



Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem Oregon 97301-1266
(503) 986-0900
www.wrd.state.or.us

Application for a Permit to Use
Surface Water

Please type or print in dark ink. If your application is found to be incomplete or inaccurate, we will return it to you. If any requested information does not apply to your application, insert "n/a." Please read and refer to the instructions when completing your application. 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.

1. APPLICANT INFORMATION

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WATER RESOURCES DEPT
SALEM OREGON

A. Individuals

Applicant: N/A
First Last

Mailing address:

City State Zip

Phone: Home Work Other

\*Fax: \*E-Mail address:

B. Organizations

(Corporations, associations, firms, partnerships, joint stock companies, cooperatives, public and municipal corporations)

Name of organization: Vineyard Holdings, LLC

Name and title of person applying: Allen Holstein

Mailing address of organization: P.O. Box 280

Dundee OR 97115
City State Zip

Phone: 503-537-4937 N/A
Day Evening

\*Fax: -- \*E-Mail address: holstein@argylewinery.com

\* Optional information

For Department Use
App. No. S-87156 Permit No. Date

**2. SOURCE AND PROPERTY OWNERSHIP**

**A. The Proposed Source of Water**

Provide the commonly used name of the water body from which water will be diverted, and the name of the stream or lake it flows into. If unnamed, say so:

Source 1: Unnamed intermt. stream Tributary to: King Creek  
Source 2: Unnamed intermt. stream Tributary to: King Creek  
Source 3: Eola Reservoir Tributary to: King Creek  
Source 4: \_\_\_\_\_ Tributary to: \_\_\_\_\_

If any source listed above is stored water that is authorized under a water right permit, certificate, or decree, attach a copy of the document or list the document number (for decrees, list the volume, page and/or decree name). Certificates 62251 and 62252

**B. Applications to Use Stored Water**

*Complete this section if any source listed in item 2A above is stored water.*

Do you, or will you, own the reservoir(s) described in item 2A above?

- Yes.
- No. (Please enclose a copy of your written notification to the operator of the reservoir of your intent to file this application, which you should have already mailed or delivered to the operator.)

If *all* sources listed in item 2A are stored water, the Department will review your application using the expedited process provided in ORS 537.147, unless you check the box below. Please see the instruction booklet for more information.

- By checking this box, you are requesting that the Department process your application under the standard process outlined in ORS 537.150 and 537.153, rather than the expedited process provided by ORS 537.147. To file an application under the standard process, you must enclose the following:
- A copy of a signed non-expired contract or other agreement with the owner of the reservoir (if not you) to impound the volume of water you propose to use in this application.
  - A copy of your written agreement with the party (if any) delivering the water from the reservoir to you.

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**C. Property Ownership**

Do you own all the land where you propose to divert, transport, and use water?

- Yes (*Skip to section 3 "Water Use."*)
- No (*Please check the appropriate box below.*)
  - I have a recorded easement or written authorization permitting access.
  - I do not currently have written authorization or easement permitting access.
  - Written authorization or an easement is not necessary, because the only affected lands I do not own are state-owned submersible lands, and this application is for irrigated and/or domestic use only (ORS 274.040).

You must provide the legal description of: (1) the property from which the water is to be diverted, (2) any property crossed by the proposed ditch, canal or other work, and (3) any property on which the water is to be used as depicted on the map.

List the names and mailing addresses of all affected landowners.

N/A

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**3. WATER USE**

*Please read the instruction booklet for more details on "type of use" definitions, how to express how much water you need and how to identify the water source you propose to use. You must fill out a supplemental form for some uses as they require specific information for that type of use.*

**A. Type(s) of Use(s)**

*See list of beneficial uses provided in the instructions.*

- If your proposed use is **domestic**, indicate the number of households to be supplied with water: \_\_\_\_\_
- If your proposed use is **irrigation**, please attach **Form I**
- If your proposed use is **mining**, attach **Form R**
- If your proposed use is **municipal or quasi-municipal**, attach **Form M**
- If your proposed use is **commercial/industrial**, attach **Form Q**

