



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: Morningstar 2006, LLC / James A. Bisenius Contact Person: Martha O. Pagel, Schwabe Williamson & Wyatt
First 530 Center St NE, Ste 400, Salem, OR 97301
 Mailing Address: 15350 SW Sequoia Parkway, Ste 250 Ph: 503.540.4260; Fax: 503.796.2900
mpagel@schwabe.com

Portland OR 97224
City State Zip

Phone: (503) 603-2500
Home Work Other

*Fax: (503) 296-2053 *Email Address: jim@csimllc.com

B. Organizations

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

Name of Organization: _____

Name and Title of Person Applying: _____

Mailing Address or Organization: _____

City State Zip

Phone : _____
Day Evening

*Fax: _____ *Email Address: _____

**Optional*

For Department Use		
App. No. <u>S-87531</u>	Permit No. _____	Date _____

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Last Updated: 3/31/2009

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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: Stored water, Willamette Basin Projects Tributary to: Willamette River
 Source 2: _____ Tributary to: _____
 Source 3: _____ Tributary to: _____
 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).

See Certificates 72755 and 72756

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 (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. See attached deed and easement

List the names and mailing addresses of all affected landowners.

James Cutler
 Franklin Merrill Farms LLC
 4640 SW Macadam Avenue, Suite 70
 Portland, OR 97201

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
Willamette Basin Projects	Primary Irrigation	2.0 <input checked="" type="radio"/> cfs <input type="radio"/> gpm <input type="radio"/> af
Willamette Basin Projects	Supplemental Irrigation	0.146 <input checked="" type="radio"/> cfs <input type="radio"/> gpm <input type="radio"/> af
		<input type="text"/> <input type="radio"/> cfs <input type="radio"/> gpm <input type="radio"/> af
		<input type="text"/> <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: 160.0 acres primary; 11.7 acres supplemental
(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): To be selected at time of construction
- 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 8 inch or larger Length >10,000 feet

other, describe: _____

D. Application/Distribution Method

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

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

- Flood High pressure sprinkler Low pressure sprinkler
- Drip Water Cannons Center pivot system
- Hand Lines Wheel Lines
- Siphon tubes or gated pipe with furrows
- 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.

In-ground sprinkler systems will be constructed in areas with dedicated crops such as blueberries. Irrigation will also occur in evenings and nights to the extent possible.

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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:

The intake on the diversion pump will be screened per ODF&W requirements.

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

No disturbance of the bank is planned because the pump will be installed on an existing dock.

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

The pump will be installed on an existing dock. The intake will be seasonally removed from the river.

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

The irrigated areas are generally located away from the surface water bodies. Care will be taken when irrigating near any surface waters to avoid runoff.

- 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: As soon as permit is issued

Proposed date construction will be completed: 2015

Proposed date beneficial water use will begin: 2015

Is this project fully or partially funded by the American Recovery and Reinvestment Act? (Federal stimulus dollars) Yes No

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.

A water service contract request is being concurrently filed with the U.S. Bureau of Reclamation.

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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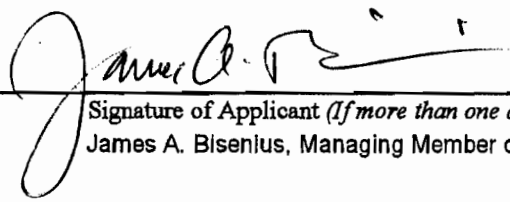
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9. SIGNATURE

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:



9-17-09

Signature of Applicant (If more than one applicant, all must sign.)
 James A. Bisenius, Managing Member of Morningstar 2006, LLC.

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

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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: 160.0 Acres

Secondary: 11.7 Acres

List the permit or certificate number of the primary water right: No. Cert. 20412

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

- 1. Hay/Alfalfa Full season Partial season (from: _____ to _____)
- 2. Pasture Full season Partial season (from: _____ to _____)
- 3. Berries 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:

429.25 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: _____

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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: Morningstar 2006, LLC

Mailing Address: 15350 S.W. Sequoia Parkway, Suite 250

Portland OR 97224 Daytime Phone: (503) 603-2500

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:
See attached	List					<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input type="checkbox"/> Used	
						<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input type="checkbox"/> Used	
						<input type="checkbox"/> Diverted <input type="checkbox"/> Conveyed <input 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:

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 of Ground Water Registration Modification

Source of water: Reservoir/Pond Ground Water Surface Water (name) _____

Estimated quantity of water needed: 2.15 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:

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

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

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For Local Government Use Only

The following section must be completed by a planning official from each county and city listed unless the project is 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.

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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): _____

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

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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: Scott Hoelscher Title: Planner 2
Signature: [Signature] Phone: 503-742-4524 Date: 9/9/09
Government Entity: Clackamas County

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: _____

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ATTACHMENT TO:

Oregon Water Resources Department
Land Use Information Form

Applicant Name: Morningstar 2006, LLC

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	Water to be:	Proposed Land Use:
3 S	1 W	20	NE NE	100		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	20	NW NE	101		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	20	SW NE	901		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	20	SE NE	901 & 1002		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	20	NE SE	1002		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	20	SE SE	106 & 1002		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	21	SW NW	1002		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	21	NW SW	1002		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	21	SW SW	106, 501 & 1002		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	28	NW NW	501 & 106		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	28	SW NW	501		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	29	NE NE	106		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	29	SE NE	106 & 108		<input type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation
3 S	1 W	29	NE SE	108		<input checked="" type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input type="checkbox"/> Used	Irrigation

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AFTER RECORDING RETURN TO:
Barbara A. Jacobson
K&L Gates LLP
222 SW Columbia Street, Suite 1400
Portland, OR 97201

Until a change is requested, all tax statements shall
be sent to the following address:
No Change

(SPACE RESERVED FOR RECORDER'S USE)

**IRRIGATION EASEMENT AND
WATER RIGHTS AND USE AGREEMENT**

THIS IRRIGATION EASEMENT AND WATER RIGHTS AND USE AGREEMENT ("Agreement") is made and entered into this 18th day of August, 2009 ("Effective Date"), by and between FRANKLIN MERRILL FARMS, LLC, an Oregon limited liability company, hereafter referred to as "Grantor," and MORNINGSTAR 2006, LLC, an Oregon limited liability company, hereafter referred to as "Grantee." Reference to Grantor and Grantee herein means the current Grantor and Grantee as well as their respective heirs, successors and assigns.

