

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 Lease Application Nu	n by Lessor/Lessee: partially leased in 2007: L-859 mber (assigned by WRD):IL-1081/MP-138	Mitigation Tease
This Lease is between	t:	
City, State, Zip Code	Grass Butte, LLC 1111 Main Street, Suite 700 Vancouver, WA 98660 541-389-2837 — John Short (agent) johnshort@usa.com	
Lessor #2, 3, etc.		-
Low Line Ditch Co. 13223 NW O'Neil Hw Redmond, OR 97756	N/A	
The water wight to be 1	eased is located in <u>Crook</u> County.	
THE WATER TIGHT TO BE I	county.	
	an Oregon Water Resources Department): Deschutes River Conservancy Mitigation Bank	
Mailing address		
City, State, Zip Code _		
Telephone number	541 292 4077	
Email address	gen@deschutesriver.org	
Trustee: Oregon Water Resource 725 Summer Street NE Salem, OR 97301-1266 (503) 986-0900	, Suite A	<i>t</i> ion
•	THE TOTAL PROPERTY AND THE THEORIES	tion.
property located and Tax Lot nur also appurtenan	water right holder, or authorized agent for water right lat: Township 14 S, Range 14 E, S mber 200 If the water right appurtenant to lands owned by others who are not included in this ax lot map), needs to be included.	Section <u>20, 21 & 29</u> at to these lands is

1.2	Lessor #2 is the (Check one): Not applicable Not applicable
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. 83857 primary was 81601 CN (1327 Primary not being leased, primary and supplemental not leased), 83651 (86137 not leased, 83850 supplemental) and 83732 (83850 supplemental) Supplemental 83850 (prev. 80795) transferring to other lands in T-10734.
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.: 83857 (was 81601 CN) Priority date: 64 ac 1892, 0.5 ac 1898, 2.5 ac 1904/1910 Type of use: IRR Legal Season of Use: per Crooked River Decree Feb 1 − Dec 1 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 ¼ ¼ 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 14 S, R 14 E, Section, ¼ ¼ - acres to be leased Enter additional places of use here, using format above: T 14 S, R 14 E, Sect 20, SWSW, 10.0 ac, taxlot 200 (prev L-859), 1892 T 14 S, R 14 E, Sect 29, NWNW, 38.0 ac, taxlot 200 (prev L-859), 1892 T 14 S, R 14 E, Sect 29, SENW, 3.0 ac, taxlot 200 (prev L-859), 1892 T 14 S, R 14 E, Sect 29, SENW, 8.0 ac, taxlot 200 (prev L-859), 1892 T 14 S, R 14 E, Sect 29, NENW, 5.0 ac, taxlot 200 (prev L-859), 1892 T 14 S, R 14 E, Sect 29, NENW, 5.0 ac, taxlot 200 (prev L-859), 1892 T 14 S, R 14 E, Sect 29, NENW, 5.0 ac, taxlot 200 (prev L-859), 1892 T 14 S, R 14 E, Sect 29, NENW, 5.0 ac, taxlot 200 (prev L-859), 1892 T 14 S, R 14 E, Sect 29, NENW, 5.0 ac, taxlot 200 (prev L-859), 1892 T 14 S, R 14 E, Sect 29, NENE, 0.5 ac, taxlot 200, 1898 T 14 S, R 14 E, Sect 21, SESW, 2.5 ac, taxlot 200, 1904/1910
	Page (Identify page number of certificate, if certificate is greater than 10 pages.)
	Number of acres being leased, if for irrigation: 64 ac 1892, 0.5 ac 1898, 2.5 ac 1904/1910 = 67 acres total Acre-feet of storage, if applicable: n/a Maximum rate associated with the right to be leased (cfs): 0.80 cfs 1892, .006 cfs 1898, .031 cfs of 1904/1910 = cfs 0.837 cfs total (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): 257 ac-ft of 1892, 2 ac-ft of 1898, 10 ac-ft of 1904/1910 = 269 ac-ft total (Use additional lines if there is more than one duty associated with the water right.)

