



State of Oregon
Water Resources Department
 725 Summer Street NE, Suite A
 Salem, Oregon 97301-1266
 (503) 986-0900

Application for Instream Lease

A summary of review criteria and procedures that are generally applicable to these applications is available at www.wrd.state.or.us/OWRD/PUBS/forms.shtml.

Pursuant to ORS 537.348(2) and OAR 690-077

Optional Identification by Lessor/Lessee: _____
 Lease Application Number (assigned by WRD): IL-1323

The water right to be leased is located in Deschutes County.

This Lease is between:

Lessor #1:

Name City of Sisters
 Mailing address P.O. Box 39
 City, State, Zip Code Sisters, OR 97759
 Telephone number 541-549-6022
 E-mail address** pbertagna@ci.sisters.or.us

Lessor #2, 3, etc. (provide same information as identified above)

Three Sisters Irrigation District
P.O. Box 2230
Sisters, OR 97759
541-549-8815 office@tsidweb.org

Lessee (if different than Oregon Water Resources Department):

Name Deschutes River Conservancy
 Mailing address 700 NW Hill Street
 City, State, Zip Code Bend, OR 97701
 Telephone number 541-382-4077
 E-mail address** gen@deschutesriver.org

****BY PROVIDING AN E-MAIL ADDRESS, CONSENT IS GIVEN TO RECEIVE ALL CORRESPONDENCE FROM THE DEPARTMENT ELECTRONICALLY. COPIES OF THE FINAL ORDER DOCUMENTS WILL ALSO BE MAILED.**

Trustee:

Oregon Water Resources Department
 725 Summer Street NE, Suite A
 Salem, OR 97301-1266
 (503) 986-0900

~I~ Water Right Holder and Water Right Information

1.1 Lessor #1 is the water right holder, or authorized agent for water right holder of the property located at: Township 15 S, Range 10 E, Section 15 and Tax Lot number 200. If the water right appurtenant to these lands is also

appurtenant to lands owned by others who are not included in this application, then Attachment 1 (tax lot map), needs to be included.

1.2 Lessor #2 is the (Check one):

- Not applicable
 Official representative of Three Sisters Irrigation District, the irrigation district which conveys water to the subject water rights.
 Another party with an interest in the subject water rights representing _____.

1.3 For the water right(s) being leased, list all water rights appurtenant to the same lands. Indicate if there are any supplemental or overlying rights.

Certificate No(s). 86828, 86826 and 85392 primary (87345 supplemental GW)

1.4 Are some or all of the lands being leased part of a Conservation Reserve Enhancement Program. Yes No or other Federal program: _____

1.5 Water Rights Proposed to be Leased Instream.

The first right to be leased identified in Section 1.3 is further described as follows:
 Certificate No.: 86828 (supplemental GW 87345) - remaining right of a confirming right 85390 signed in 2009. Involved in POD transfer T-11318 and CW-71 - still in state process

(If you need to enter another leased right, please use the additional water right form.)

Legal Season of Use: N/A

Is the entire water right certificate being leased? Yes No

If no, list below the acres of the subject water right by legal description of township, range, section, and 1/4 1/4 which will be dried up as part of this lease, and include a map (Attachment 2) showing the lands which will not receive water.

T	R	Sect	1/4	1/4	Tax Lot	Acres	Type of Use	*Page #	*Priority Date	*Previous Lease #
*(Identify pertinent page numbers of certificate, if certificate is greater than 10 pages; identify priority date, if there is more than one on the certificate. If any portion of the right proposed to be leased was leased previously, the previous lease number may be identified. Identification of a previous lease is optional.)										
1.	15	10	15	nene	200	10.8	IRR		1880	IL-
2.										IL-
3.										IL-
4.										IL-
5.										IL-

[Attached maps must identify the water right holder, township, range, section, 1/4 1/4, tax lot number, map orientation, and scale.]

Total number of acres being leased, if for irrigation (or other acre equivalent uses): 10.8 acres IRR C-86828.

Acre-feet of storage, if applicable: _____

Maximum rate associated with the right to be leased (cfs): .0317/ac = 0.342 cfs

(Use additional lines if there is more than one rate associated with the water right.)

Maximum duty associated with the right to be leased (ac-ft): N/A

(Use additional lines if there is more than one duty associated with the water right.)

Conditions or other limitations, if any: Three Sisters Irrigation District assessments are charged at a base rate of 2 AF per acre, regardless of use. Additional acre-feet are charged an additional amount as used. This particular water right has been used for flood irrigation at a

much higher duty per acre, but for the purposes of this, the water will be leased for about 3 AF per acre.

1.6 Validity of rights to be leased as described in Section 1.5 of this form and on any Additional Water Right Form. Lessor(s) attests (mark one) that:

- the water has been used over the past five years according to the terms and conditions of the water right certificate or as an instream water right or
- the water has not been used over the past five years according to the terms and conditions of the water right certificate, however the water right is not subject to forfeiture under ORS 540.610(2)(____)(include necessary supporting documentation as Attachment 3).

~II~ Instream Water Right Information

2.1 Public use. This lease will increase streamflows that will benefit:

- Conservation, maintenance and enhancement of aquatic and fish life, wildlife, and fish and wildlife habitat
- Pollution abatement
- Recreation and scenic attraction

2.2 Instream use created by lease of the water right described in Section 1.5.

The instream use to be created is described as follows:

In the Whychus Creek
Tributary to Deschutes River in the Deschutes Basin.