WHEREAS, Grantor is the owner of real property adjoining the Willamette River and legally described on **Exhibit A**, attached hereto and incorporated by reference herein ("Merrill Farms Property");

WHEREAS, Grantee has purchased twenty and seven-tenths (20.7) acres of real property from Grantor, legally described on **Exhibit B**, attached hereto and incorporated by reference herein ("Morningstar Property"), which is separated from the Willamette River by the Merrill Farms Property;

WHEREAS, Grantor holds a water right permit (Permit No. 53642 on file with the Oregon Water Resources Department ("OWRD")) for irrigation of a total of forty-eight (48.0) acres of land and a related contract with the United States Bureau of Reclamation ("BOR") for water delivery under the water right permit, which includes the twenty and seven-tenths (20.7) acres of Morningstar Property;

WHEREAS, for and in partial consideration of the purchase and sale of the Morningstar Property between them, Grantor agreed to transfer irrigation water rights and related BOR contract rights to Grantee and to allow Grantee to have shared use of Grantor's Irrigation System, as more particularly described below;

WHEREAS, in lieu of the shared use of Grantor's Irrigation System, Grantee may elect in the future to install Grantee's own irrigation system, within a designated Easement Area across the Merrill Farms Property, as more particularly described below.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, it is agreed as follows:

1. Recitals Incorporated. The above Recitals are incorporated by reference herein.

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2. Easement Area and Use. Grantee, including Grantee's heirs, successors, assigns, contractors and invitees (collectively herein "Grantee"), is hereby granted a nonexclusive perpetual Easement appurtenant under and over that portion of Grantor's Merrill Farms Property, as depicted and described on **Exhibit C**, attached hereto and incorporated by reference herein ("Easement Area"), for the sole purpose of constructing and maintaining a new underground irrigation system, as more particularly described in Paragraphs 6 and 7 of this Agreement, should Grantee elect to install such system.

3. Permits. Grantee will be responsible for preparing and submitting all required applications and related documents and for paying all costs associated with applying for and building any new irrigation system that Grantee proposes to build for Grantee's sole use. Grantor will support those applications required in order for Grantee to be permitted to install a new irrigation system for Grantee's sole use, if required, and shall be reimbursed for any cost incurred as a result thereof, if any, by Grantee.

4. Current Shared Use Rights. Unless and until Grantee builds Grantee's own new irrigation system, Grantor and Grantee will share the use and maintenance of Grantor's existing irrigation system, including the pumping station/dock located within the Merrill Farms Property and partially within the Willamette River. The existing underground irrigation system, pump, pumping station, all related controls and the dock where the pump is housed are collectively referred to herein as the "Irrigation System." The Irrigation System is owned and will be maintained by Grantor but Grantee shall have use thereof and Grantor and Grantee will each pay their proportionate share of routine use, maintenance, repair and replacement costs of the Irrigation System. If either Grantor or Grantee negligently causes damage to the shared Irrigation System, the party causing the damage will promptly pay the full cost of repair. If damage is caused by an act of nature, the current Grantor and Grantee will share the cost of repair of the Irrigation System. If Grantor elects to move the Irrigation System to a new location on the Merrill Farms Property, Grantor shall be solely responsible for paying the cost of moving the system and such move shall not unreasonably impede Grantee's water supply. For as long as the original Grantor and Grantee named herein share the use of the Irrigation System, they will also share the utility charges based on their mutual good faith estimate of their respective usages. If, however, either the original Grantor or Grantee should transfer its interest in its respective benefited or burdened property described on **Exhibits A and B** to another party, or either the original Grantor or Grantee should request it, then it is agreed that a water meter will be installed (with the cost of the water meter and its installation expense being shared equally by Grantor and Grantee) to measure actual irrigation water usage. The recorded meter reading will thereafter be used to determine each party's proportionate share of the monthly utility costs and their proportionate share of the overall maintenance, repair and replacement costs (with the maintenance/repair/replacement proportionate cost share being determined on an annualized basis), including any repair or replacement caused by an act of nature. If a successor Grantor or Grantee negligently causes damage to the shared Irrigation System, the successor party causing the damage will promptly pay the full cost of repair.

5. Maintenance and Repairs to Irrigation System. Grantor will be responsible for promptly and diligently performing any maintenance or repairs required to maintain the Irrigation System in good working condition. Grantee will be responsible for reimbursing Grantor for Grantee's proportionate share of those costs within ten (10) days of receipt of a documented invoice. When reasonably possible, Grantor will notify Grantee in advance of repairs or maintenance that will be done and the estimated cost. Grantee will not perform any maintenance or make any repairs to the Irrigation System without the prior approval of Grantor.

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Recognizing the need for a continued source of irrigation water by both parties, the parties agree that should a dispute arise concerning the need for repair or the allocation of costs for the repair, such dispute will be submitted to nonbinding mediation, as provided in Paragraph 9 of this Agreement, or in event of failure of mediation, either party may seek relief through the courts, as set forth in Paragraph 9.

6. New Irrigation System Installation Within Easement Area. If Grantee at any point in time elects to construct and install a new underground irrigation system for Grantee's exclusive use within the Easement Area, Grantee shall pay all installation, repair, replacement and maintenance costs and utility charges associated with Grantee's exclusive use of Grantee's own irrigation system. If Grantee installs Grantee's own irrigation system, Grantee will no longer be entitled to use Grantor's Irrigation System and the shared use rights and obligations with respect to the Irrigation System described in Paragraphs 4 and 5 will no longer apply once the new system is fully permitted and operational.

7. Limitations on Use/Obstructions. In its use of the Easement Area, Grantee shall take care not to damage the Merrill Farms Property and shall be responsible to fully and promptly repair any damage done to the Merrill Farms Property by it or any of its contractors. Although the Easement Area is nonexclusive, Grantor agrees not to allow any structures or large trees to be planted within the Easement Area that would impair Grantee's access to install or repair Grantee's irrigation system. Further, Grantor will not take any other action that would otherwise preclude Grantee's reasonable use of the Easement Area, as described herein. Should Grantee elect to install a new irrigation system at any point in time, vegetation will be disturbed but will be replanted by Grantee. Except in the case of an emergency, Grantee shall notify Grantor at least twenty-four (24) hours in advance of accessing the Easement Area to maintain to Grantee's irrigation system.

