



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

January 2007

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: Mitigation Project previously
 Lease Application Number (assigned by WRD): IL-924 / MP-119 leased as
 part of
 L-774

This Lease is between:

Lessor #1:

Name Daniel & Elizabeth McCool
 Mailing address 60359 Arnold Market Rd
 City, State, Zip Code Bend, OR 97702
 Telephone number 541-388-2820
 Email address _____

Lessor #2, 3, etc.

Arnold Irrigation District
PO Box 7923
Bend, OR 97708
541-382-7664

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

Lessee (if different than Oregon Water Resources Department):

Name Deschutes River Conservance - Deschutes Water Exchange
 Mailing address 700 NW Hill St
 City, State, Zip Code Bend, OR 97701
 Telephone number 541-382-2077
 Email address gen@deschutesriver.org

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 18 S, Range 13 E, Section 30 and Tax Lot number 00100, 00500, 00600. 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 Arnold 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. 74197

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

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.: 74197

Priority date: February 1 and April 25, 1905 Type of use: IRRIG

Legal Season of Use: April 1 - October 31

Is the entire water right certificate being leased? Yes No

If no, list the acres of the subject water right by legal description of township, range, section, and $\frac{1}{4}$ $\frac{1}{4}$ 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 18 S, R 13 E, Section 30, NW $\frac{1}{4}$ SW $\frac{1}{4}$ - 0.37 acres to be leased

Enter additional places of use here, using format above:

T 18 S, R 13 E, Section 30, SW $\frac{1}{4}$ NW $\frac{1}{4}$ - 0.44 ac

T 18 S, R 13 E, Section 30, SW $\frac{1}{4}$ NW $\frac{1}{4}$ - 0.30 ac

Page 20 (Identify page number of certificate, if certificate is greater than 10 pages.)

Number of acres being leased, if for irrigation: 1.11

Acre-feet of storage, if applicable: _____

Maximum rate associated with the right to be leased (cfs): 0.005

(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): 17.12

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

Conditions or other limitations, if any: _____

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

1.6 **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 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. The instream use to be created is described as follows:

Deschutes River

Tributary to Columbia River in the Deschutes Basin.

Describe the point of diversion (POD) and any associated reach(es) of the instream use being created. If possible list the reach by river mile. 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 more than one POD is listed on the certificate, then the POD and any associated reach(es) must be identified): canal diversion river mile 174.5 to Lake Billy Chinook river mile 120.

Maximum volume in acre-feet: February 1905 - 0.94, April 1905 - 3.82

Rate in cfs: Season 1 - February 1, 1905 - 0.002, April 25, 1905 - 0.005

Season 2 - February 1, 1905 - 0.002, April 25, 1905 - 0.008

Season 3 - February 1, 1905 - 0.002, April 25, 1905 - 0.011

(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 April 1 through October 31.
- Other (describe): _____

only natural flow portion to be used for mitigation. Not storage.

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, 2008.

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 with original signatures;
 - 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:
- \$200 for an application with four or more landowners or four or more water rights.
 - \$100 for all other applications.

Lessor #1: Don McCool Date: 4/25/08
Elizabeth & Daniel McCool

For additional Lessors, type in space for signature and date
Lessor #2: Shawn Gerdes Date: 5/2/08
Shawn Gerdes, Manager, Arnold Irrigation District

Lessee: Genevieve Hubert Date: 5/8/2008
DRC-DWE Application for Short-Term Instream Lease / 4 FSD

Other Attachments as Needed:

Attachment 1: Tax Lot Map. (See instructions.)

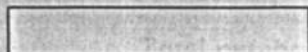
Attachment 2: Detailed map illustrating lands under subject rights to be leased; required if only part of a right is being leased instream. (See instructions.)