Instream volume in acre-feet (may be up to the same as the duty identified in Sec 1.5): 32.59
Instream rate in cfs (may be up to the same as the rate identified in Sec 1.5): 0.342 cfs

(If not certain of the instream rate or volume, please contact the Department for more information on how to fill out this section of the application).

- Instream use protected at the point of diversion (POD).
- Or within a proposed reach.

Describe the proposed reach (an instream reach generally begins at the POD and generally ends at the mouth of the source creek/river). If possible list the reach by river mile): from T 15 S, R 10 E, WM; Section 21 SWSW Uncle John Ditch - 140 feet North and 1190 feet East from the SW corner of Section 21 to the mouth Whychus and to Lake Billy Chinook

- Please check this box if you are not sure of the proposed reach and want water to be protected within a reach below the POD, if possible.

(If no reach is identified or the above box is not checked, and there is only one POD listed on the certificate, the lease may be processed to be protected at the POD.)

If the POD is not described on the Certificate or if there is more than one POD listed on the certificate, then the specific POD must be described: _____

Conditions to prevent injury, if any (use this section to indicate a more restrictive period of use than allowed by the water right):

- None
- The instream flow will be allocated on a daily average basis up to the described rate from August 15 through October 1.
- Other (describe): _____

(Note: The Department may identify additional conditions to prevent injury and/or enlargement.)

If you need to enter more instream uses, please use the additional water rights form.

2.3 Term of lease. This lease shall terminate on November 1, 2013.

2.4 Flow protection. The Trustee will regulate use of water from the source, subject to prior appropriation and the agency enforcement guidance, to assure the water is delivered to the point of diversion, and through the reach past junior downstream users, so long as flow is sufficient to meet the demand under priority date of the new instream use (see Section 2.2). As part of regulation activities the watermaster or a designee has access to the point of diversion and place of use for the water rights involved in this lease. No party is required to continuously measure the flow of the waterway described in Section 2.2.

~III~ Other Information

- 3.1 Accuracy.** The Undersigned Lessor(s) and Lessee(s) declare that, to the best of their knowledge and belief, the information contained in this application is true, correct and complete. If after the lease order is signed, any information is determined to be false, the lease order may be modified or terminated. The lease only exercises the water rights being leased, for the term of the lease. It shall not be construed to overcome any claim that the water right may otherwise be subject to forfeiture for nonuse pursuant to ORS 540.610 during the period of time prior to the execution of the lease.
- 3.2 Lease.** Lessor(s) and Lessee(s) agree to lease the water rights listed in Section(s) 1.5 for instream use for the term of this lease through Lessee to the Trustee, the Oregon Water Resources Department, pursuant to the provisions of ORS 537.348(2) and OAR 690-077.
- 3.3 Precedent.** 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 a new injury review shall be required, and a prior lease shall not set a precedent for the amount of water to be leased or transferred instream.
- 3.4 Suspension of original use.** During the period of the lease, the water right holder agrees to suspend use of water allowed under the subject water rights and under any water right that is supplemental to the subject water rights.
- 3.5 Termination provision.**
- For multiyear leases, the Lessor(s) shall have the option of terminating the lease each year with written notice to the Department. The lease may be terminated at any time during the calendar year. However, if the termination request is received less than 30-days prior to the period of allowed instream use or after the period of allowed use has begun for the water right(s) being leased, water may not be used under the right(s) leased until the following calendar year, unless the Director determines that enlargement would not occur. The Department may also require:
 - Written notice to the Department;
 - Consent by all parties to the lease; and/or
 - Written notice to the Watermaster's office.
 - For multiyear leases, the lessor shall not have the option of terminating the lease, without consent by all parties to the lease.

3.6 Modification to prevent injury. Allocation of water to the instream use described in Section 2.2 during the term of this lease is not reasonably expected to cause injury to other rights to use water from the same source. If injury is found after this lease is signed, the lease may be modified or terminated to prevent injury.

3.7 Fees. Pursuant to ORS 536.050, the following fee is included:

- \$400 for an application with four or more landowners or four or more water rights.
- \$250 for all other applications.

Lessor #1: *Judith Gray* Date: 6.21.13
City of Sisters

For additional Lessors, type in space for signature and date
Lessor #2: *Marjorie [unclear]* Date: 6/11/2013
Three Sisters Irrigation Dist

Lessee: *Genevieve Hubert* Date: 6/21/2013
Deschutes River Conservancy

Other Attachments as Needed:

- Attachment 1: Tax Lot Map. (See instructions.)
- Attachment 2: Detailed map illustrating lands under subject rights to be leased; required if only part of a right is being leased instream. (See instructions.)
- Attachment 3: Supporting documentation indicating why a right is valid and not subject to forfeiture even though the right has not been exercised for five or more consecutive years (required if the second box in Section 1.6 is checked).
- Attachment 4: Split Season Instream Use Form



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Additional Water Right Form Standard Application for Instream Lease

A summary of review criteria and procedures that are generally applicable to these applications is available at www.wrd.state.or.us/OWRD/PUBS/forms.shtml.

~I~ Water Right Holder and Water Right Information

Section 1.5 continued from Standard Application for Instream Lease.

