

October 24, 2008

Kerry Kavanagh
Water Rights Caseworker
725 Summer Street NE, Suite A
Salem OR, 97031-1271

SUBJECT: Middle Zena Surface Water Right Application

Dear Ms. Kavanagh,

Please find the Middle Zena surface water application attached for your review. As we discussed the water right holder of certificates 28372 has voluntarily cancelled the right. I am submitting a water right transfer for character of use for the existing reservoir under separate cover.

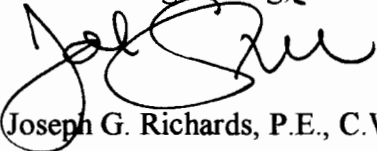
This application applies for the existing stored water in the reservoir on the subject property to be used for watering the proposed vineyard. Since the water right certificate for use of the stored water has been cancelled this application will establish a new POU on the Middle Zena Vineyard for the stored water. We have also requested appropriation of water from the unnamed stream for irrigation and reservoir maintenance for your consideration since the cancelled certificate applied to that source.

In addition, we have applied for the stored water on the adjacent properties to the east and west of the subject property for supplemental coverage. I believe I have handled this in the manner we discussed.

Thank you in advance for your assistance with this application. I am available to discuss this further either over the phone or in person at your convenience.

Sincerely,

Richards Engineering, LLC



Joseph G. Richards, P.E., C.W.R.E.

Copy: Tom Adams, Popcorn Hill Vineyard, LLC
Enclosures

RECEIVED

NOV 19 2008

WATER RESOURCES DEPT
SALEM, OREGON



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

A. Applicants

Applicant: _____
First Last

Mailing Address: _____

City State Zip

Phone: _____
Home Work Other

*Fax: _____ *Email Address: _____

B. Organizations

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

Name of Organization: (see attached signature block) _____

Name and Title of Person Applying: _____

Mailing Address or Organization: 4 Financial Plaza _____

Napa _____ CA _____ 94558 _____
City State Zip

Phone : (707) 224-6565 _____
Day Evening

*Fax: (707) 257-9398 _____ *Email Address: _____

*Optional

For Department Use		
App. No. _____	Permit No. _____	Date _____

Last Updated: 6/25/2008

Surface Water/1

RECEIVED WR

NOV 19 2008

WATER RESOURCES DEPT
SALEM, OREGON

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:	<u>Unnamed Stream</u>	Tributary to:	<u>Spring Valley Creek</u>
Source 2:	<u>R-58089 (Rice Reservoir)</u>	Tributary to:	<u>Spring Valley Creek</u>
Source 3:	<u>R-89594 (Zena East Res.)</u>	Tributary to:	<u>Spring Valley Creek</u>
Source 4:	<u>See Below(Zena West Res.)</u>	Tributary to:	<u>Spring Valley Creek</u>

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).

Zena West Reservoirs: Reservoirs 1a and 1b (Permit R-5384), Reservoir 2 (Permit R5384, to enlarge under R-86141), Reservoir 4 (Permit R-5384, enlarge under R-86142), Reservoir 5 (Application R-86143), and Reservoir 6 (Application R-86144).

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.

RECEIVED

NOV 19 2008

WATER RESOURCES DEPT
SALEM, OREGON

C. Property Ownership

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

Yes (Please check appropriate box below then skip to section 3 'Water Use')

There are no encumbrances

This land is encumbered by easements, rights of way, roads or other encumbrances
(please provide a copy of the recorded deed(s))

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.

1. Zena Heights Vineyard (5995 Zena Road NW, Salem OR 97304)
2. Zena East Vineyard (5265 Zena Road NW, Salem OR 97304)

Note: All properties owned by applicant.

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**

RECEIVED

NOV 19 2008

WATER RESOURCES DEPT
SALEM, OREGON

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
Middle Zena Res	Irrigation	8 <input type="radio"/> cfs <input type="radio"/> gpm <input checked="" type="radio"/> af
Unnamed Stream	Irrigation	100 <input type="radio"/> cfs <input checked="" type="radio"/> gpm <input type="radio"/> af
Unnamed Stream	Reservoir Maintenance	10 <input type="radio"/> cfs <input checked="" type="radio"/> gpm <input type="radio"/> af
See Exhibit A	for Supplemental Coverage	<input type="radio"/> cfs <input type="radio"/> gpm <input type="radio"/> af

C. Period of Use

Indicate the time of year you propose to use the water: March 1 to October 31

(For seasonal uses like irrigation give dates when water use would begin and end, e.g. March 1-October 31.)