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



EXPLANATION



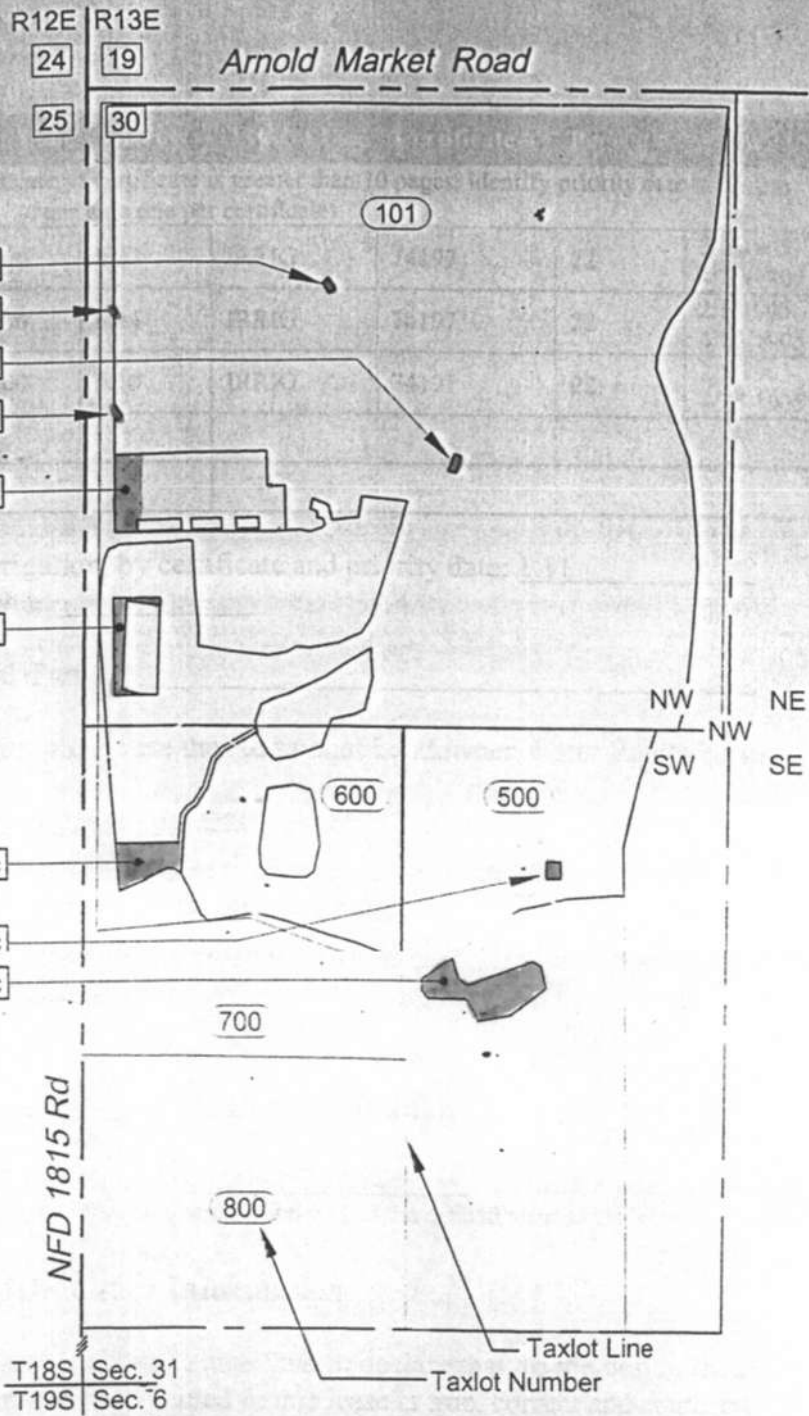
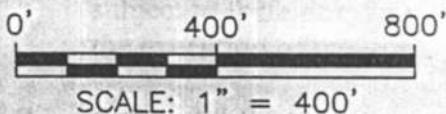
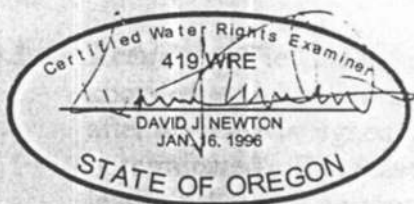
EXISTING WATER RIGHTS CERTIFICATE 74197



AREA OF BENEFICIAL USE FOR TRANSFER OF EXISTING WATER RIGHTS CERTIFICATE 74197, "FROM" LANDS.

NOTES

1. THIS MAP WAS PREPARED FOR THE PURPOSE OF IDENTIFYING THE LOCATION OF WATER RIGHTS ONLY AND IS NOT INTENDED TO PROVIDE LEGAL DIMENSIONS OR LOCATIONS OF PROPERTY OWNERSHIP LINES.