Subject Water Rights. Lessor proposes to lease the water rights listed in 1.3.

The next right to be leased is further described as follows:

Certificate No.: 86826 - remaining right of confirming right 85385 signed 2009 - also involved in POD transfer T-11318 and CW-71 which are still in process with the state

(If you need to enter another leased right, please use another additional water rights form.)

Priority date: 1881 Type of use: IRR

Legal Season of Use (if not listed on the certificate): N/A

Is the entire water right certificate being leased? Yes No

If no, list below the acres to be leased by legal description of township, range, section, and ¼ ¼, which will be dried up as part of this lease. Include a map (Attachment 3) showing the lands that will not receive water.

T	R	Seet	¼ ¼	Tax Lot	Acres	Type of Use	Page #	Priority Date	Previous Lease #
*(Identify pertinent page numbers of certificate, if certificate is greater than 10 pages; identify priority date, if there is more than one on the certificate. If any portion of the right proposed to be leased was leased previously, the previous lease number may be identified. Identification of a previous lease is optional.)									
1.	15	10	15	nene	200	6.6	IRR	1881	IL-
2.	15	10	15	nwne	200	28.9	IRR	1881	IL-
3.									IL-
4.									IL-
5.									IL-
6.									IL-
7.									IL-
8.									IL-
9.									IL-
10.									IL-

[Attached maps must identify the water right holder, township, range, section, ¼ ¼, tax lot number, map orientation, and scale.]

Number of acres, if for irrigation (or other acre equivalent use): 35.5 acres

Acre-feet of storage, if applicable: n/a

Maximum Rate associated with leased rights (cfs): 0.71 cfs (0.02 cfs/ac)

(Use additional lines if there is more than one rate associated with the water right.)

Maximum Duty associated with leased rights (AF): n/a

(Use additional lines if there is more than one duty associated with the water right.)

Conditions or other limitations, if any: Three Sisters Irrigation District assessments are charged at a base rate of 2 AF per acre, regardless of use. Additional acre-feet are charged an additional

amount as used. This particular water right has been used for flood irrigation at a much higher duty per acre, but for the purposes of this lease, the water will be leased for about 3 AF per acre.

~II~ Instream Water Right Information

Section 2.2 continued from Standard Application for Short-Term Instream Lease.

Instream use created by lease of the water right described in Section 1.5.

The instream use to be created is described as follows:

In the Whychus Creek

Tributary to Deschutes River in the Deschutes Basin.

Maximum instream volume in acre-feet (may be same as duty identified in Sec 1.5): 105.62 AF

Maximum instream rate in cfs (may be same as rate identified in Sec 1.5): 0.71 cfs

(If not certain of the instream rate or volume, please contact the Department for more information on how to fill out this section of the application).

Instream use at the point of diversion (POD).

Or within a proposed reach.

Describe the proposed reach (an instream reach generally begins at the POD. If possible, list the reach by river mile): T 15 S, R 10 E, WM; Sect 21 ssws - Uncle John Ditch - 140 feet North and 1190 feet East from the SW corner of Section 21 to Lake Billy Chinook

Please check this box if you are not sure of the proposed reach and want water to be protected within a reach below the POD, if possible.

(If no reach is identified, and there is only one POD listed on the certificate, the lease may be processed to be protected at the POD.)

If the POD is not described on the Certificate or if there is more than one POD listed on the certificate, then the specific POD must be described: _____

Conditions to prevent injury, if any (use this section to indicate a more restrictive period of use than allowed by the water right):

None

The instream flow will be allocated on a daily average basis up to the described rate from July 19 through October 1.

Other (describe): _____

(Note: The Department may identify additional conditions to prevent injury and/or enlargement.)



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Additional Water Right Form Standard Application for Instream Lease

A summary of review criteria and procedures that are generally applicable to these applications is available at www.wrd.state.or.us/OWRD/PUBS/forms.shtml.

~I~ Water Right Holder and Water Right Information

Section 1.5 continued from Standard Application for Instream Lease.

Subject Water Rights. Lessor proposes to lease the water rights listed in 1.3.

The next right to be leased is further described as follows:

Certificate No.: 85392 - confirming right signed 2009 - also involed in POD transfer T-11318 and CW-71 which are still in process with the state

(If you need to enter another leased right, please use another additional water rights form.)

Priority date: 1886 Type of use: IRR

Legal Season of Use (if not listed on the certificate): N/A

Is the entire water right certificate being leased? Yes No

If no, list below the acres to be leased by legal description of township, range, section, and ¼ ¼, which will be dried up as part of this lease. Include a map (Attachment 3) showing the lands that will not receive water.

T	R	Sect	¼ ¼	Tax Lot	Acres	Type of Use	Page #	Priority Date	Previous Lease #
*(Identify pertinent page numbers of certificate, if certificate is greater than 10 pages; identify priority date, if there is more than one on the certificate. If any portion of the right proposed to be leased was leased previously, the previous lease number may be identified. Identification of a previous lease is optional.)									
1.	15	10	15	nwne	200	7.0	IRR	1886	IL-
2.									IL-
3.									IL-
4.									IL-
5.									IL-
6.									IL-
7.									IL-
8.									IL-
9.									IL-
10.									IL-

[Attached maps must identify the water right holder, township, range, section, ¼ ¼, tax lot number, map orientation, and scale.]