8. Water Rights Correction and Assignment. Grantor and Grantee have agreed that an existing assignment of water rights between them should be modified to provide that notwithstanding any other documents entered into between them, twenty and seven-tenths (20.7) acres of Permit 53642 and the related proportionate share of water provided under the contract with BOR be assigned to Grantee, as more particularly shown on the map prepared by EnviroLogic Resources, Inc., attached hereto as **Exhibit D**, and Grantee hereby releases any claim of right to the remainder of Grantor's water right under Permit 53642 and to Certificate 51750. Grantor agrees to execute any required assignment forms for filing with the OWRD and BOR confirming the sale of twenty and seven-tenths (20.7) acres of water rights under Permit 53642 to Grantee, and to cooperate with Grantee in completing any other forms required to be filed with OWRD to obtain a permit extension and permit amendment as needed to allow Grantee to develop the twenty and seven-tenths (20.7) acre portion of the permit on Grantee's land. Upon completion of development of the permit, Grantor and Grantee will cooperate in completing steps required by OWRD for issuance of a final certificate of water right for Permit 53642. As an alternative to joint ownership of the existing water right permit, the parties agree that Grantee may, at Grantee's option and with Grantor's cooperation, apply for a new water right for its own use to replace the twenty and seven-tenths (20.7) acres currently authorized under Permit 53642 and to provide for additional irrigation on Grantee's property. If Grantee does obtain a new water right and BOR contract that replaces Grantee's portion of Permit 53642, then Grantee will assign Grantee's portion of Permit 53642 and the BOR contract, as required, back to Grantor. Unless and until Grantee obtains a new water right and BOR contract, Grantee shall pay its proportionate share of the annual payment required under Grantor's contract with the BOR for water delivery.

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SALEM, OREGON

9. Mediator and Mediation. In the event that there are disputes between Grantor and Grantee with respect to the interpretation of this Agreement or the enforcement of the rights and responsibilities under this Agreement, including but not limited to disputes concerning maintenance, repair or replacement (and proportionate payment for the same) of the Irrigation System, Grantor and Grantee agree to promptly submit the dispute to nonbinding mediation. The mediator shall be selected as follows: the party initiating mediation shall, along with the notice to initiate mediation deliver to the other party a list of three (3) potential mediators. The other party shall, within seven (7) days after receipt of such list, either select a mediator from such list or submit to the initiating party a list of three (3) alternative mediators. If the parties do not, within seven (7) days after receipt of such list, either elect a mediator from the list or otherwise agree on selection of a mediator, then the mediator shall be selected from the candidates proposed by Grantee and Grantor by the Presiding Judge of the Circuit Court of Clackamas County, upon petition of either party. The parties agree that time is of the essence in resolving any dispute and agree to act promptly. Mediation shall take place within thirty (30) days of the selection of the mediator and sooner if at all reasonably possible. If the parties do not resolve the dispute through mediation, either party may promptly file a legal action.

10. Notice. Any legal notice required to be provided under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by nationally-recognized overnight courier with receipt of delivery or by certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Grantee: Morningstar 2006, LLC (or successor or assign)
15350 SW Sequoia Parkway, Suite 250
Portland, OR 97224
Telephone: (503) 603-2500

If to Grantor: Franklin Merrill Farms, LLC (or successor or assign)
14441 SW Wilsonville Road
Wilsonville, OR 97070
Telephone: (503) 223-9700

or to such other address as any party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (a) in the case of personal delivery, on the date of delivery, (b) in the case of a nationally-recognized overnight courier, the next business day after being sent, and (c) in the case of mailing, on the third business day following the date on which the piece of mail containing such communication is posted and sent via certified mail, return receipt requested.

11. Attorney Fees. In the event that suit or action shall be instituted to enforce any of the provisions or terms of this Agreement, the prevailing party shall be entitled to an award of reasonable attorney fees to be determined by the court upon trial and/or appeal, together with statutory costs and disbursements. Any dispute relating to this Agreement will be governed and construed in accordance with the laws of the State of Oregon with venue in Clackamas County Court.

12. Perpetual Nature. This Agreement shall be perpetual, binding upon and inure to the benefit of the parties, their heirs, assigns, and successors in interest. This Easement shall run with the land, burdening the Merrill Farms Property and benefiting the Morningstar Property,

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SALEM, OREGON

and shall not be severable therefrom. This Agreement shall inure to the benefit of all of the respective successors and assigns of Grantor or Grantee.

13. Amendment of Prior Agreements. This Agreement replaces and supersedes the unrecorded River Access Easement and Dock Agreement entered into between Grantor and Grantee on March 13, 2007, and the Irrigation Agreement and Transfer of Water Rights Agreement entered into between Grantor and Grantee on March 13, 2007 and recorded under Recording No. 2007-046087 (the "Irrigation Agreement"). This Agreement also clarifies that the reference in the Irrigation Agreement to Permit 53642 should have indicated an issue date of January 27, 2000 instead of January 27, 2007.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and year first above written.

Grantor:
FRANKLIN MERRILL FARMS, LLC
By: [Signature]
Print Name: JAMES N. CUTLER
As Its: MANAGING MEMBER

Grantee:
MORNINGSTAR 2006, LLC
By: [Signature]
Print Name: JAMES A. BISENIUS
As Its: MANAGING MEMBER

STATE OF OREGON)
) ss.
County of MULTNOMAH)

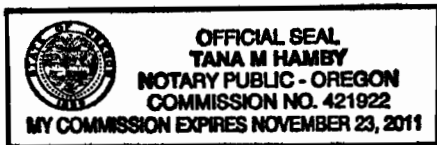
This instrument was acknowledged before me by James N. Cutler on behalf of Franklin Merrill Farms, LLC on this the 12th day of August, 2009.