WATER TRANSFER MAP TAX LOTS 101, 500, & 600 McCool Ranch

Located in NW 1/4 & SW 1/4 OF NW 1/4
of Section 30, T18S R13E W.M.
Deschutes County, Oregon



Lease Map - "FROM" Lands
McCool Ranch
Bend, Oregon

DESIGNED BY: J. Polvi	DRAWN BY: S. Schenck	DATE: March 2005	PROJECT NO. 1006-101	FIGURE 1
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G:\1000\1006\101\Gad\Water\W1006\101_F1_Lease 14:00 03/08/2005 55

**This table will calculate flow rate factors and duty for Arnold Irrigation District
Instream Leases**

Enter Total Number of Acres to be Leased Instream Here	→	1.110
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Information highlighted with pink font is to be entered on to the Instream Lease Application Form

For Primary Water Right - Certificate 74197

Rate (CFS) associated with leased rights for Section 1.5 of the Lease Application Form			
The rate and duty identified in this section includes the 65% transmission loss.			
Enter Rates by Priority Date on Lease Form	Full Rate	February 1, 1905	April 25, 1905
Season 1	0.022	0.006	0.015
Season 2	0.028	0.006	0.022
Season 3*	0.038	0.006	0.032
* The rate identified for Season 3 has been proportioned such that the max rate allowed by the right (150.0 CFS) will not be exceeded if all acres were being irrigated.			
Duty (AF) associated with leased right for Section 1.5 of the Lease Application Form			
Duty (decree) AF/Acre =	15.42		
	17.12		

Rate (CFS) leased instream for Section 2.2 of the Lease Application Form			
The rate and duty identified in this section does not include the 65% transmission loss.			
Enter Rates by Priority Date on Lease Form	Full Rate	February 1, 1905	April 25, 1905
Season 1	0.008	0.002	0.005
Season 2	0.010	0.002	0.008
Season 3	0.013	0.002	0.011

Volume (AF) leased instream for Section 2.2 of the Lease Application Form				
	# days	AF/Season	Duty (decree) AF/Acre =	
Season 1	61	0.92	5.40	
Season 2	30	0.59	Total =	5.99
Season 3	123	3.24	Feb. 1905 portion =	0.94
		4.76	April 1905 portion =	3.82

Additional Conditions to Prevent Injury for Section 2.2 of the Lease Application Form
 Water protected instream: April 1 through October 31

For Supplemental Water Right from Crane Prairie Reservoir - Certificate 76714

Duty Associated with Leased Right for Section 1.5 of the Additional Water Right Form
 17.12

Volume (AF) leased instream for Section 2.2 of the Additional Water Right Form
 3.42



56-

BARGAIN AND SALE DEED

18-13-30-BO-00500 18-13-30-BO-00800
18-13-30-BO-00600
18-13-30-BO-00101 18-13-30-BO-00700

Recording requested by and when
recorded return to:

Unless a change is requested,
all tax statements shall be sent to:

Lane D. Lyons
Bryant, Lovlien & Jarvis
PO Box 1151
Bend, OR 97709-1151

Elizabeth C. McCool
60359 Arnold Market Rd.
Bend, OR 97702

The true consideration for this transfer is a tax free contribution to the capital of Grantee pursuant to IRC § 721, and other good and valuable consideration not stated herein.

Elizabeth C. and Daniel F. McCool, Husband and Wife, Grantors, convey to HORSE BUTTE EQUESTRIAN CENTER, LLC, an Oregon limited liability company, certain real property described on Exhibit A, attached hereto and by this reference incorporated herein.

This transfer is subject to all existing and outstanding encumbrances of record as of the transfer date.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

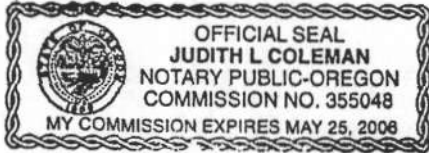
DATED this 27th day of December, 2004.

Daniel F. McCool

Elizabeth C. McCool

STATE OF OREGON)
) ss.
COUNTY OF Deschutes)

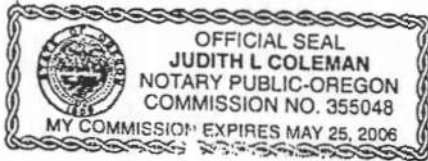
The foregoing instrument was acknowledged before me this 27th day of December, 2004, by Daniel F. McCool.