Number of acres, if for irrigation (or other acre equivalent use): 7.0 acres

Acre-feet of storage, if applicable: n/a

Maximum Rate associated with leased rights (cfs): 0.14 cfs (0.02 cfs/ac)

(Use additional lines if there is more than one rate associated with the water right.)

Maximum Duty associated with leased rights (AF): n/a

(Use additional lines if there is more than one duty associated with the water right.)

Conditions or other limitations, if any: Three Sisters Irrigation District assessments are charged at a base rate of 2 AF per acre, regardless of use. Additional acre-feet are charged an additional

amount as used. This particular water right has been used for flood irrigation at a much higher duty per acre, but for the purposes of this lease, the water will be leased for about 3 AF per acre.

~II~ Instream Water Right Information

Section 2.2 continued from Standard Application for Short-Term Instream Lease.

Instream use created by lease of the water right described in Section 1.5.

The instream use to be created is described as follows:

In the Whychus Creek

Tributary to Deschutes River in the Deschutes Basin.

Maximum instream volume in acre-feet (may be same as duty identified in Sec 1.5): 20.83

Maximum instream rate in cfs (may be same as rate identified in Sec 1.5): 0.14 cfs

(If not certain of the instream rate or volume, please contact the Department for more information on how to fill out this section of the application).

Instream use at the point of diversion (POD).

Or within a proposed reach.

Describe the proposed reach (an instream reach generally begins at the POD. If possible, list the reach by river mile): T 15 S, R 10 E, WM; Sect 21 ssw - Uncle John Ditch - 140 feet North and 1190 feet East from the SW corner of Section 21 to Lake Billy Chinook

Please check this box if you are not sure of the proposed reach and want water to be protected within a reach below the POD, if possible.

(If no reach is identified, and there is only one POD listed on the certificate, the lease may be processed to be protected at the POD.)

If the POD is not described on the Certificate or if there is more than one POD listed on the certificate, then the specific POD must be described: _____

Conditions to prevent injury, if any (use this section to indicate a more restrictive period of use than allowed by the water right):

None

The instream flow will be allocated on a daily average basis up to the described rate from July 19 through October 1.

Other (describe): _____

(Note: The Department may identify additional conditions to prevent injury and/or enlargement.)

TSID - City of Sisters restoration

Priority	Certificate	Cert. Pg	sect 1.5/2.2					sect 1.5/2.2 previous		lease #
			acres*	cfs/ac	rate*	conv fact	*	no. days	duty AF	
1880	86828	0	10.8	0.03	0.34236	1.983471	0.679061	48.00	32.59	0 Not Mitigation
1881	86826	0	35.5	0.02	0.71	1.983471	1.408264	75.00	105.62	0 Not Mitigation
1886	85392	0	7	0.02	0.140	1.983471	0.277686	75.00	20.83	0 Not Mitigation
			0	0.02	0	1.983471	0		0.00	
Subtotal			53.3		1.19236				159.04	
Totals			53.3		1.192				159.04	

2.98 AF/Ac

start	end	days instream	
8/15/2013	10/1/2013	48.00 Season 1-2	1880 / C86828 at 0.03 cfs/ac
7/19/2013	10/1/2013	75.00 Season 1-2	1881 & 1886 / at 0.02 cfs/ac

Township 15 South, Range 10 East (W.M.)



FIGURE X
Lazy Z Water Rights
 City of Sisters

LEGEND

- Area of Interest
- Water Right Certificates:
 - 82875 (GW)
 - 83355 (1880)
 - 85254 (GW)
 - 85389 (1880)
 - 85391 (1880)
 - 85392 (1880)
 - 85417 (GW)
 - 86824 (1880)
 - 86825 (1881)
 - 86826 (1880)
 - 87345 (GW)
- All Other Features:
 - City of Sisters UGB
 - Tax Lots
 - Uncle John Ditch
 - Existing Pipeline

INSTREAM LEASE

→ 7.0 AC
 → 35.5 AC
 → 10.8 AC
53.3 AC TOTAL

85392 = 1st Tier
 86826 = 2nd Tier
 87345 = 3rd Tier



MAP NOTES:
 Date: January 24, 2013
 Data Source: Theodora Co GIS, Des Moines, River Conservancy, OGIC. Aerial Photo taken on 03/20/11 by the USGS.



INCLUSION AGREEMENT

THIS INCLUSION AGREEMENT (the "Agreement") is made and entered into this first day of October, 2001, by and between Lazy Z Partners, LLC, 1628 N.W. Everett Street, Portland, Oregon, 97209-2109, (the "Lazy Z"), and Squaw Creek Irrigation District, 68000 Highway 20, Sisters, Oregon, 97759 (the "Irrigation District").

WITNESSETH:

WHEREAS, Irrigation District and Lazy Z are cooperating in the preparation and submission of a petition to include within the service area of the Irrigation District all land owned by Lazy Z south and west of Highway 20, an area of 442 acres irrigated from Squaw Creek; therefore

IT IS HEREBY AGREED:

1. LANDS TO BE INCLUDED WITHIN THE IRRIGATION DISTRICT

Upon approval of the petition, the Irrigation District boundaries shall be expanded by 442 acres, as shown on Exhibit "A" attached hereto.