[Signature]
Notary Public for Oregon
My commission expires May 19, 2012

STATE OF OREGON)
) ss.
County of Washington)

This instrument was acknowledged before me by James A. Bisenius on behalf of Morningstar 2006, LLC on this the 18 day of August, 2009.



[Signature]
Notary Public for Oregon
My commission expires Nov. 23, 2011

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WATER RESOURCES DEPT
SALEM, OREGON

EXHIBIT A

Legal Description of Merrill Farms Property

Parcel 4, PARTITION PLAT NO. 2007-031 in the County of
Clackamas and State of Oregon.

S-87531

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EXHIBIT B

Legal Description of Morningstar Property

Parcel 3, PARTITION PLAT NO. 2007-031 in the County of Clackamas and State of Oregon.

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EXHIBIT C

S-87531

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Description of Easement Area

The Easement Area shall be located along the western boundary of the Merrill Farms Property on level area at or near the top of the ravine. The Easement Area will be wide enough to accommodate the irrigation system to be installed by Grantee. The Easement Area shall be temporarily expanded, as needed, to allow for installation, maintenance, replacement and/or repair of the irrigation system. The Easement Area shall also extend into the water and onto, under and around Grantor's dock in order to allow Grantee to place and access a pump on the dock area.

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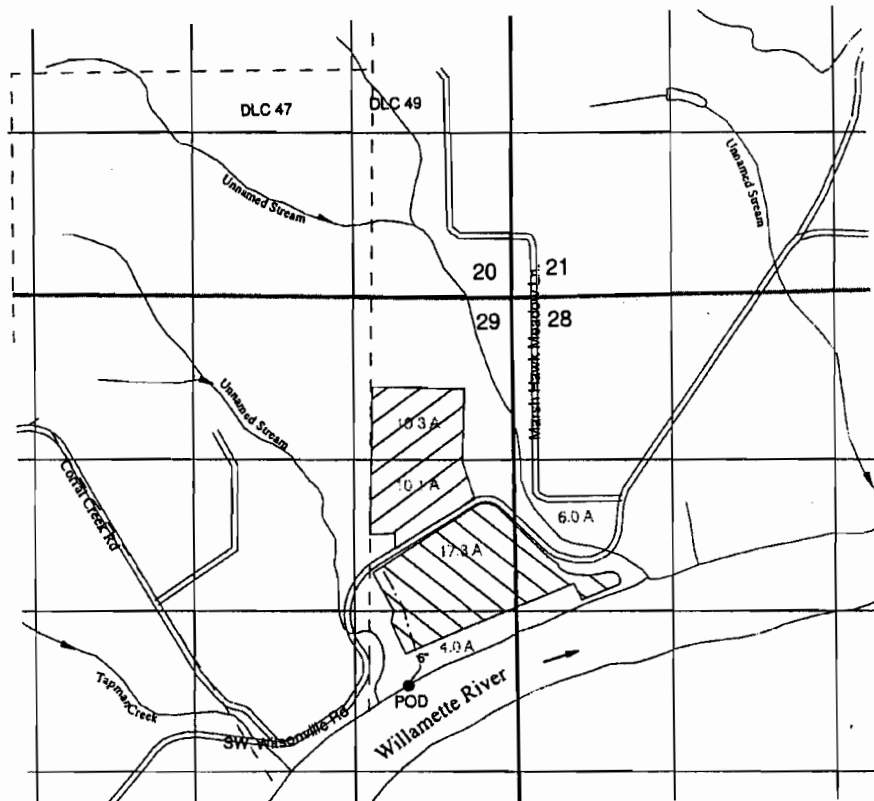
SEP 23 2009

WATER RESOURCES DEPT
SALEM, OREGON

EXHIBIT D

Map Prepared by EnviroLogic Resources, Inc.

**T3S, R1W, Sections 20, 28 & 29, WM
Clackamas County
Permit S-53642, Application S-84039**



Authorized POD located 3,170 ft South and 830 ft West from NE corner, Section 29.
No change to authorized Point of Diversion (POD) is proposed.


Authorized Place of Use

-  Bisenius Property (20.7 Acres)
-  Franklin Merrill Farms (27.3 Acres)

THIS MAP IS NOT INTENDED TO
PROVIDE LEGAL DIMENSIONS OR
LOCATIONS OF PROPERTY
OWNERSHIP LINES.

April 14, 2009




1 inch = 1,320 feet

96-08

AFTER RECORDING RETURN TO:
Barbara Jacobson
Kirkpatrick & Lockhart Preston Gates & Ellis
222 SW Columbia Suite 1400
Portland, OR 97201

Clackamas County Official Records
Sherry Hall, County Clerk 2007-021460



\$51.00

03/13/2007 03:58:43 PM

424966

Until a change is requested all tax statements shall be sent to the following address:
Morningstar 2006 LLC
15350 SW Sequoia Parkway #140
Portland, OR 97224

SPACE RESERVE FOR RECORDER'S USE
D-D \$30.00 \$11.00 \$10.00
Cnk=1 Str=8 BEVERLY

Escrow No.: 41-424966-CW
Order No.: 424966

CHICAGO

WARRANTY DEED - STATUTORY FORM
(INDIVIDUAL or CORPORATION)

Franklin Merrill Farms, LLC, an Oregon limited liability company
Grantor, conveys and warrants to
Morningstar 2006, LLC

as Grantee, the following described real property free and clear of encumbrances except as specifically set forth on Exhibit "A" attached hereto and incorporated by reference herein:

Parcel 3, PARTITION PLAT NO. 2007-031, in the County of Clackamas and State of Oregon

Grantor also warrant that the above described property constitutes a legal and transferable lot of record.

41-424966 CW

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, to determine any limits on lawsuits against farming or forest practices as defined in ORS 30.930, and to inquire about the rights of neighboring property owners, if any, under ORS 197.352.

The true consideration for this conveyance is \$2,500,000.00.

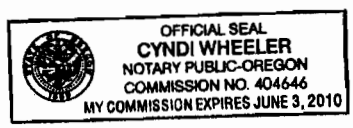
Dated March 13, 2007; if a corporate grantor, it has caused its name to be signed by order of its board of directors and if a limited liability company the person signing below is authorized to convey the property on behalf of the limited liability company.