Judith L. Coleman
Notary Public for Oregon
My Commission Expires: 5/25/06

STATE OF OREGON)
) ss.
COUNTY OF Deschutes)

The foregoing instrument was acknowledged before me this 27th day of December, 2004, by Elizabeth C. McCool.



Judith L. Coleman
Notary Public for Oregon
My Commission Expires: 5/25/06

Exhibit "A"

PARCEL 1:

Government Lot #1, also known as the Northwest Quarter of the Northwest Quarter (NW1/4 NW1/4) of Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon. EXCEPTING THEREFROM the West 30 feet and the North 30 feet.

PARCEL 2:

The Northwest Quarter (NW1/4) of Government Lot #2 in Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon; EXCEPTING THEREFROM the following described parcel:

Beginning at a point on the West line of said Government Lot #2, with said point being located South 00° 24' 34" West, 429.53 feet from the Northwest corner of said Government Lot #2; thence North 85° 23' 21" East, 351.01 feet to the centerline of the existing Arnold Irrigation Canal; thence along said centerline South 70° 49' 15" East, 202.23 feet and South 80° 44' 17" East, 146.01 feet to the East line of the West Half of said Government Lot #2, with said line also being the East line of that certain tract of land conveyed to Cornelius N. Ray as recorded in Book 311, Page 212, Deed Records; thence along said East line, South 00° 31' 14" West, 267.61 feet to the Southeast corner of said Ray tract; thence along the South line of said Ray tract South 89° 50' 55" West, 684.93 feet to the West line of Government Lot #2 and the Southwest corner of said Ray tract; thence along said West line North 00° 24' 34" East, 331.14 feet to the point of beginning.

PARCEL 3:

Northwest Quarter (SW1/4 NW1/4) of Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at a 5/8 inch iron rod on the East-West centerline of said Section 30 from which the West Quarter corner of said Section 30 bears South 89° 50' 41" West, a distance of 698.91 feet; thence North, a distance of 1321.17 feet to a 5/8 inch iron rod; thence North 89° 51' 42" East, a distance of 473.66 feet to a 5/8 inch iron rod; thence South, a distance of 1321.03 feet to a 5/8 inch iron rod marking a point on the said East-West centerline of said Section 30; thence following said East-West centerline South 89° 50' 41" West, a distance of 473.66 feet to the point of beginning, the terminus of this description.

EXCEPTING THEREFROM a tract of land located in the Northwest Quarter (NW1/4) of Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, more particularly described as follows:

Beginning at a 5/8 inch iron rod marking the West Quarter corner of said Section 30; thence North 72° 50' 55" East, a distance of 731.43 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599, the TRUE POINT OF BEGINNING; thence North, a distance of 588.67 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599 on the Southerly boundary of a 50 foot wide easement, 25 feet on each side of the centerline of the Arnold Canal; thence following the said Southerly boundary of the Arnold Canal easement the four following courses and distances: North 69° 23' 05" East, a distance of 131.01 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; North 53° 45' 07" East, a distance of 124.60 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; North 70° 11' 06" East, a distance of 26.88 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; South 72° 41' 47" East, a distance of 85.48 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; thence South, a distance of 692.16 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; thence West, a distance of 330.00 feet to the TRUE POINT OF BEGINNING.

PARCEL 4:

A tract of land located in the Northwest Quarter (NW1/4) of Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, more particularly described as follows:

Beginning at a 5/8 inch iron rod marking the West Quarter corner of said Section 30; thence North 72° 50' 55" East, a distance of 731.43 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599, the TRUE POINT OF BEGINNING; thence North, a distance of 588.67 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599 on the Southerly boundary of a 50 foot wide easement, 25 feet on each side of the centerline of the Arnold Canal; thence following the said Southerly boundary of the Arnold Canal easement the four following courses and distances: North 69° 23' 05" East, a distance of 131.01 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; North 53° 45' 07" East, a distance of 124.60 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; North 70° 11' 06" East, a distance of 26.88 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; South 72° 41' 47" East, a distance of 85.48 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; thence South, a distance of 692.16 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; thence West, a distance of 330.00 feet to the TRUE POINT OF BEGINNING.