2. LANDS TO BE SUBSEQUENTLY EXCLUDED FROM THE IRRIGATION DISTRICT

After the approval of the inclusion petition by the Oregon Water Resources Department, the parties shall cooperate in filing a 580-transfer petition for the movement of the newly included 442 irrigated acres. After the Oregon Water Resources Department's certification of the Lazy Z acres under the 580 petition both parties shall cooperate in filing for the exclusion of 201.2 acres of water right from the Irrigation District. The future exclusion boundary is shown on Exhibit "A" attached hereto. The parcel is located on the SW side of Hwy 20.

3. GRANT OF RIGHT-OF-WAY

(a) Lazy Z grants to Irrigation District a non exclusive maintenance easement on the ditch known as the Uncle John Ditch from Squaw Creek (identified as the Reed Ditch on the 1909 Squaw Creek Adjudication Map) with the point of diversion in the SW 1/4 SW 1/4 of Section 21, T.15S., R.10E. W.M. and running in a Northeasterly direction to the Southwest corner of the Lazy Z Ranch located near the Southwest corner of Section 10, Township 15 South, Range 10 East, W.M. ALSO: The centerline description of a 20' non exclusive easement for an existing delivery ditch from the Uncle John Ditch located: beginning at a point which is 85' east

of the southwest corner of Section 10, Township 15 South, Range 10 East, W.M. on the south line of said section ; thence North approximately 65'; thence N 36 degrees W – approximately 45'; thence N 61. degrees W – approximately 71' to a point which is 10' East of the west line of Section 10; thence North on a line 10' east of the West line of Section 10 to a point 10' East of the West 1/4 corner of said Section.

(b) Lazy Z grants to Irrigation District an irrevocable and perpetual easement to come onto the property to the Lazy Z, in a reasonable manner, at all reasonable times, for the purpose of inspecting, operating, repairing, and maintaining the irrigation water transmission system located in the areas described in paragraph 1(a) herein above.

4. LOCATON OF IRRIGATION WATER MEASURING DEVICES

The map attached thereto as Exhibit "A" and hereinafter incorporated by this reference, was prepared by Bruce Estes, irrigation water consultant for Lazy Z. This exhibit includes notations that correctly represent the proposed location of irrigation water measuring devices that will be installed in cooperation with Irrigation District, at Lazy Z's sole cost and expense prior to February 15, 2002. The Irrigation District shall have sole descision on where these measuring devices will be located.

5. MAINTENANCE OF THE UNCLE JOHN DITCH FROM THE DIVERSION TO THE LAST D-BOX SOUTH OF THE SOUTHWEST PROPERTY LINE OF THE LAZY Z RANCH.

Maintenance of the Uncle John Ditch lateral from the diversion from Squaw Creek, through United States Forest Service lands, to the last D-box south of the southwest corner of the Lazy Z Ranch shall be the sole responsibility of the landowner of the excluded boundary as shown on Exhibit "A" attached hereto. All maintenance of the Uncle John Ditch and its laterals shall be the sole responsibility of the landowners receiving water through the Uncle John Ditch.

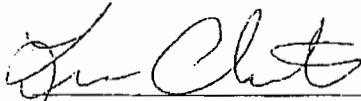
6. MISCELLANEOUS

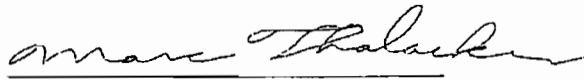
(a) All obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to and not in limitation of any duties, obligations, rights, and remedies otherwise imposed available by law.

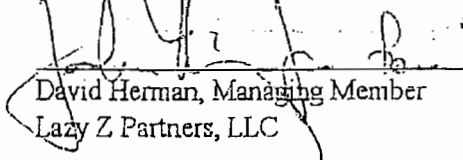
(b) This Agreement shall be binding upon and shall insure to the benefit of all of the parties hereto, their beneficiaries, successors and permitted assigns.

(c) In the event that any dispute arises out of this agreement all parties agree to settle dispute by binding mediation.

THE PARTIES HERETO have executed this Inclusion Agreement as of the date and year first above written.


Lee Christensen, Board Chairman
Squaw Creek Irrigation District

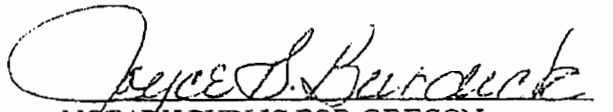

Marc Thalacker, Manager
Squaw Creek Irrigation District

 David Herman, Managing Member
Lazy Z Partners, LLC *Oct 1, 2001*

STATE OF OREGON, County of Deschutes, SS:

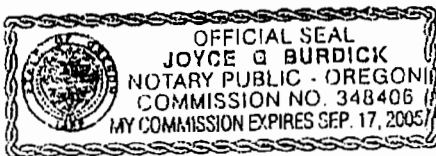
Lee Christensen, Board Chairman, Squaw Creek Irrigation District, acknowledged this instrument before me on this tenth day of November 2000.

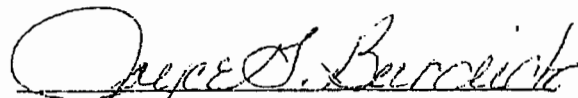



NOTARY PUBLIC FOR OREGON
My Commission Expires: 9-17-2005

STATE OF OREGON, County of Deschutes, SS:

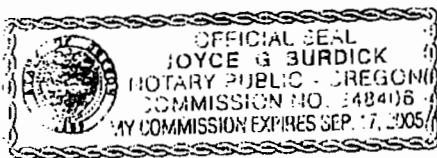
Marc Thalacker, Manager, Squaw Creek Irrigation District, acknowledged this instrument before me on this tenth day of November 2000.