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**B. Amount of Water**

Provide the amount of water you propose to use from each source, for each use, in cubic feet-per-second (cfs) or gallons-per-minute (gpm). If the proposed use is from storage, provide the amount in acre-feet (af):

*(1 cfs equals 448.8 gpm. 1 acre-foot equals 325,851 gallons or 43,560 cubic feet)*

Source	Type of use	Amount			
Unnamed intermt. stream	Irrigation	0.3	<input checked="" type="checkbox"/> cfs	<input type="checkbox"/> gpm	<input type="checkbox"/> af
Unnamed intermt. stream	Reservoir Maintenance	0.2	<input checked="" type="checkbox"/> cfs	<input type="checkbox"/> gpm	<input type="checkbox"/> af
Eola Reservoir	Irrigation	36.7	<input type="checkbox"/> cfs	<input type="checkbox"/> gpm	<input checked="" type="checkbox"/> af
			<input type="checkbox"/> cfs	<input type="checkbox"/> gpm	<input type="checkbox"/> af

**C. Period of Use**

Indicate the time of year you propose to use the water: Irrig.: Mar. 1-Oct. 31; Resvr. Maint.: Year Round  
*(For seasonal uses like irrigation give dates when water use would begin and end, e.g. March 1–October 31.)*

**D. Acreage**

If you will be applying water to land, indicate the total number of acres where water will be applied or used: 135.9 acres  
*(This number should be consistent with your application map.)*

**4. WATER MANAGEMENT**

**A. Diversion**

What method will you use to divert water from the source?

- Pump (give horsepower and pump type): 10 hp electric centrifugal
- Head-gate (give dimensions): \_\_\_\_\_
- Other means (describe): \_\_\_\_\_

**B. Monitoring**

How will you monitor your diversion to be sure you are within the limits of your water right (allowed rate and duty) and you are not wasting water?

- Weir
- Meter
- Periodic Sampling
- Other means (describe): \_\_\_\_\_

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### C. Transport

How will you transport water to your place of use?

Ditch or canal (give average width and depth):

Width \_\_\_\_\_ Depth \_\_\_\_\_

Is the ditch or canal to be lined?  Yes  No

Pipe (give diameter and total length):

Diameter \_\_\_\_\_ 4" PVC \_\_\_\_\_ Length \_\_\_\_\_ Main pipe lines ~ 7000' (system not designed yet)

Other (describe) \_\_\_\_\_

### D. Application/Distribution Method

What equipment will you use to apply water to your place of use? Drip irrigation for vineyards; low pressure sprinkler for cover crops & landscaping.

Irrigation or land application method (check all that apply):

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Flood                                   | <input type="checkbox"/> High-pressure sprinkler | <input checked="" type="checkbox"/> Low pressure sprinkler |
| <input checked="" type="checkbox"/> Drip                         | <input type="checkbox"/> Water cannons           | <input type="checkbox"/> Center pivot system               |
| <input checked="" type="checkbox"/> Hand lines                   | <input type="checkbox"/> Wheel lines             |  |
| <input type="checkbox"/> Siphon tubes or gated pipe with furrows |  |  |
| <input type="checkbox"/> Other, describe _____                   |  |  |

Distribution method

- Direct pipe from source  In-line storage (tank or pond)  Open canal

### E. Conservation

What methods will you use to conserve water? Why did you choose this distribution or application method? Have you considered other methods to transport, apply, distribute or use water? For example, if you are using sprinkler irrigation rather than drip irrigation, explain. If you need additional space, attach a separate sheet.

Drip irrigation for vines and used only when needed. Sprinklers will be only used occasionally as needed.

\_\_\_\_\_  
\_\_\_\_\_

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5. RESOURCE PROTECTION

**A. Protection Practices**

In granting permission to use water from a stream or lake, the state encourages, and in some instances requires, careful control of activities that may affect the waterway or streamside area. See instruction guide for a list of possible permit requirements from other agencies. Please indicate any of the practices you plan to undertake to protect water resources.

