

Lease Agreement Number (assigned by WRD): L-426

**STATE OF OREGON
WATER RESOURCES DEPARTMENT**

**Short-Term Water Right Lease Agreement
Pursuant to ORS 537.348(2) and OAR 690-077-0077
for
Leases of Existing Water Rights for Instream Use**

This Lease Agreement is between:

Lessor #1:

(Name) Portland General Electric, Contact: John Esler
 (Mailing address) 121 SW Salmon Street
 (City, State, Zip Code) Portland, Oregon 97204
 (Telephone number) 503-464-8563

Lessor#2, 3, etc.N/aThe water right to be leased is located in Jefferson County**Lessee (if different than Oregon Water Resources Department):**

(Name) Oregon Water Trust, Contact: Terry Anthony
 (Mailing address) 522 SW Fifth Avenue, Suite 825
 (City, State, Zip Code) Portland, Oregon 97204
 (Telephone number) 503-552-9022

Trustee:

Oregon Water Resources Department
 158 12th Street NE
 Salem OR 97301
 (503) 378-8455

~I~

- 1.1 Lessor #1 is the owner, or authorized agent for owner of property located at: Township 9 S, Range 14 E, Section 10, Township 9S, Range 14E, Section 11, Township 9S, Range 14E, Section 13, Township 9S, Range 14E, Section 14 and Tax Lot number 100, 200, 1000, 1001, 2000, 2700, 2800, 2801. If the water right appurtenant to these lands is also appurtenant to lands owned by others, then Exhibit B, (tax lot map of lessor's property) needs to be included.
- 1.2 Lessor #2 is the (Check one):
 Not applicable

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WATER RESOURCES DEPT.
SALEM, OREGON

- Official representative of _____, 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 lands being leased, list all water rights appurtenant to the lessor's property. Indicate if there are any supplemental or overlying rights.

Certificate No. 2242

Are some or all of the lands being leased part of a Conservation Reserve Enhancement Program. Yes No

1.4 **Subject Water Rights.** Lessor proposes to lease the water rights listed in 1.3. The right(s) to be leased are further described as follows:

Certificate No.: 2242 (The full water rights described in Certificate No. 2242 are set out in Exhibit F to this lease. As indicated by a mapping of water rights acres undertaken by Fred Ast, CWRE (Exhibit D), not all of the water right acres described in Certificate No. 2242 are in current use. This lease is for those water rights still deemed to be active and valid pursuant to the Ast map.)

Priority date: Set out after each quarter/quarter description below Type of use: Irrigation

Legal Season of Use: April 1 to October 31

Is the entire water right certificate being leased? Yes No

If no, list the acres to be leased 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.

Place of use: T __, R __, Section __, __ 1/4 __ 1/4 - ____ acres to be leased
Enter additional places of use here, using format above:

T 9S, R 14E, Section 10, NW1/4 NE1/4 5.6 acres (1887)
T 9S, R 14E, Section 10, SW1/4 NE1/4 9.4 acres (1887)
T 9S, R 14E, Section 10, SE1/4 NE1/4 20.1 acres (1887)
T 9S, R 14E, Section 10, NE1/4 NW1/4 6.8 acres (1903)
T 9S, R 14E, Section 11, SW1/4 NW1/4 5.8 acres (1887)
T 9S, R 14E, Section 11, NE1/4 SW1/4 8.9 acres (1887)
T 9S, R 14E, Section 11, NW1/4 SW1/4 5.7 acres (1887)
T 9S, R 14E, Section 11, NW1/4 SE1/4 2.0 acres (1904)
T 9S, R 14E, Section 11, SW1/4 SE1/4 3.2 acres (1887)
T 9S, R 14E, Section 11, SE 1/4 SE1/4 12.9 acres (1899)
T 9S, R 14E, Section 13, NW1/4 NW1/4 2.1 acres (1899)
T 9S, R 14E, Section 14, NE1/4 NE1/4 1.3 acres (1899)

Page 2242 (Identify page number of certificate, if certificate is greater than 10 pages.)

Number of acres being leased, if for irrigation: 102 acres (76.9 acres -1887; 16.3 acres --1899, 6.8 acres --1903; 2.0 acres 1904 (See map of irrigated lands Exhibit D)

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

Total rate associated with leased rights (cfs): 2.59

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

Total duty associated with leased rights (AF): 612

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

Conditions or other limitations, if any: none

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

1.5 Validity of Rights. Lessor(s) attests (mark one) that:

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

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2.1 Public Use. This lease will increase streamflows which 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. The instream use to be created is described as follows:

Trout Creek
Tributary to Deschutes River in the Deschutes Basin.

Describe the point of diversion and any associated reach(es) of the instream use being created. If possible list the reach by river mile, if no reach is identified, the lease will be processed to be protected at the point of diversion): S 58 degrees E 2200' +/- from NW corner of Section 13, T 9S, R 14E, W.M.

Total volume in acre-feet: 612

Rate in cfs: 2.59

(Use the section below to indicate a more restrictive period of use than allowed by the water right.)

Conditions to prevent injury, if any:

- None
- The instream flow will be allocated on a daily average basis up to the described rate from May 15 through September 15, or until such time that the total duty of 612 acre feet has been met. These changes should comply with the monthly requirement of no more than 1.5 acre-feet per acre and the total of 6 acre-feet acre.
- Other (describe): _____

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 October 31, 2003.

2.4 Compensation. The Lessor has agreed to lease subject water right for the sum of \$1.00, or other valuable considerations and for the benefit of the state of Oregon.

2.5 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.

2.6 Termination provision.

For multiyear leases, lessor *shall* have the option of terminating the lease each year, prior to the lease being exercised (____), with 30 day written notice to the Department.

For multiyear leases, lessor *shall not* have the option of terminating the lease each year, prior to the lease being exercised, with written notice to the Department.

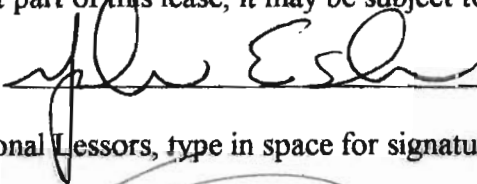
~III~


3.1 Accuracy. The Undersigned Lessor/s, Lessee and Trustee declare that, to the best of their knowledge and belief, the information contained in this lease is true, correct and complete. If after the lease is signed, any information is determined to be false, the lease may be modified or terminated. This 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. All Lessors agree to lease the water rights listed in 1.4 for instream use for the term of this Agreement through Lessee to Trustee, the Oregon Water Resources Department, pursuant to the provisions of ORS 537.348(2) and OAR 690-077-0077.

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- 0070 or OAR 690-077-0075 a new injury review shall be required, and a prior short term 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 owner 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. In the event that a supplemental water right is not part of this lease, it may be subject to forfeiture.

Lessor #1:  Date: 5/29/03
For additional Lessors, type in space for signature and date

Lessee:  for Oregon Water Trust Date: 6/15/03

3.5 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