Franklin Merrill Farms, LLC
BY: *James N. Cutler Jr.*
James N. Cutler Jr., Member

STATE OF OREGON
County of Clackamas

This instrument was acknowledged before me this 13 day of March, 2007, by James N. Cutler as authorized member of Franklin Merrill Farms, LLC.

Cyndi Wheeler
Notary Public for Oregon
My Commission Expires: 06/03/10



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EXHIBIT "A"

1. The assessment roll and the tax roll disclose that the premises herein described have been specially assessed as Farm Use Land. If the land becomes disqualified for the special assessment under the statute, an additional tax may be levied, in addition thereto a penalty may be levied if notice of disqualification is not timely given.

2. The rights of the public in and to that portion of the premises herein described lying within the limits of SW Wilsonville Road.

3. ~~An easement created by instrument, including terms and provisions thereof;~~

Recorded: November 22, 1968

Recorder's Fee No.: 68 23862

In Favor Of: Robert E. Ferrell

For: Roadway and utilities and related right-of-way and

maintenance

Affects: Easterly portion

NOTE: Said easement is also delineated upon the recorded partition plat.

4. ~~An easement created by instrument, including terms and provisions thereof;~~

Recorded: January 18, 1971

Recorder's Fee No.: 71 947

In Favor Of: Portland General Electric Company, an Oregon corporation

For: Distribution line

Affects: A strip 10 feet in width. See partition plat for specific

location.

NOTE: Said easement is also delineated upon the recorded partition plat.

5. State of Oregon Well Ownership Information Forms, including the terms and provisions thereof;

Recorded: November 15, 1999

Recorder's Fee No.: 99-107139

Recorded: November 15, 1999

Recorder's Fee No.: 99-107140

Recorded: November 15, 1999

Recorder's Fee No.: 99-107141

Recorded: November 15, 1999

Recorder's Fee No.: 99-107142

Covenants, conditions and restrictions as shown on the recorded Partition Plat No. 2007-031.

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RECEIVED

SEP 23 2009

WATER RESOURCES DEPT
SALEM, OREGON

STATE OF OREGON

COUNTY OF CLACKAMAS

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

FRANKLIN MERRILL FARMS LLC
JAMES CUTLER
300 N. POINT RD.
LAKE OSWEGO, OREGON 97034

PHONE: (503) 598-2604

The specific limits and conditions of the use are listed below.

APPLICATION FILE NUMBER: S-84039

SOURCE OF WATER: WILLAMETTE BASIN PROJECTS, CONSTRUCTED UNDER PERMITS R-1625 AND R-5363, TRIBUTARY TO THE WILLAMETTE RIVER

PURPOSE OR USE: IRRIGATION OF 48.0 ACRES

MAXIMUM RATE/VOLUME ALLOWED: 120.0 ACRE-FEET PER YEAR

PERIOD OF USE: MARCH 1 THROUGH OCTOBER 31, OR AS FURTHER LIMITED BY CONTRACT

DATE OF PRIORITY: JANUARY 12, 1999

POINT OF DIVERSION LOCATION: NE 1/4 SE 1/4, SECTION 29, T3S, R1W, W.M.; 3170 FEET SOUTH AND 830 FEET WEST FROM NE CORNER, SECTION 29

The amount of water used for irrigation under this right, together with the amount secured under any other right existing for the same lands, is limited to a diversion of 2.5 acre-feet for each acre irrigated during the irrigation season of each year.

THE PLACE OF USE IS LOCATED AS FOLLOWS:

SW 1/4 NW 1/4 6.0 ACRES
SECTION 28
NE 1/4 NE 1/4 9.0 ACRES
SE 1/4 NE 1/4 29.0 ACRES
NE 1/4 SE 1/4 4.0 ACRES
SECTION 29

TOWNSHIP 3 SOUTH, RANGE 1 WEST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a meter or other suitable measuring device as approved by the Director. The permittee shall maintain the meter or measuring device in good working order.
- B. The permittee shall allow the watermaster access to the meter or measuring device; provided however, where the meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.
- C. The Director may require the permittee to keep and maintain a record of the amount (volume) of water used and may require the permittee to report water use on a periodic schedule as established by the Director. In addition, the Director may require the permittee to report general water use information, the periods of water use and the place and nature of use of water under the permit. The Director may provide an opportunity for the permittee to submit alternative reporting procedures for review and approval.

The use of water under this right is subject to the terms and conditions of contract No. 9-07-10-W1254, or a satisfactory replacement, between the Bureau of Reclamation and the applicant, a copy of which is on file in the records of the Water Resources Department.

If the riparian area is disturbed in the process of developing a point of diversion, the permittee shall be responsible for restoration and enhancement of such riparian area.

The use may be restricted if the quality of the source stream or downstream water decrease to the point that those waters no longer meet state or federal water quality standards due to reduced flows.

The permittee shall install, maintain, and operate fish screening to prevent fish from entering the proposed diversion. The permittee shall also install a fishway at the obstruction that will provide adequate upstream and downstream passage for fish. The permittee may submit evidence that the Oregon Department of Fish and Wildlife (ODFW) has determined screens and/or fishways are not necessary. The required screens and fishways are to be in place, functional, and approved by ODFW before diversion of any water.

STANDARD CONDITIONS

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

Failure to comply with any of the provisions of this permit may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the permit.

This permit is for the beneficial use of water without waste. The water user is advised that new regulations may require the use of best practical technologies or conservation practices to achieve this end.


By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

The use of water allowed herein may be made only at times when sufficient water is available to satisfy all prior rights, including prior rights for maintaining instream flows.

The Director finds that the proposed use(s) of water described by this permit, as conditioned, will not impair or be detrimental to the public interest.

Actual construction work shall begin by November 26, 1999. Complete application of the water to the use shall be made on or before October 1, 2004. Within one year after complete application of water to the proposed use, the permittee shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner (CWRE).