Diversion will be screened to prevent uptake of fish and other aquatic life.

Describe planned actions: Not applicable. Eola Reservoir already exists.  
\_\_\_\_\_  
\_\_\_\_\_

Excavation or clearing of banks will be kept to a minimum to protect riparian or streamside areas. Describe planned actions: Not applicable. Eola Reservoir already exists.

\_\_\_\_\_  
\_\_\_\_\_

Operating equipment in a water body will be managed and timed to prevent damage to aquatic life. Describe: Not applicable. Eola Reservoir already exists.

\_\_\_\_\_  
\_\_\_\_\_

Water quality will be protected by preventing erosion and run-off of waste or chemical products. Describe: Although Eola Reservoir already exists, construction of additional irrigation systems will be completed following good erosion control best management practices as needed.

\_\_\_\_\_  
\_\_\_\_\_

Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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## 6. PROJECT SCHEDULE

*Indicate the anticipated dates that the following construction tasks should begin. If construction has already begun, or is completed, please indicate that date.*

Proposed date construction will begin: May 2008 - Additional Irrigation Systems

Proposed date construction will be completed: October 2015

Proposed date beneficial water use will begin: May 2009

## 7. REMARKS

*If you would like to clarify any information you have provided in the application, please do so here and reference the specific application question you are addressing.*

Eola Reservoir allows irrigation of 43.0 acres under Certificates #62251 and #62252. The concurrently submitted "Application for a Permit to Use Ground Water" seeks primary water rights for 135.9 new acres and supplemental water rights for the already mentioned 43.0 acres. This "Application for a Permit to Use Surface Water" seeks supplemental water rights for the 135.9 new acres. As per OAR 690-330-040, the applicant requests that in the interest in conserving groundwater supplies, the supplemental right be exercised at a time when surface water is avail

## 8. MAP REQUIREMENTS

The Department cannot process your application without accurate information showing the source of water and location of water use. You must include a map with this application form that clearly indicates the township, range, section, and quarter/quarter section of the proposed points of diversion and place of use. The map must provide tax lot numbers. See the map guidelines sheet for detailed map specifications.

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*Surface Water/7*

S. 87156

**9. SIGNATURE**

By my signature below I confirm that I understand:

- I am asking to use water specifically as described in this application.
- Evaluation of this application will be based on information provided in the application packet.
- I cannot legally use water until the Water Resources Department issues a permit to me.
- If I get a permit, I must not waste water.
- If development of the water use is not according to the terms of the permit, the permit can be canceled.
- The water use must be compatible with local comprehensive land use plans.
- Even if the Department issues a permit to me, I may have to stop using water to allow senior water right holders to get water they are entitled to, and

I swear that all information provided in this application is true and correct to the best of my knowledge:

*Alan Holt*

4/22/08

Signature of Applicant *(If more than one applicant, all must sign.)*

Date

Before you submit your application be sure you have:

- Answered each question completely.
- Attached a legible map which includes township, range, section, quarter/quarter and tax lot number.
- Included a Land Use Information Form or receipt stub signed by a local official.
- Included the legal description of all the property involved with this application. You may supply a copy of the deed, land sales contract, or title insurance policy, to meet this requirement.
- Included a check payable to the Oregon Water Resources Department for the appropriate amount. The Department's fee schedule can be found at [www.wrd.state.or.us](http://www.wrd.state.or.us) or call (503) 986-0900.

WRD on the web:  
[www.wrd.state.or.us](http://www.wrd.state.or.us)

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SALEM OREGON**





Oregon Water Resources Department

Vineyard Holdings, LLC  
Bethel Heights Property

**FORM I**  
**FOR IRRIGATION WATER USE** } → Surface Water Application

1. Please indicate whether you are requesting a primary or supplemental irrigation water right.

Primary     Supplemental

If supplemental, please indicate the number of acres that will be irrigated for each type of use.