PARCEL 5: (TRACT "A")

A tract of land located in the West Half (W1/2) of Government Lot #2, Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at a point on the West line of said Government Lot #2 with said point being located South 00° 24' 34" West, 429.53 feet from the Northwest corner of said Government Lot #2; thence North 85° 23' 21" East, 351.01 feet to the centerline of the existing Arnold Irrigation Canal; thence along said centerline South 70° 49' 15" East, 202.23 feet and South 80° 44' 17" East, 146.01 feet to the East line of the West Half of said Government Lot #2 with said line also being the East line of that certain tract of land conveyed to Cornelius N. Ray as recorded in Book 311, Page 212, Deed Records; thence along said East line South 00° 31' 14" West, 267.61 feet to the Southeast corner of said Ray tract; thence along the South line of said Ray tract South 89° 50' 55" West, 684.93 feet to the West line of Government Lot #2 and the Southwest corner of said Ray tract; thence along said West line North 00° 24' 34" East, 331.14 feet to the point of beginning.

PARCEL 6: (TRACT "C")

(30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at a 5/8 inch iron rod at the Northeast corner of that tract of land conveyed to Hap Taylor, Jr. and Sandra Jo Taylor as recorded in Book 358, Page 736, Deed Records, with said point being on the North line of said Government Lot #2; thence along said North line North 89° 51' 16" East, 75.13 feet to the intersection with an existing wood pole fence; thence along said fence South 18° 35' 57" West, 56.08 feet; and South 22° 57' 18" West, 49.02 feet; and South 16° 54' 06" West, 19.47 feet; and South 15° 25' 19" West, 78.06 feet; and South 13° 15' 03" West, 51.09 feet to the East line of the aforementioned Taylor tract; thence along said East line North, 241.70 feet to the point of beginning.

PARCEL 7: (TRACT "D")

A tract of land located in Government Lot #2, Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at the Northeast corner of that tract of land conveyed to Cornelius N. Ray as recorded in Book 311, Page 212, Deed Records, with said point of beginning being located North 89° 51' 16" East, 686.40 feet from the Northwest corner of said Government Lot #2; thence North 89° 51' 16" East, 3.48 feet to the Northwest corner of that tract conveyed to Hap Taylor, Jr. and Sandra Jo Taylor as recorded in Book 274, Page 282 and Book 358, Page 736, Deed Records; thence along the West line of said Taylor Tract South 760.57 feet; thence South 89° 50' 55" West, 10.39 feet to the Southeast corner of the aforementioned Ray tract; thence along the East line of said Ray tract North 00° 31' 14" East, 760.61 feet to the point of beginning.

PARCEL 8:

A tract of land situated in a portion of Government Lot #2, Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at a point marking the West Quarter corner of said Section; thence North 00° 24' 34" East along the West line of said Section, 560.67 feet to a point on the South line of the North 100 feet of the Southwest Quarter (SW1/4) of Government Lot #2; thence North 89° 50' 56" East (sometimes shown as North 89° 50' 55" East) along the South line of the North 100 feet of the SW1/4 of Government Lot #2 and its extension, 695.32 feet to a point; thence South, 560.58 feet, more or less, to a 5/8 inch iron rod on the South line of said Government Lot #2; thence South 89° 50' 41" West along the South line of Government Lot #2, 698.91 feet, more or less, to the point of beginning.

EXCEPTING THEREFROM the Westerly 30 feet conveyed to Deschutes County by deed recorded July 31, 1972 in Book 186, Page 955, Deed Records.

VOL: 1999 PAGE: 42829
RECORDED DOCUMENT

STATE OF OREGON
COUNTY OF DESCHUTES



*1999-42829 * Vol-Page

Printed: 09/01/1999 15:31:41

DO NOT REMOVE THIS CERTIFICATE

(This certificate constitutes a part of the original instrument in accordance with ORS 205.180(2). Removal of this certificate may invalidate this certificate and affect the admissibility of the original instrument into evidence in any legal proceeding.)

I hereby certify that the attached instrument was received

DATE AND TIME: Sep. 1, 1999; 3:19 p.m.

RECEIPT NO: 10741

DOCUMENT TYPE: Deed

FEE PAID: \$65.00

NUMBER OF PAGES: 6

A handwritten signature in cursive script that reads "Mary Sue Penhollow".