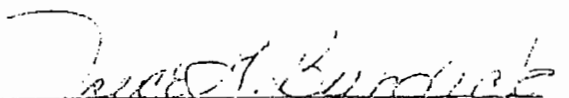



NOTARY PUBLIC FOR OREGON
My Commission Expires: 9-17-2005

STATE OF OREGON, County of Deschutes, SS:

David Herman, Managing Member, Lazy Z Partners acknowledged this instrument before me on this tenth day of November 2000, LLC



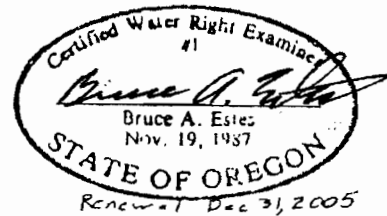

NOTARY PUBLIC FOR OREGON
My Commission Expires: 9-17-2005

TOWNSHIP 15 SOUTH, RANGE 10 EAST, W. M.



Scale 1" = 1320'

FUTURE EXCLUSION MAP
for
LAZY Z RANCH, LLC
from
Squaw Creek Irrigation Dist.



This map is for the purpose of
locating a water right only
and has no intent to provide
legal dimensions or the location
of property lines.

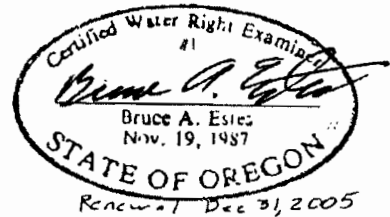
ESTES SURVEYS, LLC
PO Box 17519 60382 Arnold Rd
Salem, OR 97305-7519 Bend, OR 97702
(503) 585-7593 (541) 382-7391

TOWNSHIP 15 SOUTH, RANGE 10 EAST, W. M.



Scale 1" = 1320'

INCLUSION MAP
for
LAZY Z RANCH, LLC
into
Squaw Creek Irrigation Dist.