Primary:            135.9            Acres

Secondary:        \_\_\_\_\_            Acres

List the permit or certificate number of the primary water right:            No. \_\_\_\_\_

2. Please list the anticipated crops you will grow and whether you will be irrigating them for a full or partial season:

- 1. Vineyards                                     Full season     Partial season (from: \_\_\_\_\_ to \_\_\_\_\_)
- 2. Cover Crops                                 Full season     Partial season (from: \_\_\_\_\_ to \_\_\_\_\_)
- 3. \_\_\_\_\_                                         Full season     Partial season (from: \_\_\_\_\_ to \_\_\_\_\_)
- 4. \_\_\_\_\_                                         Full season     Partial season (from: \_\_\_\_\_ to \_\_\_\_\_)

3. Indicate the maximum total number of acre-feet you expect to use in an irrigation season:

\_\_\_\_\_ 70 \_\_\_\_\_ acre-feet

(1 acre-foot equals 12 inches of water spread over 1 acre, or 43,560 cubic feet, or 325,851 gallons.)

4. How will you schedule your applications of water? Will you be applying water in the evenings, twice a week, daily?

- Daily during daytime hours
- Two or three times weekly during daytime
- Weekly, during daytime hours
- Other, explain: \_\_\_\_\_
- Daily during nighttime hours
- Two or three times weekly during nighttime
- Weekly, during nighttime hours

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## Oregon Water Resources Department Land Use Information Form

*THIS FORM IS NOT REQUIRED IF: 1) water is to be diverted, conveyed, and/or used only on federal lands; or 2) the application is for a water-right transfer, allocation of conserved water, exchange, permit amendment, or ground water registration modification, and all of the following apply: a) only the place of use is proposed for change, b) there are no structural changes, c) the use of water is for irrigation, and d) the use is located in an irrigation district or exclusive farm-use zone.*

Applicant Name: Vineyard Holdings, LLC c/o Allen Holstein  
 Mailing Address: P.O. Box 280  
 City: Dundee State: OR Zip: 97115 Day Phone: 503-537-4937

This application is related to a Measure 37 claim.  Yes  No

### A. Land and Location

Please include the following information for all tax lots where water will be diverted (taken from its source), conveyed (transported), or used. Applicants for municipal use, or irrigation uses within irrigation districts may substitute existing and proposed service-area boundaries for the tax-lot information requested below.

Township	Range	Section	¼ ¼	Tax Lot #	Plan Designation (e.g. Rural Residential/RR-5)	Water to be:	Proposed Land Use:
6S	4W	13	SWSW	404	EFU	<input checked="" type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
6S	4W	23	NENE	100	EFU	<input checked="" type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	"
6S	4W	24	NWNW	200	EFU	<input checked="" type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	"
						<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input type="checkbox"/> Used	

List all counties and cities where water is proposed to be diverted, conveyed, or used. Polk County

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### B. Description of Proposed Use

Type of application to be filed with the Water Resources Department:

- Permit to Use or Store Water       Water-Right Transfer       Exchange of Water  
 Allocation of Conserved Water       Limited Water Use License  
 Permit Amendment or Ground Water Registration Modification

Source of water:  Reservoir/Pond     Ground Water       Surface Water (name) unnamed intermittent stream

Estimated quantity of water needed: 0.9  cubic feet per second     gallons per minute     acre-feet

Intended use of water:  Irrigation     Commercial     Industrial     Domestic for \_\_\_\_\_ household(s)  
 Municipal     Quasi-municipal     Instream     Other \_\_\_\_\_

Briefly describe: Submitting water rights applications to Oregon Water Resources Department for irrigation from surface and groundwater.

S-87156

**Note to applicant:** *If the Land Use Information Form cannot be completed while you wait, please have a local government representative sign the receipt below and include it with the application filed with the Water Resources Department.*

## For Local Government Use Only

The following section must be completed by a planning official from each county and city listed unless the project will be located entirely within the city limits. In that case, only the city planning agency must complete this form.

This deals only with the local land-use plan. Do not include approval for activities such as building or grading permits.