If you will be applying water to land, indicate the total number of acres where water will be applied or used: ~~95.02 acres~~ 98.86 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): 25 hp submersible
- 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): _____

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 inch Length varies

other, describe: _____

D. Application/Distribution Method

What equipment will you use to apply water to your place of use?

Water will be applied at the POU by drip irrigation.

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

- Flood
- Drip
- Hand Lines
- Siphon tubes or gated pipe with furrows
- other, describe: _____
- High pressure sprinkler
- Water Cannons
- Wheel Lines
- Low pressure sprinkler
- Center pivot system

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 is used for optimal water conservation and control of water delivery.

RECEIVED
NOV 19 2008
WATER RESOURCES DEPT
SALEM, OREGON

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:

All pump ends will be screened.

Excavation or clearing of banks will be kept to a minimum to protect riparian or streamside areas. Describe planned actions:

Riparian buffers are established to minimize impacts.

Operating equipment in a water body will be managed and timed to prevent damage to aquatic life. Describe:

Any work in water bodies will conform to ODFW in-water work windows and other regulatory guidelines.

Water quality will be protected by preventing erosion and run-off of waste or chemical products. Describe:

Pumps will be electrically driven.

Other:

RECEIVED
NOV 19 2008
WATER RESOURCES DEPT
SALEM, OREGON

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: March 2009

Proposed date construction will be completed: October 2009

Proposed date beneficial water use will begin: June 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.

Please note that water right certificate 28372 has been canceled by the water right holder (see attached). Cancellation of 28372 also cancels 59294 as the supplemental. These certificates were for use of the stored water in the Rice Reservoir (Middle Zena Reservoir) and use of water from the unnamed stream for a 15.5 acre POU on the southern Zenith Vineyard property.

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.

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, I may have to stop using water to allow senior water right holders to get water to which they are entitled.

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

See attached signature block

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 or call (503) 986-0900.

WRD on the web:

www.wrd.state.or.us

Surface Water/8

RECEIVED

NOV 19 2008

**WATER RESOURCES DEPT
SALEM, OREGON**

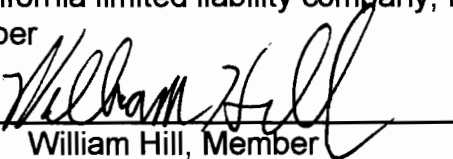
Signature Block:

By: CFRI Middle Zena, L.L.C.
A Delaware limited liability company

By: 2008 VD Holding, LLC
A Delaware limited liability company, its sole member

By: 2008 Vineyard Development, LLC
A Delaware limited liability company, its sole member

By: Hill Wollack Kahn & Daniels, LLC
A California limited liability company, its co-managing member and administrative member

By: 
William Hill, Member

RECEIVED
NOV 19 2008
WATER RESOURCES DEPT
SALEM, OREGON



Oregon Water Resources Department

FORM I

FOR IRRIGATION WATER USE

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: _____ Acres

Secondary: ~~95.02~~ 98.86 Acres

List the permit or certificate number of the primary water right: No. R89594, R-5384, R-8614(1,2,3,4)

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

- 1. Grapes Full season Partial season (from: March to Oct.)
2. _____ 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:

44 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 Daily during nighttime hours
 Two or three times weekly during daytime Two or three times weekly during nighttime
 Weekly, during daytime hours Weekly, during nighttime hours
 Other, explain: _____

RECEIVED
NOV 19 2008
WATER RESOURCES DEPT
SALEM, OREGON



Oregon Water Resources Department

FORM I FOR IRRIGATION WATER USE

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: _____ Acres

Secondary: ~~95.02~~ 98.86 Acres

List the permit or certificate number of the primary water right: No. R-8132

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

- | | | |
|------------------|---|--|
| 1. <u>Grapes</u> | <input checked="" type="checkbox"/> Full season | <input type="checkbox"/> Partial season (from: <u>March</u> to <u>Oct.</u>) |
| 2. _____ | <input type="checkbox"/> Full season | <input type="checkbox"/> Partial season (from: _____ to _____) |
| 3. _____ | <input type="checkbox"/> Full season | <input type="checkbox"/> Partial season (from: _____ to _____) |
| 4. _____ | <input type="checkbox"/> Full season | <input type="checkbox"/> Partial season (from: _____ to _____) |

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

44 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?