Issued January 27, 2000



Martha S. Pagel, Director
Water Resources Department

Application S-84039 Water Resources Department
Basin 02 Volume 26 WILLAMETTE R & TRIBS
AMH MGMT.CODE 1BF 1B 1BW

PERMIT 53642
District 16

Franklin Merrill Farms LLC, Water Use Map

31W 29
1N

1" = 400'

Application No 84039
Permit No. 53642

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SALEM, OREGON

106
62.50 Ac.
14900

108
55.10 Ac.
14441

NE NE 29

20 21

29 28

PARCEL 2

PARCEL 1

9 acres
Section 29
NE 1/4 NE 1/4

6 acres
Section 28
SW 1/4 NW 1/4

P.P. 1996-27

SE NE 29

SW NW 28

29 acres
Section 29
SE 1/4 NE 1/4

6" CI PIPE
(underground)

4 acres
Section 29
NE 1/4 SE 1/4

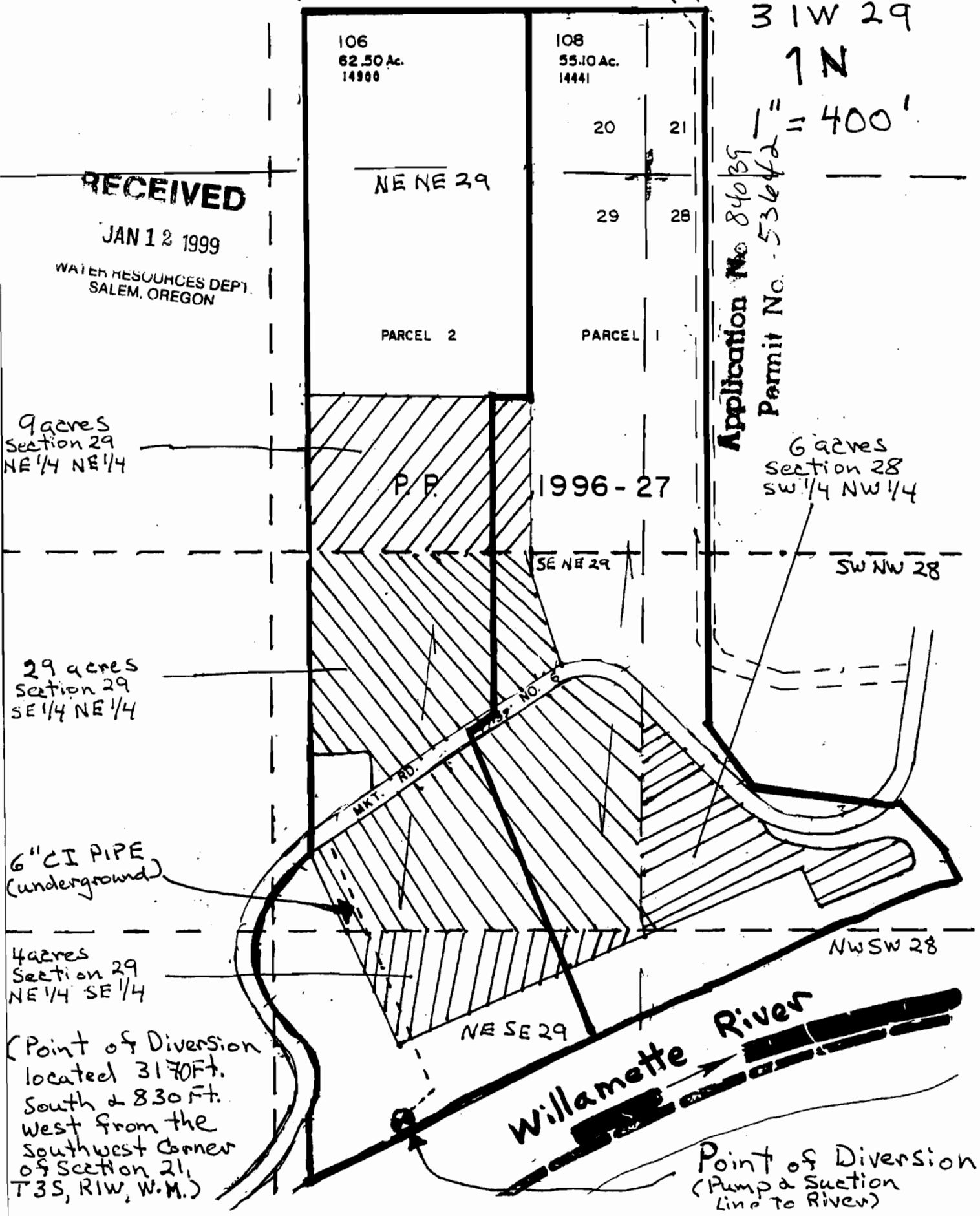
(Point of Diversion
located 3170 Ft.
South & 830 Ft.
West from the
Southwest Corner
of Section 21,
T3S, R1W, W.M.)

NE SE 29

NW SW 28

Willamette River

Point of Diversion
(Pump & Suction
Line to River)



STATE OF OREGON
COUNTY OF CLATSOP
CERTIFICATE OF WATER RIGHT

This Is to Certify, That WILLIAM RHODE

of Route 2, Box 256, Sherwood, State of Oregon, has made proof to the satisfaction of the STATE ENGINEER of Oregon, of a right to the use of the waters of an unnamed stream and Corral Creek, a tributary of Willamette River for the purpose of irrigation under Permit No. 17753 of the State Engineer, and that said right to the use of said waters has been perfected in accordance with the laws of Oregon; that the priority of the right hereby confirmed dates from May 17, 1947 for 0.19 cubic foot per second, and May 28, 1947 for 0.108 cubic foot per second; that the amount of water to which such right is entitled and hereby confirmed, for the purposes aforesaid, is limited to an amount actually beneficially used for said purposes, and shall not exceed 0.298 cubic foot per second, being 0.149 c.f.s. from unnamed stream and 0.149 c.f.s. from Corral Creek,

or its equivalent in case of rotation, measured at the point of diversion from the stream. The point of diversion is located in the NE 1/4 NE 1/4, Section 20, Township 3 South, Range 1 West, N. M.

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 one-eightieth of one cubic foot per second per acre, or its equivalent for each acre irrigated and shall be further limited to a diversion of not to exceed 2 1/2 acre feet per acre for each acre irrigated during the irrigation season of each year,

and 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 hereby confirmed, and to which such right is appurtenant, is as follows:

13.4 acres in NE 1/4 NE 1/4
10.4 acres in NW 1/4 NE 1/4
Section 20
Township 3 South, Range 1 West, N. M.