Conditions or other limitations, if any: <u>Lease to be terminated prior to or coinciding with</u> with the final order of instream transfer T-10730,

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

1.6	Valid	lity of rights. Lessor(s) attests (mark one) that:
	\boxtimes	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 <u>not</u> 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:

Crooked River

Tributary to Deschutes 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):

from POD 1: T 15 S, R 16 E, WM; sect 8, NWSW, 1920 feet North & 340 feet East from the SW corner of Section 8

from POD 6: a pump at T 14 S, R 14 E, WM; NENW, 1085 feet South & 970 feet West from the N 1/4 corner of Section 29 to Lake Billy Chinook,

From POD 2: described as "Low Line Ditch" to Lake Billy Chinook

From POD 7: a pump 325 feet North and 120 feet West from the Southeast Corner of Section 20 to Lake Billy Chinook

Only Direct Diversion 6 is used to serve the acres for POD 1 & POD 6. In previous correspondence with OWRD this was explained (2007 lease 859), Peoples Irrigation Ditch abandoned the lower 5 miles or so of their ditch, Landowners are responsible for their own diversions below Elliot Lane and the Peoples Irrigation does not service these acres or assess these acres (see attached letter from Peoples ID), John Short and Martha Pagel have worked to clarify the correct diversion for these acres.

Ma	<u> aximum volume in acre-feet: 1892 POD 1: 202 ac-ft, POD 6: 54 ac-ft = total 256 ac-ft</u>
	1898 POD 7: 2.0 af-ft
	1904/1910 POD 2: 10.0 ac-ft
	Total 268 ac-ft
Ra	te in cfs: 1892 POD 1: 0.633 cfs, POD 6: 0.167 cfs = total 0.8 cfs
	1898 POD 7: 0.006 cfs
	1904/1910 POD 2: 0.031 cfs
	Total 0.837 cfs
,	e the section below to indicate a more restrictive period of use than allowed by the water right.)
Co	nditions to prevent injury, if any:
	None
\boxtimes	The instream flow will be allocated on a daily average basis up to the described rate from May 6 through October 15.
	Other (describe):
_	
If y	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 30, 2014 or prior to or coinciding with the final order for instream transfer T-10730.
- 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 Term	ination provision.		
y d d b le e • • • •	ear with written notice or uring the calendar year, ays prior to the period of egun for the water right eased until the following plargement would not of Written notice to the I Consent by all parties	to the Department. The However, if the terminal of allowed instream use of (s) being leased, water not called a real of the Department of the Lease; and/or Watermaster's office.	
Section rights	n 2.2 during the term of to use water from the sa	this lease is not reasona	to the instream use described in bly expected to cause injury to other ound after this lease is signed, the
Lessor #1: Grass Butte, E	Pursuant to ORS 536.05 100 for an application was provided to the provided to	aniels, Manager	ncluded: ners or four or more water rights. Date: 6-7-3010
Lessor #2: Low Line Dite	N/A	or prelimento una auto	_Date:
Lessee:	General Huer Conservancy Mitigat	Suf- ion Bank	Date: 6/8/2010
	ents as Needed:	·	

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

Additional Attachments: Water Conveyance Agreements (quitclaims) and Warranty Deeds



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 right(s) to be leased are further described as follows:
Certificate No.: 83651 (86137 not leased, 83850 supplemental)
Priority date: 1903 Type of use: IRR
Legal Season of Use (if not listed on the certificate): Crooked River Decree Feb 1- Dec 1
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 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.
Place of use: T 14 S, R 14 E, Section 28 , NW 1/4 NE 1/4 - 25.00 acres to be leased Enter additional places of use here, using format above:
T 14 S, R 14 E, Sect. 28, NENW, 20.0 acres - all 45 acres in taxlot 200
Page (Identify page number of certificate, if certificate is greater than 10 pages.)
Number of acres, if for irrigation: 45 Acre-feet of storage, if applicable: N/A Rate associated with leased rights (cfs): .0125 cfs/ac, 0.563 cfs (Use additional lines if there is more than one rate associated with the water right.) Duty associated with leased rights (AF): 4 af/ac, 180 af (Use additional lines if there is more than one duty associated with the water right.) Conditions or other limitations, if any: Transfers Associated with C83651: T9829 (correcting), 10730 (IS in progress), T10731 (POD), This lease to terminate on or before T10730 final order. ~II~ Instream Water Right Information Section 2.2 continued from Standard Application for Short-Term Instream Lease, Instream use created by lease. The instream use to be created is described as follows:
<u>Crooked</u> River
Tributary to Deschutes 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): T 14 S, R 14 E, WM; Sect 24, SESW to Lake Billy Chinook a POD transfer was submitted for the
remaining rights on this Certificate
Maximum volume in acre-feet: 180
Rate in cfs: <u>0.563</u>
(Use the section below to indicate a more restrictive period of use than allowed by the water right.)