- | | |
|--|---|
| <input type="checkbox"/> Daily during daytime hours | <input type="checkbox"/> Daily during nighttime hours |
| <input checked="" type="checkbox"/> Two or three times weekly during daytime | <input type="checkbox"/> Two or three times weekly during nighttime |
| <input type="checkbox"/> Weekly, during daytime hours | <input type="checkbox"/> Weekly, during nighttime hours |
| <input type="checkbox"/> Other, explain: _____ | |

RECEIVED

NOV 19 2008

WATER RESOURCES DEPT
SALEM, OREGON



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: Middle Zena Vineyard, LLC
Mailing Address: Zena Road NW
City: Salem State: OR Zip: 97304 Day Phone: 503 841 5012

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	1/4	Tax Lot #	Plan Designation (e.g. Rural Residential/RR-5)	Water to be:	Proposed Land Use:
6S	4W	23	NW SE	801	Forest/Farm	<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Vineyard
6S	4W	23	NE SE	801	Forest/Farm	<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Vineyard
6S	4W	23	SW SE	801	Forest/Farm	<input checked="" type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Vineyard
6S	4W	23	SE SE	801	Forest/Farm	<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Vineyard

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

B. Description of Proposed Use

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

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

Source of water: Reservoir/Pond Ground Water Surface Water (name) Unnamed Source (Left, Right, Valley Creek)

Estimated quantity of water needed: 44 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: Water use will be for establishing and maintaining a vineyard on Tax Lot 801. The vineyard will utilize drip irrigation.

Water sources are shown on the attached surface water application map. The existing reservoir and stream on the subject property, and the reservoirs on the adjacent properties to the west and east are the intended water sources for the vineyard development.

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.*

Receipt for Request for Land Use Information

State of Oregon
Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301-1266

RECEIVED

NOV 19 2008

WATER RESOURCES DEPT
SALEM, OREGON

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): 177.030(B)

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

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.

Name: Coren Hale Title: Permit Specialist
 Signature: Coren Hale Phone: 503 623 9237 Date: 10/23/08
 Government Entity: Polk County Community Development

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.

Receipt for Request for Land Use Information

Applicant name: _____
 City or County: _____ Staff contact: _____
 Signature: _____ Phone: _____ Date: _____

RECEIVED

NOV 19 2008

WATER RESOURCES DEPT
SALEM, OREGON

Last updated 12/22/06 WR

Added 11-20-08
K Kavanagh

RECORDED IN POLK COUNTY
VALERIE UNGER, COUNTY CLERK

2003-018707



\$31.00

REC-WD Cnt=1 Str=1 c. MILLER
\$10.00 \$10.00 \$11.00
09/22/2003 04:18:38 PM



Fidelity National Title Company

After Recording Return To:
Bethel Hill Vineyard, LLC
PO Box 3989
Napa, CA 94558

Send Tax Statements To:
Bethel Hill Vineyard, LLC
PO Box 3989
Napa, CA 94558

Title Order No.
Escrow No. 21-24642
Tax Account No.

WARRANTY DEED (ORS 99.850)

David G. Duncan and Susan J. Duncan, husband and wife, as tenants by the entirety, Grantor, conveys and warrants to Bethel Hill Vineyard, LLC, Grantee, the following described real property free of encumbrances except as specifically set forth herein:

See Exhibit 'A' attached hereto and by reference made a part hereof.

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 \$550,000.00 which is paid to an accommodator pursuant to an IRC section 1031 exchange.

Dated this 19 day of SEPTEMBER, 2003

David G. Duncan
David G. Duncan
1840 Lincoln Rd E
Woodburn, OR 97071
Phone: 503 981-3275

Susan J. Duncan
Susan J. Duncan

State of OR, County of Polk)ss.

This instrument was acknowledged before me on September 19, 2003
by David G. Duncan and Susan J. Duncan.