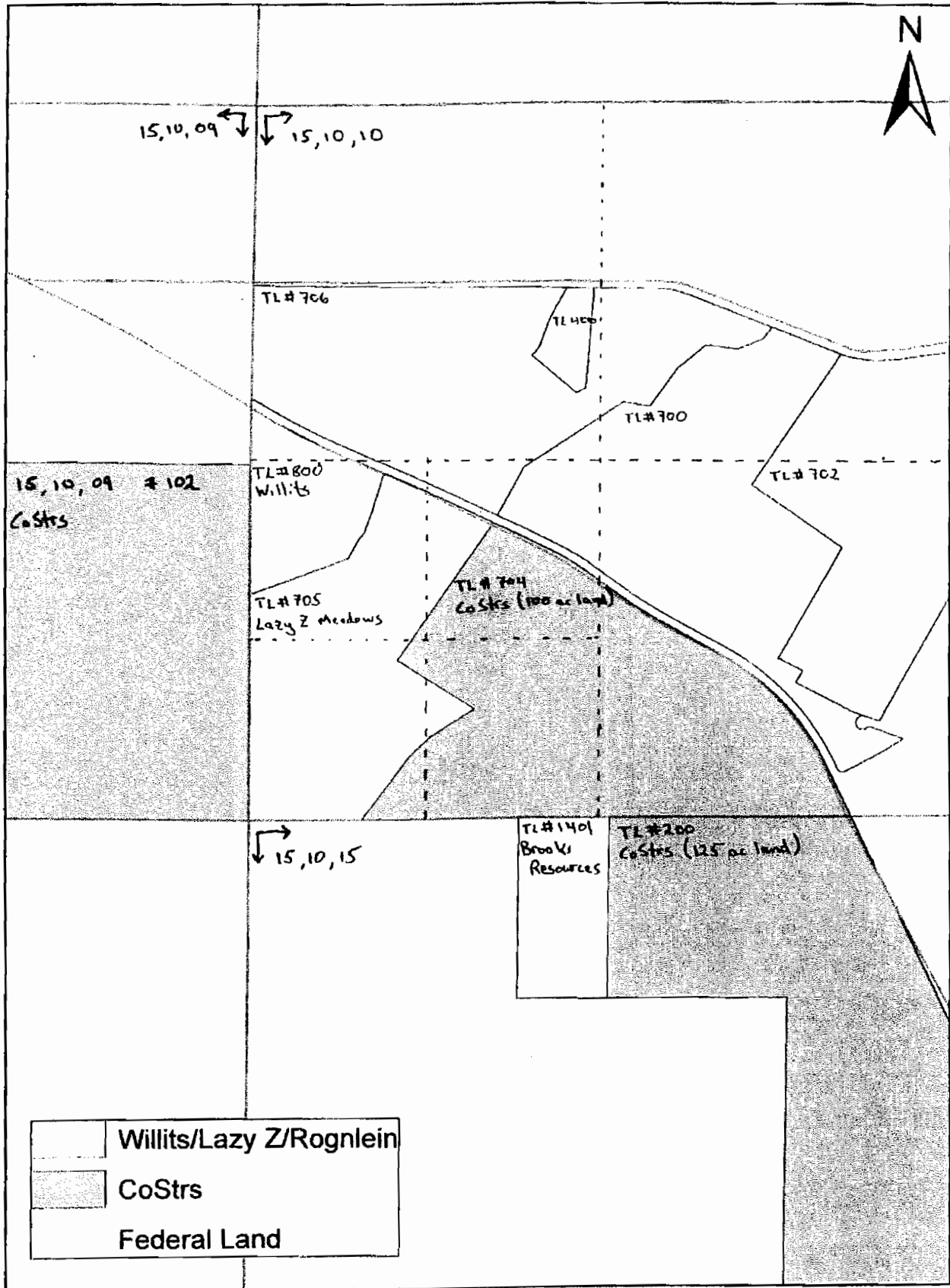


This map is for the purpose of locating a water right only and has no intent to provide legal dimensions or the location of property lines.

ESTES SURVEYS, LLC

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Salem, OR 97305-7519 Bend, OR 97702
(503) 585-7593 (541) 382-7391

City of Sisters & Lazy Z



DESCHUTES COUNTY OFFICIAL RECORDS
MARY SUE PENHOLLOW, COUNTY CLERK

2001-57331



\$45.00

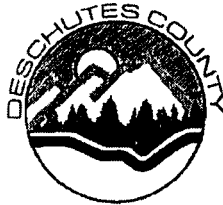
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D-OLI Cnt=1 Stn=1 JEFF
\$20.00 \$11.00 \$10.00 \$5.00

DESCHUTES COUNTY CLERK

CERTIFICATE PAGE



**This page must be included
if document is re-recorded.
Do Not remove from original document.**

**SQUAW CREEK IRRIGATION DISTRICT
ORDER OF LAND INCLUSION**

WHEREAS, Lazy Z Partners LLC (David Herman managing partner), has heretofore filed with the Board of Directors of the Squaw Creek Irrigation District a petition praying for change of boundary and the inclusion of the following described land to-wit:

Exhibit A (attached)

WITHIN the District.

AND WHEREAS, the Board of Directors of the District has heretofore caused notices to be published in the manner prescribed by the law that said petition would be heard at the regular meeting of the Board held in the District office at 6800 Highway 20 West, Sisters, Oregon, on **October 1st, 2001**, as designated in said notices, which notices directed that any and all persons interested in said petition should appear before the Board and show cause, if any exist, why such petition should not be approved, and it appearing to the Board from an examination of the file in connection with this action that it was in all ways regular and legal and that no persons or interested parties have appeared to object to the petition as filed and on record, or the inclusion of such land within the District as requested and it further appearing from a reading of the petition that petitioners have agreed to pay their share of the District indebtedness heretofore incurred, or which might hereafter be incurred in the operation of the District, now

IT IS HEREBY ORDERED, that the above-described lands be, and the same are hereby included within the boundaries of the Squaw Creek Irrigation District.

IT IS FURTHER ORDERED, that this order be filed forthwith in the County records of Deschutes, and Jefferson County, Oregon.

Dated and signed at Sisters, Oregon, this 19 day of November 2001.

SQUAW CREEK IRRIGATION DISTRICT

BOARD OF DIRECTORS:

[Signature]

Lee Christensen, President

[Signature]

Glenn Cooper, Vice President

[Signature]

David Keith

CORPORATE SEAL:



AFTER RECORDING RETURN TO:

SCID

P. O. BOX 2230

SISTERS, OREGON 97759

[Signature]

Marc Thalacker, Manager

State of Oregon _____)

County of Deschutes _____) ss

On this 19 day of November, 2001

the signers of this document did personally appear before me:

[Signature]



Exhibit "A"

PARCEL I:

The South Half of the Northwest Quarter (S1/2 NW1/4) of Section 10, Township 15 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon.

EXCEPTING THEREFROM: A parcel of land situated in the Northwest Quarter (NW1/4) of Section 10, Township 15 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Commencing at a brass capped iron pipe at the North Quarter corner of said Section 10; thence South 00°18'03" East, on the North South centerline of said Section 10, 1369.40 feet to a point on the South right of way line of Redmond-Sisters Highway; thence North 89°57'35" West, on said South right of way line, 138.64 feet to a 5/8" iron rod at the true point of beginning; thence South 04°00'21" West, 740.21 feet to a 5/8" iron rod; thence South 60°00'00" West, 77.21 feet to a 5/8" iron rod; thence North 50°41'10" West, 426.61 feet to a 5/8" iron rod; thence North 39°32'28" East, 81.23 feet to a 5/8" iron rod; thence North 19°33'33" East, 242.56 feet to a 5/8" iron rod; thence North 28°13'10" East, 244.74 feet to a 5/8" iron rod on said South right of way line; thence South 89°57'35" East, on said right of way line, 200.00 feet to the true point of beginning.

ALSO EXCEPTING THEREFROM any portion lying within the Redmond-Sisters Highway (Highway 126) and the Bend-Sisters Highway (U.S. Highway No. 20).

PARCEL II:

The South Half (S1/2) of Section 10 and that portion of the South Half of the Northeast Quarter (S1/2 NE1/4) lying Southerly of the Redmond-Sisters Highway in Section 10, Township 15 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon.