Co	onditions to prevent injury, if any:	*
	None	
X	The instream flow will be allocated on a daily average basis up to the de	escribed rate from
	May 6 through Oct 15 .	
	Other (describe):	a)



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.

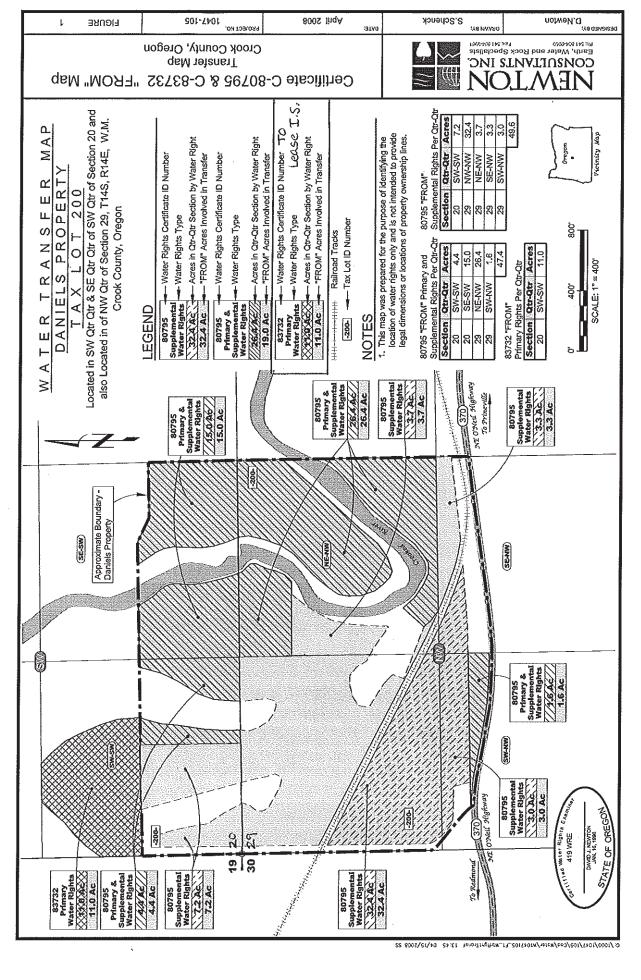
~I~ Water Right Holder and Water Right Information