MARY SUE PENHOLLOW
DESCHUTES COUNTY CLERK

99-42829-1

RECORDED BY
WES. BARN TITLE & ESCROW, CO.

Title Order No. 133480-JJ
Escrow No. 133480-JJ

This space reserved for recorder's use

After recording return to:
Daniel F. McCool
60359 Arnold Market Road
Bend, OR 97702
Name, Address, Zip

Until a change is requested all tax statements shall be sent to the following address.
Daniel F. McCool
60359 Arnold Market Road
Bend, OR 97702
Name, Address, Zip

STATUTORY WARRANTY DEED

Bartlett H. McGuire and Cynthia F. McGuire, husband and wife, Grantor, conveys and warrants to Daniel F. McCool and Elizabeth ^{C.M.} McCool, husband and wife, Grantee, the following described real property free of encumbrances, except as specifically set forth herein situated in Deschutes county, OREGON, to wit:

The property described in Exhibit "A" attached hereto and made a part hereof.

This property is free from encumbrances, EXCEPT:

See Attached Exhibit "A"

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

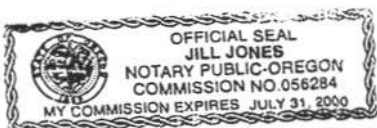
The true consideration for this conveyance is \$1,470,000.00. (Here comply with the requirements of ORS 93.030)

Dated this 20th day of August, 19 99.

Bartlett H. McGuire
Bartlett H. McGuire

Cynthia F. McGuire
Cynthia F. McGuire

STATE OF OREGON, County of Deschutes) ss.
This instrument was acknowledged before me on August 20, 1999,
by Bartlett H. McGuire and Cynthia F. McGuire



Jill Jones [Signature]
Notary Public for Oregon
My commission expires 8/31/2000

1999-2000 taxes a lien as of July 1, but not yet payable.

The assessment and tax roll disclose that the within described premises were specifically assessed for farm land. If the land has become or becomes disqualified for this special assessment under the statutes, an additional tax, plus interest and/or penalty, may be levied retroactively. (Parcels 1, 3, 4, 6, 7 & 8)

Regulations, including levies, liens, assessments, water and irrigation rights and easements for ditches and canals of Arnold Irrigation District.

An easement created by instrument, including the terms and provisions thereof,
 Recorded: September 17, 1973
 Volume: 199,
 Page: 254, Deed Records,
 In favor of: Central Electric Cooperative, Inc.,
 Affects: Parcels 3, 4, 5, 6, 7 & 8.

An easement created by instrument, including the terms and provisions thereof,
 Recorded: May 23, 1978
 Volume: 274,
 Pages: 282 and 285, Deed Records,
 In favor of: Hap Taylor, Jr. and Sandra Jo Taylor, husband and wife, and
 Robert L. Grim and Kathryn A. Grim, husband and wife.

Easement for water delivery over an existing water pipe, as disclosed in Memorandum of Contract,
 Recorded: November 9, 1979
 Volume: 311,
 Page: 207, Deed Records.

An easement created by instrument, including the terms and provisions thereof,
 Recorded: November 9, 1979
 Volume: 311,
 Page: 212, Deed Records,
 In favor of: Cornelius N. Ray, as Trustee of the Ray trust No. II dated
 July 28, 1977,
 Affects: Parcels 2, 3, 4, 5, 6, 7 & 8.

Roadway, utility, and water line easement and maintenance agreement, including the terms and provisions thereof,
 Recorded: August 18, 1982
 Volume: 360,
 Page: 917, Deed Records,
 By and Between: Taygrim Company, a partnership comprised of Hap Taylor, Jr. and Sandra Jo Taylor, each as to an undivided 25% interest; and Robert L. Grim, as to an undivided 50% interest; and Robert L. Grim and Kathryn A. Grim, husband and wife; Hap Taylor, Jr. and Sandra Jo Taylor, husband and wife; and Gary L. Everton and Marsha Everton, husband and wife; and Richard R. Pedigo and Joyce B. Pedigo, husband and wife; and Cornelius N. Ray, as Trustee of the Ray Trust No. II.

Easement for Arnold Irrigation Canal, as disclosed in Memorandum of Contract,
 Recorded: August 18, 1982
 Volume: 360,
 Page: 913, Deed Records.