**Please check the appropriate box below and provide the requested information**

- Land uses to be served by proposed water uses (including proposed construction) are allowed outright or are not regulated by your comprehensive plan. Cite applicable ordinance section(s): 136.030.
- Land uses to be served by proposed water uses (including proposed construction) involve discretionary land-use approvals as listed in the table below. (Please attach documentation of applicable land-use approvals which have already been obtained. Record of Action/land-use decision and accompanying findings are sufficient.)  
If approvals have been obtained but all appeal periods have not ended, check "Being pursued".

Type of Land-Use Approval Needed (e.g. plan amendments, rezones, conditional-use permits, etc.)	Cite Most Significant, Applicable Plan Policies & Ordinance Section References	Land-Use Approval:	
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued
		<input type="checkbox"/> Obtained <input type="checkbox"/> Denied	<input type="checkbox"/> Being pursued <input type="checkbox"/> Not being pursued

Local governments are invited to express special land-use concerns or make recommendations to the Water Resources Department regarding this proposed use of water below, or on a separate sheet.

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**SALEM OREGON**

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Name: Coren Hate Title: Planning Tech  
 Signature: Coren Hate Phone: 503-623-9237 ext: 412108  
 Government Entity: \_\_\_\_\_

**Note to local government representative:** Please complete this form or sign the receipt below and return it to the applicant. If you sign the receipt, you will have 30 days from the Water Resources Department's notice date to return the completed Land Use Information Form or WRD may presume the land use associated with the proposed use of water is compatible with local comprehensive plans.

When recorded, return to:  
Tonkon Torp LLP  
C/O David Petersen  
888 SW Fifth Avenue, Suite 1600  
Portland, OR 97204

Send Tax Statements to:  
Vineyard Holdings, LLC  
c/o Argyle Winery, Inc.  
691 Hwy. 99W  
P.O. Box 280  
Dundee, OR 97115

RECORDED IN POLK COUNTY 2007-018978  
Valerie Unger, County Clerk



\$61.00

12/20/2007 03:42:12 PM

REC-WD Cnt#1 Str#1 K. WILLIAMS  
\$35.00 \$10.00 \$11.00 \$5.00

**SPECIAL WARRANTY DEED**

THE GRANTOR, WEYERHAEUSER COMPANY, a Washington corporation, successor by merger to Willamette Industries, Inc., an Oregon corporation, for valuable consideration, receipt of which is hereby acknowledged, bargains, sells and conveys and specially warrants to VINEYARD HOLDINGS, LLC, an Oregon limited liability company, GRANTEE, the real estate, situated in Polk County, Oregon, described on Exhibit A attached hereto and by this reference made a part hereof, subject to encumbrances of title and reservations of Grantor as set forth on said Exhibit A.

The true and actual consideration for this transfer is: \$2,574,038.10

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES 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 AND TO INQUIRE ABOUT AND THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

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Eola Hills  
Weyerhaeuser/Vineyard Holdings  
Polk County, OR  
T2007-282ph

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SALEM OREGON

AMOUNT 2574038.10

Dated the 4th day of December, 2007.



WEYERHAEUSER COMPANY

James M. Bronson  
Title: SENIOR VICE PRESIDENT

G.W. Bierke  
Title: Assistant Secretary

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

Personally appeared before me, the undersigned authority in and for said county and state, on this 4th day of December, 2007, within my jurisdiction, the within named JAMES M. BRANSON and G.W. BIERKE, who acknowledged that they are SENIOR VICE PRESIDENT and Assistant Secretary of WEYERHAEUSER COMPANY, a Washington corporation, and that for and on behalf of the said corporation, and as its act and deed they executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.



Heidi Hauswirth  
Notary Public  
My appointment expires: 7-25-2011

Eola Hills  
Weyerhaeuser/Argyle Winery  
Polk County, OR  
T2007-282ph

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**IN POLK COUNTY, OREGON**

**TOWNSHIP 6 SOUTH, RANGE 4 WEST, W.M.**

**Section 13: PARCEL A:**

Beginning at the Southwest corner of Section 13-T6S-R4W, W.M.  
in Polk County, Oregon; Thence North 60 chains;  
Thence East 19.275 chains to an iron pipe;  
Thence South 40 chains to an iron pipe;  
Thence East 72.5 links to an iron pipe;  
Thence South 20 chains;  
Thence West 20 chains to the place of beginning.