Carol C. Jackson
Notary Public

My commission expires: 6/15/06

RECEIVED

MAR 01 2004

WATER RESOURCES DEPT
SALEM OREGON



Page 1 of 2

App No 5-85955

TICOR TITLE 16-27115

Page 1 of 2

LEGAL DESCRIPTION

Beginning at the Southeast corner of Section 23 in Township 6 South, Range 4 West of the Willamette Meridian, Polk County, Oregon; thence South 89° 58' 37" West along the South line of said Section a distance of 1701.56 feet to an iron rod; thence North 08° 32' 36" East, 669.81 feet to an iron rod; thence North 80° 17' 54" West, 27.00 feet to a stone marked with an "X"; thence North 08° 33' 49" East, 671.24 feet to a iron rod; thence South 87° 41' 17" East, 144.65 feet to an iron rod; thence South 13° 23' 46" East, 108.68 feet to an iron rod thence South 77° 38' 31" East 129.04 feet to an iron rod; thence North 52° 42' 42" East, 1417.63 feet to an iron rod; thence North 00° 02' 41" West, 59.86 feet to an iron rod; thence South 89° 51' 31" West, 443.84 feet to an iron rod; thence North 00° 06' 28" West, 543.59 feet to an iron rod; thence North 00° 06' 28" West, 0.23 feet to the North line of the Southeast quarter of said Section 23; thence North 89° 51' 44" East, 543.47 feet to the East one-quarter corner of said Section 23; thence South 00° 08' 29" East, 2653.58 feet to the point of beginning, per survey dated August 29, 2003 prepared by Theodore J. Langton, #1823 of Northstar Surveying, Inc.

TOGETHER WITH: A non-exclusive easement for ingress, egress and utility purposes over and across a strip of land 40 feet in width and lying 20 feet on each side of the following described centerline: Beginning at a point which is 1360 feet North 89° 58' 37" East from the North one-quarter corner of Section 26 in Township 6 South, Range 4 West of the Willamette Meridian in Polk County, Oregon and said point being on the North line of said Section 26 and the South line of that (50 foot wide) easement reserved unto grantors by that deed recorded in Book of Records 175, Page 1853 of the Polk County Deed Records; thence South 32° 32' 41" East, 70.00 feet; thence South 30° 40' 00" West, 167.00 feet; thence South 14° 40' 44" East, 40.00 feet; thence South 43° 18' 18" East, 155.00 feet; thence South 15° 25' 43" East, 160.00 feet; thence South 45° 26' 41" East, 110.00 feet; thence South 65° 13' 08" East, 125.00 feet; thence South 74° 13' 09" East, 120.00 feet; thence South 51° 49' 39" East, 100.00 feet; thence South 17° 55' 46" East, 140.00 feet; thence South 06° 04' 55" West, 100.00 feet, more or less to a point that is 20 feet from the Easterly line of that tract of land conveyed to Mark J. Feltz and Janice B. Feltz by that deed recorded in Book of Records 317, Page 2162 of the Polk County Deed Records; thence South 19° 09' 04" West, parallel with and 20 feet Westerly from said Easterly line, 1615.00 feet, more or less, to the North line of the County Road.

SUBJECT TO:

2003-04 Taxes, a lien not yet payable; Farm use classification of record; Rights of the public in and to that portion of the premises herein described lying within the limits of public roads, streets and highways; Easement Recorded 1/19/84, Book 175, page 1854; Easement recorded 1/19/84, Book 175, page 1854; Easement recorded 1/23/03, Instrument No. 2003001267; Easement Maintenance Agreement recorded 1/23/03, Instrument Number 2003001267; Restrictive Covenant recorded 7/18/03, Instrument No. 2003-103732;

RECEIVED

MAR 01 2004

WATER RESOURCES DEPT
SALEM, OREGON

from App 5-85955

Added 11-20-08 K Karanage
ZENA TIMBER

4550 Oak Grove Rd.
Rickreall, OR 97371
USA

Sarah Deumling
Forest Manager

503-585-6380
Fax 503-540-8937
pollicino@icg.org

Northwest Vineyard Services
P. O. Box 354
Amity, OR 97101

Dear Mr. Bailey

I understand that you are the vineyard manager for PPV Bethel Heights Vineyard and can act for them regarding this issue.

Zena Timber agrees to provide a 15 foot wide easement immediately north of the south boundary line of tax lot 801, section 23, T6S, R4W, WM, in Polk County, Oregon. The purpose of the easement is to construct and maintain an irrigation pipeline. The pipeline will extend from the unnamed stream eastward to the west boundary of tax lot 802, sec. 23, T6S, R4W, WM.

It is understood that the owners of said tax lot 802 will exercise reasonable care of the easement during construction and maintenance of the pipeline. This includes but is not limited to, seeing that construction excavations are filled, leveled and reseeded within a reasonable length of time following construction, and that the work area is left in a sightly manner after any construction work.

Approved by:


Sarah Deumling, for Zena Timber

2-3-2004
date, 2004

RECEIVED

MAR 01 2004

WATER RESOURCES DEPT
SALEM, OREGON

App No 5-85955

EE

CHASE MANHATTAN BANK

STATE OF OREGON,
County of _____) 85.