An easement created by instrument, including the terms and provisions thereof,
 Recorded: August 9, 1983
 Volume: 22,
 Page: 734, Official Records,
 In favor of: Cornelius N. Ray, Trustee of the Ray Trust II.
 Affects: Parcels 1 & 2.

TOGETHER WITH 45.5 ACRES OF Arnold Irrigation

Exhibit "A"

PARCEL 1:

Government Lot #1, also known as the Northwest Quarter of the Northwest Quarter (NW1/4 NW1/4) of Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon. EXCEPTING THEREFROM the West 30 feet and the North 30 feet.

PARCEL 2:

The Northwest Quarter (NW1/4) of Government Lot #2 in Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon; EXCEPTING THEREFROM the following described parcel:

Beginning at a point on the West line of said Government Lot #2, with said point being located South 00° 24' 34" West, 429.53 feet from the Northwest corner of said Government Lot #2; thence North 85° 23' 21" East, 351.01 feet to the centerline of the existing Arnold Irrigation Canal; thence along said centerline South 70° 49' 15" East, 202.23 feet and South 80° 44' 17" East, 146.01 feet to the East line of the West Half of said Government Lot #2, with said line also being the East line of that certain tract of land conveyed to Cornelius N. Ray as recorded in Book 311, Page 212, Deed Records; thence along said East line, South 00° 31' 14" West, 267.61 feet to the Southeast corner of said Ray tract; thence along the South line of said Ray tract South 89° 50' 55" West, 684.93 feet to the West line of Government Lot #2 and the Southwest corner of said Ray tract; thence along said West line North 00° 24' 34" East, 331.14 feet to the point of beginning.

PARCEL 3:

A tract of land located in a portion of the Kern Ranch in the Southwest Quarter of the Northwest Quarter (SW1/4 NW1/4) of Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at a 5/8 inch iron rod on the East-West centerline of said Section 30 from which the West Quarter corner of said Section 30 bears South 89° 50' 41" West, a distance of 698.91 feet; thence North, a distance of 1321.17 feet to a 5/8 inch iron rod; thence North 89° 51' 42" East, a distance of 473.66 feet to a 5/8 inch iron rod; thence South, a distance of 1321.03 feet to a 5/8 inch iron rod marking a point on the said East-West centerline of said Section 30; thence from the beginning, the terminus of the description, South 89° 50' 41" West, a distance of 473.66 feet

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EXCEPTING THEREFROM a tract of land located in the Northwest Quarter (NW1/4) of Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, more particularly described as follows:

Beginning at a 5/8 inch iron rod marking the West Quarter corner of said Section 30; thence North $72^{\circ} 50' 55''$ East, a distance of 731.43 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599, the TRUE POINT OF BEGINNING; thence North, a distance of 588.67 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599 on the Southerly boundary of a 50 foot wide easement, 25 feet on each side of the centerline of the Arnold Canal; thence following the said Southerly boundary of the Arnold Canal easement the four following courses and distances: North $69^{\circ} 23' 05''$ East, a distance of 131.01 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; North $53^{\circ} 45' 07''$ East, a distance of 124.60 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; North $70^{\circ} 11' 06''$ East, a distance of 26.88 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; South $72^{\circ} 41' 47''$ East, a distance of 85.48 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; thence South, a distance of 692.16 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; thence West, a distance of 330.00 feet to the TRUE POINT OF BEGINNING.

PARCEL 4:

A tract of land located in the Northwest Quarter (NW1/4) of Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, more particularly described as follows:

Beginning at a 5/8 inch iron rod marking the West Quarter corner of said Section 30; thence North $72^{\circ} 50' 55''$ East, a distance of 731.43 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599, the TRUE POINT OF BEGINNING; thence North, a distance of 588.67 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599 on the Southerly boundary of a 50 foot wide easement, 25 feet on each side of the centerline of the Arnold Canal; thence following the said Southerly boundary of the Arnold Canal easement the four following courses and distances: North $69^{\circ} 23' 05''$ East, a distance of 131.01 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; North $53^{\circ} 45' 07''$ East, a distance of 124.60 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; North $70^{\circ} 11' 06''$ East, a distance of 26.88 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; South $72^{\circ} 41' 47''$ East, a distance of 85.48 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; thence South, a distance of 692.16 feet to a 5/8 inch iron rod with a cap marked P.L.S. 599; thence West, a distance of 330.00 feet to the TRUE POINT OF BEGINNING.