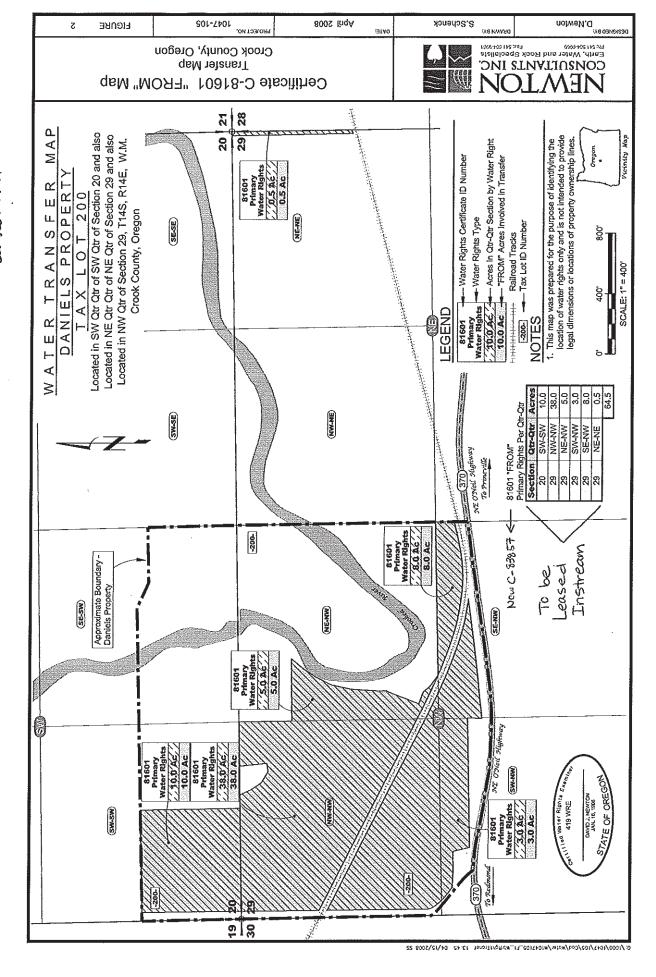
Section 1.5 continued from Standard Application for Instream Lease.
Subject Water Rights. Lessor proposes to lease the water rights listed in 1.3.
The right(s) to be leased are further described as follows:
Certificate No.: C83732 (83850 primary not leased, 83850 supplemental)
Priority date: 1892 Type of use: IRR
Legal Season of Use (if not listed on the certificate): Crooked River Decree, Feb 1 - Dec 1
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 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.
Place of use: T 14 S, R 14 E, Section 20 , SW 1/4 SW 1/4 - 11.00 acres to be leased Enter additional places of use here, using format above:
Page (Identify page number of certificate, if certificate is greater than 10 pages.)
Number of acres, if for irrigation: 11.0 Acre-feet of storage, if applicable: N/A Rate associated with leased rights (cfs): 0125 cfs/ac, 0.138 cfs (Use additional lines if there is more than one rate associated with the water right.) Duty associated with leased rights (AF): 4 af/ac, 44 af (Use additional lines if there is more than one duty associated with the water right.)
Conditions or other limitations, if any: <u>C83732 is associated with the following transfers: T7248, T10730 (IS).</u> This lease is to cancel prior to or with the final order of T10730.
~II~ Instream Water Right Information
Section 2.2 continued from Standard Application for Short-Term Instream Lease. Instream use created by lease. The instream use to be created is described as follows: Crooked River Tributary to Deschutes 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): SESW, Sect 20, T 14 S, R 14 E, WM; 1896 feet South and 1717 feet East from the West 1/4 corner of Section 20 to Lake Billy Chinook Maximum volume in acre-feet: 44 Rate in cfs: 0.138
(Use the section below to indicate a more restrictive period of use than allowed by the water right.)

C ₀	onditions to prevent injury, if any:
	None
\boxtimes	The instream flow will be allocated on a daily average basis up to the described rate from
•	May 6 through Oct 15.
	Other (describe):