SAVE AND EXCEPT a right-of-way for a road 20 feet wide from  
the South line of the above described tract northerly to the County  
Road.

FURTHER, SAVE AND EXCEPT the Family Cemetery and right-  
of-way from the County Road to the cemetery.

FURTHER, SAVE AND EXCEPT that portion of the herein  
described premises lying with public road and highways.

FURTHER, SAVE AND EXCEPT that portion conveyed by  
Crown Zellerbach Corporation to Polk County by deed recorded  
September 22, 1976 in Volume 95, page 161, Book of Records for  
Polk County, Oregon.

FURTHER, SAVE AND EXCEPT that portion conveyed by  
Crown Zellerbach Corporation to Noble Mountain Tree Farm by  
deed recorded June 14, 1978 in Volume 129, page 157, Book of  
Records for Polk County, Oregon.

FURTHER, SAVE AND EXCEPT that portion conveyed by  
Crown Zellerbach Corporation to Nancy Elizabeth Stowell, et al,  
by deed recorded September 25, 1980 in Volume 151, page 2145,  
Book of Records for Polk County, Oregon.

Weyerhaeuser/Vineyard Holdings  
Polk County, OR  
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**PARCEL B:**

Beginning at an iron pipe 20.00 chains North and 19.275 chains East from the Southwest corner of Section 13-T6S-R4W, W.M. in Polk County, Oregon;  
Thence East 15.965 chains; Thence North 4.56 chains to the Northwest corner of the J. P. Smith Donation Land Claim in said Township and Range;  
Thence East along the North line of said Smith Donation Land Claim, 12.71 chains to an iron pipe;  
Thence North 45° 55' East, 11.46 chains to an iron pipe;  
Thence West 36.515 chains to an iron pipe;  
Thence South 12.92 chains to the place of beginning.

SAVE AND EXCEPT that portion conveyed by Crown Zellerbach Corporation to Nancy Elizabeth Stowell, et al, by deed recorded September 25, 1980 in Volume 151, page 2145, Book of Records for Polk County, Oregon.

**Section 13:**

That portion of the S $\frac{1}{2}$ NW $\frac{1}{4}$  and the N $\frac{1}{2}$ SW $\frac{1}{4}$ , more particularly described as follows:

Beginning at an iron pipe at the Southwest corner of that tract of land conveyed to Polk County by Deed recorded in Volume 186 page 126, Polk County Records;  
Thence along the West line of said Polk County property, due North 510.52 feet to a point of intersection with the South line of the relocated County Road No. 634 as surveyed by the Polk County Surveyor as of July 9, 1976;  
Thence South 20° 36.2' East 544.53 feet to a point on the South line of said Polk County tract;  
Thence along said South line, South 89° 54.4' West 191.62 feet to the point of beginning.

SAVE AND EXCEPT that portion conveyed by Crown Zellerbach Corporation to Nancy Elizabeth Stowell, et al, by deed recorded September 25, 1980 in Volume 151, page 2145, Book of Records for Polk County, Oregon.

**Section 23:**

NE $\frac{1}{4}$ NE $\frac{1}{4}$

**Section 24:**

NW $\frac{1}{4}$ NW $\frac{1}{4}$

Weyerhaeuser/Vineyard Holdings  
Polk County, OR  
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**RESERVATION – Aggregate Resources Royalty Reservation**