EXCEPT a parcel of land lying in the Southeast Quarter of the Northeast Quarter (SE1/4 NE1/4) of Section 10, Township 15 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon, and being a portion of the following described property: That tract of land which was conveyed by that certain deed to Carl S. Woods and Maude E. Woods, recorded in Volume 51, Page 119, of Deschutes County Record of Deeds; the said parcel being described as follows:

Beginning at a point on the East line of said Section 10; said point also being 596.2 feet North of the Quarter corner on the East line of Section 10, Township 15 South, Range 10 East of the Willamette Meridian; thence North 0°36' East along the said East line of Section 10, a distance of 250.00 feet to the Southerly right of way line of the McKenzie Highway (now

known as the Redmond-Sisters Highway), opposite and 30 feet distant from Engineer's center line Station 968+76.3; thence South 80°34' West along said Southerly right of way line, a distance of 101.55 feet; thence South 0°36' West, a distance of 232.31 feet; thence South 89°24' East, a distance of 100.00 feet to the point of beginning.

ALSO EXCEPTING THEREFROM any portion lying within the Redmond-Sisters Highway (Highway 126) and the Bend-Sisters Highway (U.S. Highway No. 20) and Jordan Road.

PARCEL III:

A parcel of land lying in the Southeast Quarter of the Northeast Quarter (SE1/4 NE1/4) of Section 10, Township 15 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon, and being a portion of the following described property: That tract of land which was conveyed by that certain deed to Carl S. Woods and Maude E. Woods, recorded in Volume 51, Page 119, of Deschutes County Record of Deeds; the said parcel being described as follows:

Beginning at a point on the East line of said Section 10; said point also being 596.2 feet North of the Quarter corner on the East line of Section 10, Township 15 South, Range 10 East of the Willamette Meridian; thence North 0°36' East along the said East line of Section 10, a distance of 250.00 feet to the Southerly right of way line of the McKenzie Highway (now known as the Redmond-Sisters Highway), opposite and 30 feet distant from Engineer's center line Station 968+76.3; thence South 80°34' West along said Southerly right of way line, a distance of 101.55 feet; thence South 0°36' West, a distance of 232.31 feet; thence South 89°24' East, a distance of 100.00 feet to the point of beginning.

EXCEPTING THEREFROM any portion lying within the Redmond-Sisters Highway (Highway 126).

PARCEL IV:

All of Section 11, Township 15 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon lying Southerly of the Redmond-Sisters Highway.

EXCEPTING THEREFROM: Beginning at the Quarter section corner on the West line of said Section 11, Township 15 South, Range 10, East of the Willamette Meridian; thence North 0°36" East along the West line of said Section 11, a distance of 846.2 feet to the Southerly right of way line of the said McKenzie Highway, (now known as the Redmond-Sisters Highway), opposite Engineer's Station 968+76.3; thence along said right of way line as follows: North 80°34' East, a distance of 33.6 feet; thence on a 985.0 foot radius curve left (the long chord of which bears North 77°34' East, 103.10 feet) a distance of 103.15 feet; thence North 74°34' East, a distance of 381.35 feet to a point opposite and 30 feet distance from Engineer's Center line Station 963+61.35; thence South 0°36' West parallel to the West

line of said Section 11, a distance of 980.60 feet to the East and West center line of said Section 11; thence North 89°24' West along the said East and West line, a distance of 500.00 feet to the point of beginning.

ALSO EXCEPTING THEREFROM: Beginning at a point 317.74 feet North and 503.35 feet East of the West Quarter corner of said Section 11; thence North 0°36' East, 657.6 feet to the Southerly right of way line of the McKenzie Highway (now known as the Redmond-Sisters Highway), opposite and 30 feet distant from Engineer's center line Station 963+1.4; thence along said right of way line North 74°34' East, 800 feet; thence South 0°36' West, 200 feet; thence South 37°32' West, 842 feet; thence South 89°24' West, 263 feet to the point of beginning.

ALSO EXCEPTING THEREFROM: A parcel of land lying in the Southwest Quarter of Section 11, Township 15 South, Range 10 East of the Willamette Meridian, said parcel being a strip of land 40 feet in width along the West line of said Section 11, the center line of said strip being described as follows: Beginning at a point on the East and West center line of said Section 11, 20 feet East from the Quarter corner of said Section 11; thence South 0°36' West parallel to and 20 feet distant from the West line of said Section 11, a distance of 2672.4 feet to a point on the South line of said Section 11.

ALSO EXCEPTING THEREFROM any portion lying within the Redmond-Sisters Highway (Highway 126) and Jordan Road.

PARCEL V:

A parcel of land lying in the Southwest Quarter (SW1/4) of said Section 11, Township 15 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon, said parcel being a strip of land 40 feet in width along the West line of said Section 11, the center line of said strip being described as follows:

Beginning at a point on the East and West center line of said Section 11, 20 feet East from the Quarter corner of said Section 11; thence South 0°36" West parallel to and 20 feet distant from the West line of said Section 11, a distance of 2672.4 feet to a point on the South line of said Section 11.

EXCEPTING THEREFROM any portion lying within Jordan Road.

PARCEL VI:

The North Half (N1/2) of Section 14, Township 15 South, Range 10 East of the Willamette Meridian, Deschutes County, Oregon.

EXCEPTING THEREFROM the portion lying South and West of the Bend-Sisters Highway.