc.

 Date

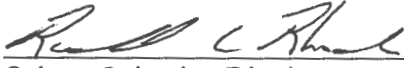
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North Unit Irrigation District

1/3/2017

Date



Ochoco Irrigation District

12/19/2016

Date



City of Prineville

12/20/16

Date

RECEIVED BY OWRD

JAN 06 2017

SALEM, OR

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

IN THE MATTER OF TRANSFER APPLICATION)	
T-12239, IN THE NAME OF U.S. BUREAU OF	)	SETTLEMENT AGREEMENT
RECLAMATION,)	
<i>Applicant</i>)	
)	
OREGON DEPARTMENT OF FISH AND WILDLIFE;)	
WATERWATCH OF OREGON, INC.,)	
<i>Protestants</i>)	

The Oregon Water Resources Department (“Department”), U.S. Bureau of Reclamation (“Bureau”), Oregon Department of Fish and Wildlife (“ODFW”), and WaterWatch of Oregon, Inc. (“WaterWatch”) (collectively, the “Parties”) do hereby stipulate and agree in this Settlement Agreement (“Agreement”) as follows:

A. Background

1. On January 14, 2016, the U.S. Bureau of Reclamation filed Transfer Application T-12239.
2. On June 22, 2016, the Department issued a Preliminary Determination recommending approval of Application T-12239.
3. On July 28, 2016, the Oregon Department of Fish and Wildlife and WaterWatch of Oregon each filed a timely protest.
4. On August 1, 2016, North Unit Irrigation District, Ochoco Irrigation District, and City of Prineville filed a Standing Statement and Request For Party Status.
5. The Parties agree that North Unit Irrigation District, Ochoco Irrigation District, and City of Prineville (collectively, the “Signatories”) should be signatories to this Agreement. The Districts and City agree to be bound by the Agreement, to the same extent as the Bureau, ODFW, WaterWatch, and the Department.
6. The Parties and Signatories agree that the protests are resolved solely on the terms set forth in this Agreement.

B. Consent

1. Each Party and Signatory to this Agreement certifies that it has read the entire Settlement Agreement, including the draft Final Order Incorporating Settlement Agreement, and understands and agrees with the contents thereof.

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2. Each Party and Signatory understands and agrees that the Bureau will be the holder of the certificate issued confirming T-12239 and that the Bureau is also the reservoir owner.
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4. Each Party and Signatory understands and agrees that the Water Resources Department will regulate for the total quantity stored.
5. Each Party and Signatory understands and agrees that some or all of the 68,887 acre feet (AF) of stored water stored for downstream fish life and wildlife use in one year could be considered stored for irrigation in a subsequent year in accordance with Section 4 of the 2014 Act, as it amends the Act of August 6, 1956 ("1956 Act") by adding Sections 6(b) and Section 7(c) to the 1956 Act. Each Party and Signatory agrees that Oregon law allows this.
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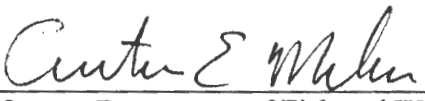
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Dwight French, Administrator,
Water Right Services Division
for Thomas M. Byler, Director

Date

U.S. Bureau of Reclamation

Date



Oregon Department of Fish and Wildlife

12/19/2016
Date

WaterWatch of Oregon, Inc.

Date

North Unit Irrigation District

Date

Ochoco Irrigation District

Date

City of Prineville

Date

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WATERWATCH OF OREGON, INC.,)
 Protestants)

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SALEM, OR

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6. Each Party and Signatory understands and agrees that 10,000 AF of stored water stored for irrigation and downstream fish life and wildlife use could be released for downstream fish life and wildlife use consistent with Section 4 of the 2014 Act, as it amends the 1956 Act by adding Section 6(a)(3), and Section 6(c) of the 2014 Act. Each Party and Signatory agrees that Oregon law allows this.