Grantor hereby expressly saves, excepts, and reserves out of the grant hereby made, unto itself and its successors and assigns, a perpetual royalty interest in any rock, sand, gravel, and aggregate (collectively "Aggregate Resources") which may be recovered or consumed by Grantee or persons claiming under or through Grantee (collectively referred to as "the Resource Owners"), from that portion of said land located in the above described Parcel B of Section 13, including the entrance road, in the amount of fifty percent (50%) of the fair market value of such Aggregate Resources at the time of their extraction from the property. "Fair market value of such Aggregate Resources at the time of their extraction" means the value which a willing buyer would pay for such Aggregate Resources in place, assuming that: (1) removals could and would commence immediately and continue until such Aggregate Resources were exhausted or no longer economic to extract, and (2) the buyer was prepared to extract such Aggregate Resources and process the same into marketable forms. Where the Resource Owners have negotiated, on an arms length basis, a mining lease or similar agreement with an independent non-affiliated third party in the business of acquiring and extracting such Aggregate Resources, and those parties have no other business dealings, the fair market value of such Aggregate Resources shall be presumed to equal the sum of all money (whether characterized as royalties, bonuses, rents, profit sharing, or other payments) and other things of value received, directly or indirectly, by the Resource Owners and their affiliates as compensation for removal of such Aggregate Resources, and Grantor or its successors or assigns shall be entitled to twenty-five percent (25%) of all such monies plus twenty-five percent (25%) of the value of all non-monetary things so received. Where the Resource Owners, or persons acting in concert with them, remove such Aggregate Resources for sale or further processing, the fair market value of the resources shall be the amount which an independent non-affiliated willing buyer would pay as compensation for such Aggregate Resources under the assumptions stated above. Evidence of such value may include: (1) amounts customarily paid to the owners of similar Aggregate Resources by those in the business of extracting and processing such Aggregate Resources, (2) the market value of products produced from similar Aggregate Resources less average costs of all elements of production other than compensation to the owner for the raw resource in place, and (3) the profits received and anticipated by the parties removing and processing the Aggregate Resources, after allowing for costs of removal and production and a reasonable rate of return on the capital employed to do so.

The Resource Owners covenant and agree to: (1) notify Grantor, or any successor or assigns of record, if they plan to remove or consume any Aggregate Resources from the

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lands conveyed herein, (2) keep Grantor or its successors or assigns informed of the status of any regulatory permits needed to remove or consume such Aggregate Resources, (3) notify Grantor or its successors or assigns of the quantities of each type or grade of Aggregate Resources removed or consumed within thirty (30) days after the end of each month in which any such removals or consumption occur, (4) maintain books and records reflecting the removal and consumption of all Aggregate Resources from the land, all consideration paid therefor, copies of all leases, contracts, and agreements related to any such removal or consumption, and all other information as may be necessary to determine the amounts payable as royalties hereunder, such books and records shall be open for inspection, copying, and audit by Grantor or its successors or assigns or duly authorized representatives at all reasonable times, (5) negotiate in good faith as to the amount of royalties to be paid and methods to verify that royalties have been properly determined and paid, (6) pay the reserved royalties within thirty (30) days after the end of each month in which any Aggregate Resources are removed or consumed and (7) pay the greater of the following amounts (or the maximum allowed by law, if less) as interest on any late payments: (a) 1.5% per month or (b) ten (10.00) percentage points above the equivalent coupon issue yield (as published by the Board of Governors of the Federal Reserve System) of the average bill rate for twenty-six week treasury bills as determined at the first bill market auction conducted during the month in which the payment was due.

**SUBJECT TO:**

1. All easements and rights of way for public roads and utilities heretofore established and existing on said land.
2. Rights reserved in federal patents or state deeds, mineral or fossil rights reservations, building or use restrictions general to the area, and building or zoning regulations or provisions.
3. Ancestral rights, if any, of descendants of aboriginal inhabitants to occupy, use and possess any portion of the premises, as reserved by treaties, understandings, practice, statutes, or judicial decisions; for food gathering, shelter, religious ceremonies, social and economic gatherings, battlefields and burial sites.
4. Any designation, for tax purposes, as Forest Land.
5. All planning, zoning, health and other governmental regulations, if any, affecting subject property.