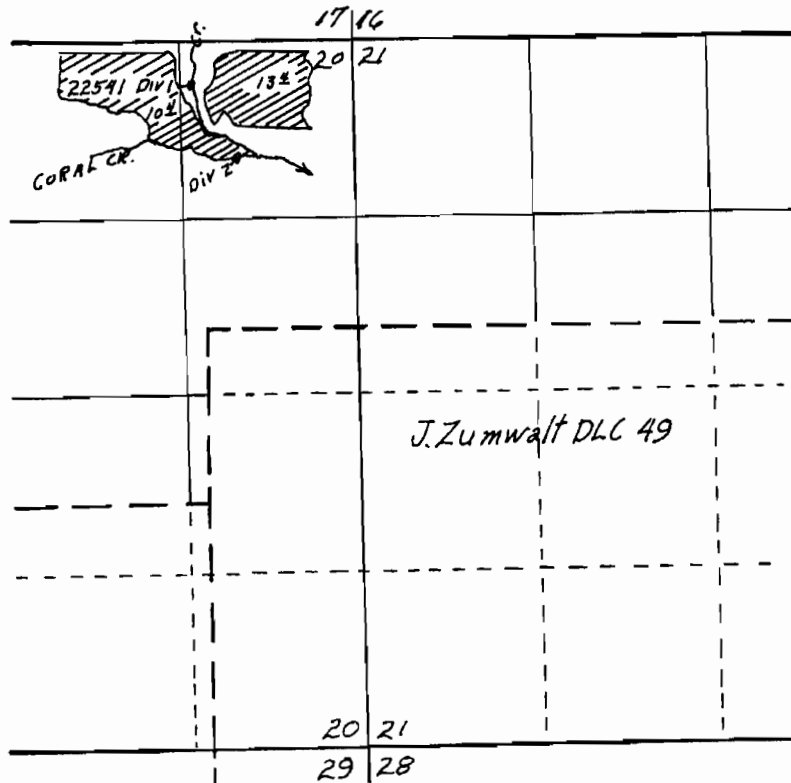
The right to the use of the water for the purposes aforesaid is restricted to the lands or place of use herein described.

WITNESS the signature of the State Engineer, affixed

this 30th day of April, 19 54.

CHAS. W. STRICKLIN
State Engineer

T. 3 S., R. 1 W., W.M.



FINAL PROOF SURVEY
UNDER

Application No. 22541 Permit No. 17753
IN NAME OF
WILLIAM RHODE

Surveyed April 23 1953, by H. L. Coffman

DFK-2D-60

STATE OF OREGON
COUNTIES OF LANE, LINN, AND MARION
CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

BUREAU OF RECLAMATION, U.S.A.
PACIFIC NORTHWEST REGION
1150 NORTH CURTIS ROAD
BOISE, IDAHO 83706-1234

confirms the right to store the waters of COAST FORK WILLAMETTE RIVER, in COTTAGE GROVE RESERVOIR; ROW RIVER in DORENA RESERVOIR; LONG TOM RIVER in FERN RIDGE RESERVOIR; MIDDLE FORK WILLAMETTE RIVER in LOOKOUT POINT RESERVOIR; NORTH SANTIAM RIVER in DETROIT RESERVOIR; tributaries of WILLAMETTE RIVER, appropriated for IRRIGATION.

The right to store these waters was perfected under Reservoir Permit R-1625. The date of priority is AUGUST 16, 1954. The amount of water entitled to be stored each year under this right is NOT MORE THAN 835,000 acre-feet; BEING 30,000 AF from COAST FORK WILLAMETTE RIVER in COTTAGE GROVE RESERVOIR; 70,000 AF from ROW RIVER in DORENA RESERVOIR; 95,000 AF from LONG TOM RIVER in FERN RIDGE RESERVOIR; 340,000 AF from MIDDLE FORK WILLAMETTE RIVER in LOOKOUT POINT RESERVOIR; 300,000 AF from NORTH SANTIAM RIVER in DETROIT RESERVOIR TO BE APPROPRIATED UNDER SECONDARY APPLICATIONS HEREINAFTER TO BE FILED FOR IRRIGATION, PROVIDED THAT ALL SECONDARY APPLICATIONS SHALL BE ACCOMPANIED BY A COPY OF THE CONTRACT BETWEEN THE APPLICANT AND THE BUREAU OF RECLAMATION FOR THE PURCHASE OF THE STORED WATERS.

The reservoirs are located as follows:

COTTAGE GROVE RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 27, 28, 29, 32, AND 33
TOWNSHIP 21 SOUTH, RANGE 3 WEST, W.M.

SECTIONS 4, 5, AND 8
TOWNSHIP 22 SOUTH, RANGE 3 WEST, W.M.

DORENA RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 32, 33, AND 34
TOWNSHIP 20 SOUTH, RANGE 2 WEST, W.M.

SECTIONS 2, 3, 4, 5, 10, 11, 13, AND 14
TOWNSHIP 21 SOUTH, RANGE 2 WEST, W.M.

SEE NEXT PAGE

FERN RIDGE RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 3, 4, 5, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22,
23, 26, 27, 28, 29, 30, 32, 33, AND 34
TOWNSHIP 17 SOUTH, RANGE 5 WEST, W.M.

LOOKOUT POINT RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 13 AND 24
TOWNSHIP 19 SOUTH, RANGE 1 WEST, W.M.

SECTIONS 18, 19, 20, 21, 27, 28, 29, 30, 33, 34, AND 35
TOWNSHIP 19 SOUTH, RANGE 1 EAST, W.M.

SECTIONS 1, 2, 3, 4, 10, 11, AND 12
TOWNSHIP 20 SOUTH, RANGE 1 EAST, W.M.

SECTIONS 7, 17, 18, 19, 20, 21, 27, AND 28
TOWNSHIP 20 SOUTH, RANGE 2 EAST, W.M.

DETROIT RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 35 AND 36
TOWNSHIP 9 SOUTH, RANGE 5 EAST, W.M.

SECTION 24
TOWNSHIP 10 SOUTH, RANGE 4 EAST, W.M.