Grass Bt	ı#e, LC	Grass Butte, LLC Instream Lease		Andrew Colors (Fig.) (Albert		Capital Single Comment										
				Acres	Leased		Acres		Acres	·	Total Ac	Acenc	t d	CALL TO SERVICE CONTRACTOR SERVICES	OCCUPACION DE L'ACTUAL DE L'AC	
۲	œ	Sect	taxlot	Leased IS	Cert	Priority	Remain	Cert	Remain	Cert	O ui	Transfers	Century loads	Only		Sup Ac
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еконео ву: О, Иемфол 8002 lhqA **З.**Schenck 1047-105 ε FIGURE CONSULTANTS INC.
Early, Water and Rock Specialists
Print ONesson
Fresh Correspond Crook County, Oregon Transfer Map Cert. C-81601, C-80795 & C-83651 "FROM" Map — Water Rights Certificate ID Number (Nac.) \$3\$57 → Water Rights Type -Acres in Qrt-Qrt Section by Water Right LEUSE
-"FROM" Acres Involved in Transfer IS. Instream STATE OF OREGON leased Instraam 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. the NW Qtr Qtr of NE Qtr of Section 28, T14S, R14E, W.M. Primary Rights Per Otr-Ot - Acres in Qtr-Qtr Section by Water Right Acres in Qt-Qtr Section by Water Right DAVID J, NEWTO JAN, 16, 1996 Section atract
28 NE-NW
28 NW-NE 419 WRE Located in SE Otr Otr of SW Otr of Section 21 and also ۷ ∑ Water Rights Certificate ID Number
 Water Rights Type - "FROM" Acres Involved in Transfer Water Rights Certificate ID Number
 Water Rights Type - "FROM" Acres Involved In Transfer "FROM" Acres Involved in Transfer Located in NE Qtr Qtr of NW Qtr and also Transaction to Mitigation Credits To Princylle œ PROPERT Leased 200 ANSFE - Tax Lot ID Number Crook County, Oregon Railroad Tracks 22 <u></u> SCALE: 1" = 400" Š 400 ĝ nmary Rights Per Otr-Otr Ľ 26.0 MILES × LEGEND 45,0 Ac--200 NOTES 81601 Primary 1 31601 "FROM" œ ш ⋖ ≥ , Sect 28 山土 SW-NE SWSE POD #2 - In Low Line Ditch Use In SE-SW of Section 21 4 S ナ 80795 Supplemental In /7,5,6,6 SENW -83651 POD - In Low Line Ditch Use in NE-NW & NW-NE of Section 28 Approximate Boundary -Miles Property U 81601 Primary Irr C /1000/1045/102/C00/MOIM/MID45102T1 MRBDHISCURI 13:42 04/12/5008 22

2.5 ac Leased Instream

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SESW

RITE, Sect. 21

v,

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1-

C-83857 (81601 CN)

December 30, 2003

John Short Bend, Oregon

John Short and To Whom it May Concern;

In regard to the property described as 14-14-29, approximately 105 acre water right.

People's Irrigation Company has no liens or encumbrances on this tract of property as of December, 2003. No water deliveries have been or can be made by People's Irrigation Company under the present system. The present system of People's Irrigation Company terminates it's deliveries at Elliott Lane and has for recent history.

Although the district's certificate lists some lands downstream of Elliott Lane, those lands with direct river diversions downstream of Elliott Lane are not assessed by People's Irrigation Company and are no longer part of People's Irrigation Company. People's Irrigation Company does not object to any temporary or permanent instream or other water right transfers on any lands with direct river diversions downstream of Elliott Lane.

Jack W. Riley

President, People's Irrigation Company

12-70-03

Jack W. Kily

Grass Butte, LLC

Water Conveyance Agreements, Deeds & other Documents

Conveyance:	Deed Record	Deed Filing Date
Map/taxlot # - 141421, 47.5 acres		
Dallon Miles to Emmett Ranch, LLC (water)	2008-226054	1/03/2008
Emmett Ranch, LLC to The Daniels Group, LLC (water)	2008-226055	1/03/2008
Dallon Miles Warranty Deed	2007-218184	1/22/2007
Map/taxiot # - 141420 – 11 acres		
Butler Ranch Inc to the Daniels Group (water)	2008-226612	2/11/2008
Butler Ranch Inc / Butler Ranch Inc (boundary adj)	2008-226611	2/11/2008
Butler Ranch Inc – Boundry Line Adjustment	2007-225548	12/05/2007
Amerititle Partition Plat Report		

Report date: 09/17/2007

Business Name change Daniels Group, LLC to Grass Butte LLC

The Daniels Group & Butler Ranch Inc (Tracts I & II)

Gregory Daniels is the Manager for Grass Butte,LLC and the Daniels Group, LLC State Treasury Business Entity Info Included

Transfers associated with Grass Butte, LLC leased water

T-10730 – permanent instream transfer for mitigation (all acres in this lease are in T-10730)

T-10734 – permanent transfer of supplemental water rights to other lands