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6. Any prohibition of or limitation of use, occupancy or improvement of the land resulting from the rights of the public or riparian owners to use any portion which is now, or has formerly been covered by water.
7. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or other facts which a correct survey would disclose.
8. Document: Easement  
Date: May 11, 1964  
Grantee: Northwest Natural Gas Company  
Recording #: Book 191 at Page 135

----- End of Exhibit A -----

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TELEPHONE (503) 357-5717  
FAX (503) 357-5698  
EMAIL: billkness@stuntzner.com

2137 19<sup>th</sup> Avenue  
Forest Grove, OR 97116

**COOS BAY - FOREST GROVE - DALLAS - BROOKINGS**

April 14, 2008

Oregon Water Resources Department  
Water Rights Application Section  
725 Summer Street, NE Suite A  
Salem, OR 97301-1271

To whom it may concern:

On behalf of Vineyard Holdings, LLC, we are submitting the enclosed water rights applications for their property located near Bethel Heights in Polk County. The enclosed ground water application seeks to establish primary water rights for irrigation from an on-site water well for 135.9 acres and supplemental water rights for irrigation from the well for 43.0 acres currently irrigated under water right certificates #62251 and #62252. The enclosed surface water application seeks to establish supplemental water rights for irrigating the 135.9 acres.

As per OAR 690-330-040, the owner requests that in the interest in conserving groundwater supplies, supplemental surface water rights be exercised at a time when surface water is available. Following the establishment of water rights in these applications, the applicant intends to request substitution of the supplemental ground water right for the primary surface water right on the 43.0 acres [OAR 690-380-2330]

Note that we are the applicant's representative for these water rights applications. **Please send correspondence (or copies of correspondence) regarding this application to:**

**William Kness  
2137 19<sup>th</sup> Avenue  
Forest Grove, OR 97116  
503-357-5717  
503-357-5698 (fax)**

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The following items are enclosed and labeled in the following order:

1. Land Use Information Form
2. Application for a Permit to Use Ground Water
3. Application for a Permit to Use Surface Water
4. Water Rights Application Map

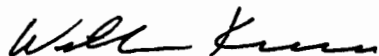
5. Form I for Irrigation Water Use (Ground Water Application)
6. Form I for Irrigation Water Use (Surface Water Application)
7. Form Q for Commercial Water Use (Ground Water Application)
8. Deed and legal description for property
9. Tax assessor maps of Sections 13, 23, and 24, T6S, R4W, WM
10. Existing Water Rights (Certificates #62251 and #62252)
11. Check for Application Fees:

<i>To Appropriate Groundwater:</i>				
Category		Units / Description	Rate	Amount
Base	1	GW POD & Irrigation use	\$500.00	\$500.00
1st cfs or fraction thereof	1	cfs	\$200.00	\$200.00
Each add'l. cfs or fraction thereof	0	cfs	\$100.00	\$0.00
Each add'l. use, POD, or well after the 1st	1	commercial use	\$200.00	\$200.00
Each add'l. use, POD, or well after the 1st	1	reservoir maintenance use	\$200.00	\$200.00
			Subtotal:	\$1,100.00
<i>To Appropriate Surface Water:</i>				
Category		Units / Description	Rate	Amount
Base	1	SW POD & Irrigation use	\$500.00	\$500.00
1st cfs or fraction thereof	1	cfs	\$200.00	\$200.00
Each add'l. cfs or fraction thereof	0	cfs	\$100.00	\$0.00
Each add'l. use, POD, or well after the 1st	0	use or POD	\$200.00	\$0.00
<i>To Appropriate Stored Water under the same Application:</i>				
Each af or fraction thereof up to 20 af	20	af	\$20.00	\$400.00
Each add'l af or fraction thereof	17	af	\$1.00	\$17.00
			Subtotal:	\$1,117.00
<b>Total Fees:</b>				<b>\$2,217.00</b>

- Notes: 1) "Base" fees include the first Point of Diversion (POD) or first well and first "use".  
 2) cfs = cubic feet per second  
 3) af = acre foot  
 4) Permit Recording Fees of \$300 per application are not included in calculations.  
 Recording Fees to be paid prior to permit issuance.

Please contact us with any questions or comments. Thank you.

Sincerely,  
 Stuntzner Engineering & Forestry, LLC



William Kness, PE, PLS

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