99-42829-5

PARCEL 5: (TRACT "A")

A tract of land located in the West Half (W1/2) of Government Lot #2, Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at a point on the West line of said Government Lot #2 with said point being located South $00^{\circ} 24' 34''$ West, 429.53 feet from the Northwest corner of said Government Lot #2; thence North $85^{\circ} 23' 21''$ East, 351.01 feet to the centerline of the existing Arnold Irrigation Canal; thence along said centerline South $70^{\circ} 49' 15''$ East, 202.23 feet and South $80^{\circ} 44' 17''$ East, 146.01 feet to the East line of the West Half of said Government Lot #2 with said line also being the East line of that certain tract of land conveyed to Cornelius N. Ray as recorded in Book 311, Page 212, Deed Records; thence along said East line South $00^{\circ} 31' 14''$ West, 267.61 feet to the Southeast corner of said Ray tract; thence along the South line of said Ray tract South $89^{\circ} 50' 55''$ West, 684.93 feet to the West line of Government Lot #2 and the Southwest corner of said Ray tract; thence along said West line North $00^{\circ} 24' 34''$ East, 331.14 feet to the point of beginning.

PARCEL 6: (TRACT "C")

A tract of land located in the Northeast Quarter (NE1/4) of Government Lot #2, Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at a 5/8 inch iron rod at the Northeast corner of that tract of land conveyed to Hap Taylor, Jr. and Sandra Jo Taylor as recorded in Book 358, Page 736, Deed Records, with said point being on the North line of said Government Lot #2; thence along said North line North $89^{\circ} 51' 16''$ East, 75.13 feet to the intersection with an existing wood pole fence; thence along said fence South $18^{\circ} 35' 57''$ West, 56.08 feet; and South $22^{\circ} 57' 18''$ West, 49.02 feet; and South $16^{\circ} 54' 06''$ West, 19.47 feet; and South $15^{\circ} 25' 19''$ West, 78.06 feet; and South $13^{\circ} 15' 03''$ West, 51.09 feet to the East line of the aforementioned Taylor tract; thence along said East line North, 241.70 feet to the point of beginning.

99-42829-6

PARCEL 7: (TRACT "D")

A tract of land located in Government Lot #2, Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at the Northeast corner of that tract of land conveyed to Cornelius N. Ray as recorded in Book 311, Page 212, Deed Records, with said point of beginning being located North $89^{\circ} 51' 16''$ East, 686.40 feet from the Northwest corner of said Government Lot #2; thence North $89^{\circ} 51' 16''$ East, 3.48 feet to the Northwest corner of that tract conveyed to Hap Taylor, Jr. and Sandra Jo Taylor as recorded in Book 274, Page 282 and Book 358, Page 736, Deed Records; thence along the West line of said Taylor Tract South 760.57 feet; thence South $89^{\circ} 50' 55''$ West, 10.39 feet to the Southeast corner of the aforementioned Ray tract; thence along the East line of said Ray tract North $00^{\circ} 31' 14''$ East, 760.61 feet to the point of beginning.

PARCEL 8:

A tract of land situated in a portion of Government Lot #2, Section Thirty (30), Township Eighteen (18) South, Range Thirteen (13) East of the Willamette Meridian, Deschutes County,

Beginning at a point marking the West Quarter corner of said Section; thence North $00^{\circ} 24' 34''$ East along the West line of said Section, 560.67 feet to a point on the South line of the North 100 feet of the Southwest Quarter (SW1/4) of Government Lot #2; thence North $89^{\circ} 50' 56''$ East (sometimes shown as North $89^{\circ} 50' 55''$ East) along the South line of the North 100 feet of the SW1/4 of Government Lot #2 and its extension, 695.32 feet to a point; thence South, 560.58 feet, more or less, to a 5/8 inch iron rod on the South line of said Government Lot #2; thence South $89^{\circ} 50' 41''$ West along the South line of Government Lot #2, 698.91 feet, more or less, to the point of beginning.

EXCEPTING THEREFROM the Westerly 30 feet conveyed to Deschutes County by deed recorded July 31, 1972 in Book 186, Page 955, Deed Records.