SECTIONS 1, 2, 3, 7, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22,
27, AND 28
TOWNSHIP 10 SOUTH, RANGE 5 EAST, W.M.

SECTIONS 7, 17, AND 18
TOWNSHIP 10 SOUTH, RANGE 6 EAST, W.M.

THIS CERTIFICATE IS ISSUED SUBJECT TO THE TERMS AND CONDITIONS AS SET OUT IN
"EXHIBIT B" OF THE APPLICATION.

The right to store and use the water for the above purpose is restricted to beneficial use at the place of
use described.

WITNESS the signature of the Water Resources Director, affixed AUGUST 28, 1996.

S Steven P. Applegate

Martha O. Pagel

Recorded in State Record of Water Right Certificates numbered 72755.

STATE OF OREGON
COUNTIES OF LANE AND LINN
CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

BUREAU OF RECLAMATION, U.S.A.
PACIFIC NORTHWEST REGION
1150 NORTH CURTIS ROAD
BOISE, IDAHO 83706-1234

confirms the right to store the waters of MIDDLE FORK WILLAMETTE RIVER in HILLS CREEK RESERVOIR, SOUTH FORK MCKENZIE RIVER in COUGAR RESERVOIR, BLUE RIVER in BLUE RIVER RESERVOIR, FALL CREEK in FALL CREEK RESERVOIR, SOUTH SANTIAM RIVER in FOSTER RESERVOIR, MIDDLE SANTIAM RIVER in GREEN PETER RESERVOIR, tributaries of WILLAMETTE RIVER, appropriated for IRRIGATION AND SUPPLEMENTAL IRRIGATION.

The right to store these waters was perfected under Reservoir Permit R-5363. The date of priority is SEPTEMBER 16, 1968. The amount of water entitled to be stored each year under this right is NOT MORE THAN 805,100 ACRE-FEET, BEING 194,600 AF FROM MIDDLE FORK WILLAMETTE RIVER in HILLS CREEK RESERVOIR; 144,000 AF FROM SOUTH FORK MCKENZIE RIVER in COUGAR RESERVOIR; 79,000 AF FROM BLUE RIVER in BLUE RIVER RESERVOIR; 107,500 AF FROM FALL CREEK in FALL CREEK RESERVOIR; 30,000 AF FROM SOUTH SANTIAM RIVER in FOSTER RESERVOIR; AND 250,000 AF FROM MIDDLE SANTIAM RIVER in GREEN PETER RESERVOIR TO BE APPROPRIATED UNDER SECONDARY APPLICATIONS HEREINAFTER TO BE FILED FOR IRRIGATION AND SUPPLEMENTAL IRRIGATION, PROVIDED THAT ALL SECONDARY APPLICATIONS SHALL BE ACCOMPANIED BY A COPY OF THE CONTRACT BETWEEN THE APPLICANT AND THE BUREAU OF RECLAMATION FOR THE PURCHASE OF THE STORED WATERS.

The reservoir is located as follows:

HILLS CREEK RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 34, 35, AND 36
TOWNSHIP 21 SOUTH, RANGE 3 EAST, W.M.

SECTION 31
TOWNSHIP 21 SOUTH, RANGE 4 EAST, W.M.

SECTIONS 2, 3, 4, 10, 11, 14, 15, 16, 21, 22, 23, 26, 27, 33, AND 34
TOWNSHIP 22 SOUTH, RANGE 3 EAST, W.M.

SECTION 6
TOWNSHIP 22 SOUTH, RANGE 4 EAST, W.M.

SECTIONS 3 AND 4
TOWNSHIP 23 SOUTH, RANGE 3 EAST, W.M.

SEE NEXT PAGE

COUGAR RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 31 AND 32
TOWNSHIP 16 SOUTH, RANGE 5 EAST, W.M.

SECTIONS 4, 5, 6, 7, 8, 17, 20, 28, 29, AND 33
TOWNSHIP 17 SOUTH, RANGE 5 EAST, W.M.

BLUE RIVER RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 9, 10, 11, 12, 13, 14, 15, 16, AND 22
TOWNSHIP 16 SOUTH, RANGE 4 EAST, W.M.

SECTIONS 6 AND 7
TOWNSHIP 16 SOUTH, RANGE 5 EAST, W.M.

FALL CREEK RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTION 36
TOWNSHIP 18 SOUTH, RANGE 1 WEST, W.M.

SECTION 1
TOWNSHIP 19 SOUTH, RANGE 1 WEST, W.M.

SECTIONS 26, 27, 31, 32, 33, AND 34
TOWNSHIP 18 SOUTH, RANGE 1 EAST, W.M.

SECTIONS 4, 5, 6, 7, 8, 9, AND 16
TOWNSHIP 19 SOUTH, RANGE 1 EAST, W.M.

FOSTER RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 22, 23, 24, 25, 26, AND 27
TOWNSHIP 13 SOUTH, RANGE 1 EAST, W.M.

SECTIONS 16, 17, 19, 20, 28, 29, 30, 32, AND 33
TOWNSHIP 13 SOUTH, RANGE 2 EAST, W.M.

SEE NEXT PAGE

GREEN PETER RESERVOIR

WITHIN PORTIONS OF THE FOLLOWING:

SECTIONS 24, 25, 26, 35, AND 36
TOWNSHIP 12 SOUTH, RANGE 2 EAST, W.M.

SECTIONS 9, 10, 16, 17, 20, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32,
33, 34, AND 35
TOWNSHIP 12 SOUTH, RANGE 3 EAST, W.M.

SECTIONS 1, 2, 10, 11, AND 12
TOWNSHIP 13 SOUTH, RANGE 2 EAST, W.M.

SECTIONS 3, 4, 5, AND 6
TOWNSHIP 13 SOUTH, RANGE 3 EAST, W.M.

SECTION 19
TOWNSHIP 12 SOUTH, RANGE 4 EAST, W.M.

The right to store and use the water for the above purpose is restricted to beneficial use at the place of use described.

WITNESS the signature of the Water Resources Director, affixed AUGUST 28, 1996.

S **Steven P. Applegate**

Martha O. Page1

Recorded in State Record of Water Right Certificates numbered 72756.