Grantor's Name and Address
ZENA HEIGHTS VINEYARD, LLC

I certify that the within instrument was

RECORDED IN POLK COUNTY
VALERIE UNGER, COUNTY CLERK 2003-003471

Grantor's Name and Address
A/R recording, return to (Name, Address, Zip):
Zena Heights Vineyard LLC
P.O. Box 3989
Mapa, CA 94558

Barcode
00670010200300034710020025 \$31.00

Liability requested, amount and all tax statements to (Name, Address, Zip):
Zena Heights Vineyard, LLC
P.O. Box 3989
Mapa, CA 94558

REC-WD Cnt=1 Gr=1 A. CAPTAIN
\$10.00 \$10.00 \$11.00
02/27/2003 09:38:35 AM
By _____, Deputy.

FIRST AMERICAN TITLE 2089-90038

SPECIAL WARRANTY DEED - STATUTORY FORM
(CORPORATE GRANTOR)

CHASE MANHATTAN BANK, Trustee, a corporation duly organized and existing under the laws of the State of _____, Grantor, conveys and specially warrants to ZENA HEIGHTS VINEYARD, LLC, a Delaware Limited Liability Company, the following described real property free of encumbrances created or suffered by the Grantor, except as specifically set forth herein, situated in Polk County, Oregon, to-wit:

For description see Exhibit A attached and by reference made a part hereof

**recorded 11/30/76 in Book 98, Page 864, Book of Records.

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE)

The property is free of all encumbrances created or suffered by the Grantor except (if none, so state) Rights of the public in and to any portion of the premises lying within the limits of streets, roads and highways; Property is zoned or classified for farm use and any disqualification may subject property to additional taxes or penalties; Easement**

The true consideration for this conveyance is \$ 650,000.00 (Here, comply with the requirements of ORS 93.030.)

Done by order of the grantor's board of directors with its corporate seal, if any, affixed on February 20 2003

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.

CHASE MANHATTAN BANK, TRUSTEE
By _____, President
MICHAEL MORELAND, Secretary
By _____, Director

STATE OF Florida, County of Orange By: OCWEN FEDERAL BANK FSB, It's Attorney in Fact

This instrument was acknowledged before me on February 20 2003
by MICHAEL MORELAND
as Director
of OCWEN Federal Bank FSB

Notary Public for Oregon = Florida
My commission expires 3/12/06

Angela Riva
My Commission DD141376
Expires August 12, 2006

RECEIVED
NOV 19 2008
WATER RESOURCES DEPT
SALEM, OREGON

EXHIBIT A

Beginning at a point in the center of the County Road leading from Bethel to Salem, 7.00 chains East of the corner of Sections 22, 23, 26 and 27, in Township 6 South, Range 4 West of the Willamette Meridian, in Polk County, Oregon; and running thence East 9.00 chains; thence North 38° East 6.50 chains; thence East 20.0 chains; thence North 35.00 chains; thence West 43.65 chains to the center of the Bailey County Road; thence along the center line of said road as follows: South $06^{\circ} 30'$ West 14.42 chains; thence South 05° East 3.82 chains; thence South 20° East 12.27 chains to the center line of the Bethel and Salem County Road; thence South 35° East 13.50 chains along the centerline of said road to the place beginning.

SAVE AND EXCEPT that portion of said property conveyed to United Vineyard Management Co., an Oregon Corporation, by Deed dated October 26, 1976, and recorded November 30, 1976, in Book 98, Page 864, Deed Records for Polk County, Oregon.

ALSO SAVE AND EXCEPT that portion of said property conveyed to Norman L. Rice by Deed recorded May 12, 1954, Volume 153, Page 596, Deed Records for Polk County, Oregon.

ALSO SAVE AND EXCEPT that portion of said property conveyed to Polk County, a political subdivision, for road widening, described in Deed dated July 21, 1958, recorded in Book 167, Page 414, Deed Records for Polk County, Oregon.