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7. Once each Party and Signatory has signed this Agreement, the Department will issue a Final Order Incorporating Settlement Agreement consistent with the attached draft Final Order Incorporating Settlement Agreement.
8. Each Party and Signatory to this Agreement represents, warrants, and agrees that the person who executes this Agreement on its behalf has the full right and authority to enter into this Agreement on behalf of that Party or Signatory and bind that Party or Signatory to the terms of this Agreement.
9. Each Party and Signatory to this Agreement certifies that it has had a reasonable opportunity to review and request changes to the Agreement, and that it has signed this Agreement of its own free will and accord.
10. The Parties and Signatories agree that nothing in this Agreement or the Final Order Incorporating Settlement Agreement establishes factual, legal, or policy precedent.
11. This Agreement may be signed in counterparts.

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

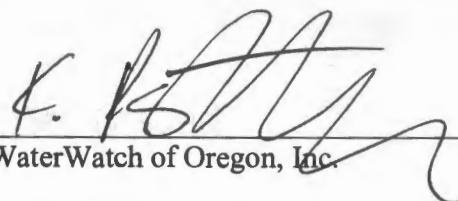
Date

U.S. Bureau of Reclamation

Date

Oregon Department of Fish and Wildlife

Date



WaterWatch of Oregon, Inc.

12-19-16

Date

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North Unit Irrigation District

Date

Ochoco Irrigation District

Date

City of Prineville

Date

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United States Department of the Interior

BUREAU OF RECLAMATION
Pacific Northwest Region
Columbia-Cascades Area Office
1917 Marsh Road
Yakima, WA 98901-2058

IN REPLY REFER TO:

CCA-1002
ADM-13.00

DEC 22 2016

Oregon Water Resources Department
ATTN: Ms. Patricia E. McCarty
725 Summer Street NE, Suite A
Salem, OR 97301-1271

Subject: Settlement Agreement for Transfer Application

Dear Ms. McCarty:

Enclosed is the signed hard-copy of the Settlement Agreement for Transfer Application T-12239. The Bureau of Reclamation's legal counsel had concerns with the generally broad nature of paragraph B.4. In order to clarify Reclamation's interpretation of this paragraph, we are providing the following disclaimer, which we believe is consistent with the intent of paragraph B.4. but provides clarification of Reclamation's interests. We ask that this letter be included with the Settlement Agreement when it is filed.

Reclamation Disclaimer

The United States as represented by the Bureau of Reclamation, interprets paragraph B.4. to bind Reclamation to this settlement agreement involving both transfer application T-12239, executed by Reclamation on December 21, 2016, and the corresponding final order T-12239, entered on December 2016 implementing in part, Public Law 113-244, the Crooked River Collaborative Water Security and Jobs Act of 2014, as a full and final settlement without a right of appeal. Reclamation does not waive its right to protect any other legal interest or right that arises from associated water rights, which arises under federal law, or which is not specifically precluded by this agreement.

Thank you for the Department's assistance in helping us resolve the appeals to this transfer application and for coordinating and facilitating the settlement discussions. If you have any further questions regarding this matter, please feel free to contact Ms. Carolyn Chad, Deputy Area Manager, at 509-575-5848, extension 255.

Sincerely,



Acting for

Dawn A. Wiedmeier
Columbia-Cascades Area Manager

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Enclosure

cc: See next page.

cc: Ms. Kathleen Carr
Office of the Field Solicitor
550 W. Fort Street MSC 020
Boise, ID 83724
(w/copy of enclosure)

Mr. Tom Paul
Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301-1271
(w/copy of enclosure)

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SALEM, OR

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

IN THE MATTER OF TRANSFER APPLICATION)	
T-12239, IN THE NAME OF U.S. BUREAU OF	)	SETTLEMENT AGREEMENT
RECLAMATION,)	
<i>Applicant</i>)	
)	
OREGON DEPARTMENT OF FISH AND WILDLIFE;	)	RECEIVED BY OWRD
WATERWATCH OF OREGON, INC.,)	
<i>Protestants</i>	)	DEC 27 2016
)	
		SALEM, OR