RECEIVED

NOV 19 2008

WATER RESOURCES DEPT
SALEM, OREGON

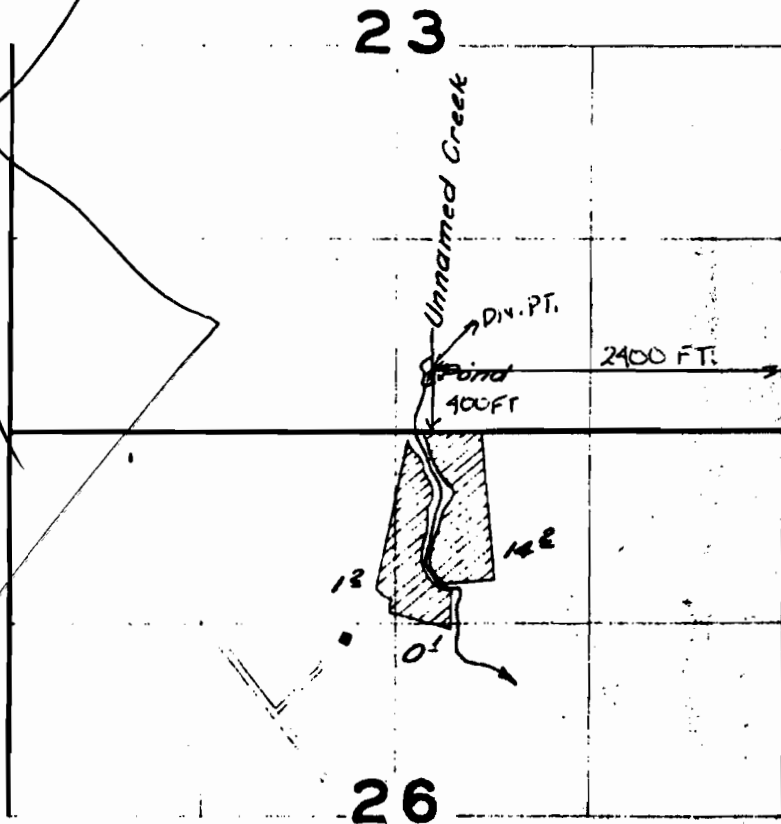
RECEIVED

05-1-1979

WATER RESOURCES DEPT
COLUMBIA DIVISION

Application No. R-59293 + 59294
Permit No. R 8132 44869
T.6 S. R. 4W.W.M.

"Middle Zone"
→ no legal desc.
files R-59293
or S-59292
KERRY K.



FINAL PROOF SURVEY
UNDER

Application No. ~~29292~~ Permit No. ~~23926~~
IN NAME OF

NORMAN L. RICE.....

Surveyed June 20, 1960, by C.O. Bartlett.....

STATE OF OREGON
COUNTY OF POLK
CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

NORMAN L. RICE
5650 ZENA ROAD NW
SALEM, OREGON 97304

confirms the right to use the waters of AN UNNAMED STREAM AND RICE RESERVOIR CONSTRUCTED UNDER PERMIT R-8132, a tributary of SPRING VALLEY CREEK, for the purpose of SUPPLEMENTAL IRRIGATION OF 15.5 ACRES AND STOCK USE.

The right has been perfected under Permit 44869. The date of priority is SEPTEMBER 4, 1979. The right is limited to not more than 8.0 ACRE FEET STORED WATER ONLY FOR IRRIGATION AND 700 GALLONS PER DAY FROM STREAM AND RESERVOIR FOR STOCK USE, or its equivalent in case of rotation, measured at the point of diversion from the source.

The point of diversion is located as follows:

SW 1/4 SE 1/4, SECTION 23, T 6 S, R 4 W, W.M.; 280 FEET NORTH & 2820 FEET EAST FROM THE SW CORNER SECTION 23.

The amount of water used for irrigation, together with the amount secured under any other right existing for the same lands, shall be limited to a diversion of not to exceed 2.5 acre feet per acre for each acre irrigated during the irrigation season of each year.

The right shall conform to such reasonable rotation system as may be ordered by the proper state officer.

A description of the place of use under the right, and to which such right is appurtenant, is as follows:

SW 1/4 SE 1/4	STOCK
SECTION 23	
NW 1/4 NE 1/4	14.2 ACRES & STOCK
SW 1/4 NE 1/4	0.1 ACRE
NE 1/4 NW 1/4	1.2 ACRES & STOCK
SECTION 26	
TOWNSHIP 6 SOUTH, RANGE 4 WEST, W.M.	

The right to the use of the water for the above purpose is restricted to beneficial use on the lands or place of use described. The right is subject to minimum flows established by the Water Resources Commission with an effective date prior to this right.

WITNESS the signature of the Water Resources Director, affixed this date NOVEMBER 17, 1988.

/s/ WILLIAM H. YOUNG

Water Resources Director

Recorded in State Record of Water Right Certificates numbered 58090

59294