The Oregon Water Resources Department (“Department”), U.S. Bureau of Reclamation (“Bureau”), Oregon Department of Fish and Wildlife (“ODFW”), and WaterWatch of Oregon, Inc. (“WaterWatch”) (collectively, the “Parties”) do hereby stipulate and agree in this Settlement Agreement (“Agreement”) as follows:

A. Background

1. On January 14, 2016, the U.S. Bureau of Reclamation filed Transfer Application T-12239.
2. On June 22, 2016, the Department issued a Preliminary Determination recommending approval of Application T-12239.
3. On July 28, 2016, the Oregon Department of Fish and Wildlife and WaterWatch of Oregon each filed a timely protest.
4. On August 1, 2016, North Unit Irrigation District, Ochoco Irrigation District, and City of Prineville filed a Standing Statement and Request For Party Status.
5. The Parties agree that North Unit Irrigation District, Ochoco Irrigation District, and City of Prineville (collectively, the “Signatories”) should be signatories to this Agreement. The Districts and City agree to be bound by the Agreement, to the same extent as the Bureau, ODFW, WaterWatch, and the Department.
6. The Parties and Signatories agree that the protests are resolved solely on the terms set forth in this Agreement.

B. Consent

1. Each Party and Signatory to this Agreement certifies that it has read the entire Settlement Agreement, including the draft Final Order Incorporating Settlement Agreement, and understands and agrees with the contents thereof.

2. Each Party and Signatory to this Agreement understands and agrees that this Agreement and all documents incorporated by reference set forth the entire agreement of the Parties with respect to the subject matter of this Agreement.
3. Each Party and Signatory to this Agreement understands and agrees that this Agreement and the Final Order Incorporating Settlement Agreement issued pursuant to this Agreement constitute the complete and final resolution of the protests.
4. Effective upon the signing of this Agreement by the Parties and Signatories, the Bureau, ODFW, WaterWatch, and Signatories waive any and all rights to petition for judicial review of this Agreement, and waive any and all rights to request reconsideration, petition for judicial review, or appeal the Final Order Incorporating Settlement Agreement issued by the Department.

C. Terms of the Agreement

1. Each Party and Signatory understands and agrees that the final order on T-12239 changes the character of use of certain quantities of water authorized to be stored in Prineville Reservoir and identifies the purpose for which the water is to be stored.
2. Each Party and Signatory understands and agrees that the Bureau will be the holder of the certificate issued confirming T-12239 and that the Bureau is also the reservoir owner.
3. Each Party and Signatory understands and agrees that the Bureau will manage the reservoir and the identified storage purposes consistent with the Crooked River Collaborative Water Security and Jobs Act of 2014 ("2014 Act").
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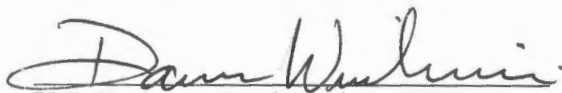
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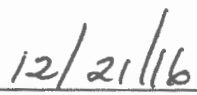
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11. This Agreement may be signed in counterparts.

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

Date


U.S. Bureau of Reclamation



Date

Oregon Department of Fish and Wildlife

Date

WaterWatch of Oregon, Inc.

Date

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North Unit Irrigation District

Date

Ochoco Irrigation District

Date

City of Prineville

Date

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DEC 27 2016

SALEM, OR

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

IN THE MATTER OF TRANSFER APPLICATION)	
T-12239, IN THE NAME OF U.S. BUREAU OF	)	SETTLEMENT AGREEMENT
RECLAMATION,)	
<i>Applicant</i>)	
)	
OREGON DEPARTMENT OF FISH AND WILDLIFE;)	
WATERWATCH OF OREGON, INC.,)	
<i>Protestants</i>)	

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

1-11-17

 Date

 U.S. Bureau of Reclamation

 Date

 Oregon Department of Fish and Wildlife

 Date

 WaterWatch of Oregon, Inc.

 Date

North Unit Irrigation District

Date

Ochoco Irrigation District

Date

City of Prineville

Date