



900 S.W. Fifth Avenue, Suite 2600
Portland, Oregon 97204
main 503.224.3380
fax 503.220.2480
www.stoel.com

January 5, 2015

KIRK B. MAAG
Direct (503) 294-9546
kirk.maag@stoel.com

VIA U.S. FIRST-CLASS MAIL

Mr. Jerry Sauter
Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

Re: Ownership Update for Portion of Certificate 89305

Dear Mr. Sauter:

Please find enclosed a completed Certificate of Water Right Ownership Update (the "Ownership Update") that covers a portion of Certificate No. 89305, as described in the Ownership Update. Please confirm your receipt of the Ownership Update by mail to:

Stoel Rives LLP
Attn: Kirk Maag
900 SW Fifth Ave Ste 2600
Portland, OR 97204

I have enclosed a return envelope, with postage prepaid, for your convenience. If you have any questions regarding the Ownership Update, please contact me at (503) 294-9546.

Very truly yours,

A handwritten signature in blue ink that reads "Kirk Maag". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Kirk B. Maag

Enclosure

cc: Craig Reeder (*via email only*)
Todd Longgood (*via email only*)
David Filippi (*via email only*)

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

Certificate of Water Right Ownership Update

NOTICE TO SELLERS & BUYERS:

By law, all water belongs to the public (ORS 537.110). In almost every instance, a permit or water right certificate from the Water Resources Department is needed before using, diverting or storing water (ORS 537.130). However, most domestic wells do not require water rights. A certificate of water right stays with the land. In order to keep track of water right ownership, the Department requests that this form be submitted to the Department. *If for multiple rights, a separate form for each right will be required.*

Water that has been used for a long time in one place or that involves a water structure (like a dam) that already exists is no guarantee that there is a water right which would allow the water use to continue.

If you have any questions about this form or water right requirements, please contact your local watermaster or call the Water Resources Department at 503-986-0900.

Note: Please type or print legibly when filling in the following information. Use additional paper if necessary.

PROPERTY SELLER INFORMATION

Applicant(s): Hale Farms, L.L.C.
First Last
 Mailing Address: 73120 Hwy 207
Echo Oregon 97826
City State Zip
 Phone: _____
Home Work Other

PROPERTY BUYER INFORMATION

Applicant(s): Oregon Trail Highway, LLC
First Last
 Mailing Address: 285 Liberty St NE
Salem Oregon 97301
City State Zip
 Phone: _____
Home Work Other

PROPERTY DESCRIPTION (attach additional pages if necessary):

County: Morrow Township: 4 North Range: 26 East Section: 18-19, 29-32
 Tax Lot Number(s): 3419

Street address of water right property: N/A

Water Right Information (attach copy of water right permit or certificate & final proof map):

Application #: S-50771 Permit #: S-36940 Certificate or Page #: 89305

Will all the lands associated with this water right be owned by the buyer? Yes No

Name of individual completing this form: Kirk B. Maag, as agent for Hale Farms, L.L.C. Phone: (503) 294-9546

Signature: *Kirk B. Maag* Date: 01/03/2015

Please be sure to attach a copy of your property deed or legal description of the property.

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EXHIBIT A

Certificate of Water Right Ownership Update (Certificate 89305)

Hale Farms, L.L.C., an Oregon limited liability company, conveyed a portion of the real property to which Certificate 89305 (the "Certificate") is appurtenant to Oregon Trail Highway, LLC, a Delaware limited liability company, by Statutory Special Warranty Deed dated December 24, 2013 (the "Deed"). The Deed is attached to the Certificate of Water Right Ownership Update for the Certificate as Exhibit B.

The portion of the place of use under the Certificate located in the following sections is appurtenant to real property acquired by Oregon Trail Highway, LLC under the Deed: Sections 18, 19, 29, 30, 31, and 32, Township 4 North, Range 26 East, Willamette Meridian, Morrow County, Oregon. This portion of the place of use includes 1655.82 acres of the 1766.76 acres covered by the Certificate, as shown on Exhibit C to the Certificate of Water Right Ownership Update for the Certificate.

Oregon Trail Highway, LLC did not acquire the real property to which the remaining portion of the Certificate is appurtenant. The place of use specified in the remaining portion of the Certificate is located in Section 15, Township 4 North, Range 26 East, Willamette Meridian, Morrow County, Oregon. This portion of the place of use includes 110.94 acres of the 1766.76 acres covered by the Certificate, as shown on Exhibit C to the Certificate of Water Right Ownership Update for the Certificate.

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EXHIBIT B

Certificate of Water Right Ownership Update (Certificate 89305)

RECORDED AT THE REQUEST OF
AND
AFTER RECORDING RETURN TO:

Gary R. Cortellessa
Stewart Title Guaranty Company
National Title Services
401 East Pratt Street, Suite 611
Baltimore, MD 21202

UNTIL A CHANGE IS REQUESTED,
ALL TAX STATEMENTS SHALL BE
SENT TO THE FOLLOWING ADDRESS:

SAME as currently done

DOCUMENT TITLE and TRANSACTIONS:

STATUTORY SPECIAL WARRANTY DEED

GRANTOR: HALE FARMS, L.L.C., an Oregon limited liability company

GRANTEE: OREGON TRAIL HIGHWAY, LLC, a Delaware limited liability company

Assessor's Property Tax Parcel Account Number(s): 10448 Map No. 04N26, 3419

The true consideration for this conveyance is [REDACTED]

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75267440 | 0033249-00012

STATUTORY SPECIAL WARRANTY DEED

HALE FARMS, L.L.C., an Oregon limited liability company, grantor ("Grantor"), conveys and specially warrants to OREGON TRAIL HIGHWAY, LLC, a Delaware limited liability company, grantee ("Grantee"), the following-described real property, free of encumbrances created or suffered by Grantor except as referenced below:

See Exhibit A, attached hereto and incorporated herein by this reference.

The true consideration for this conveyance is [REDACTED]

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. 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 THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, 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 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

Dated this 24th day of December, 2013.

GRANTOR:

HALE FARMS, L.L.C., an Oregon limited liability company

By: 

Name: Robert C. Hale

Title: Member

Until a change is requested, all tax statements shall be sent to the following address:

SAME as currently done

Property tax account No(s): 10448 Map No. 04N26, 3419

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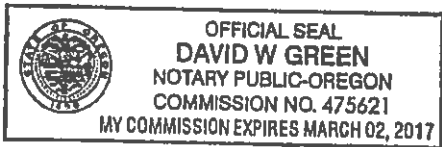
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Exhibit B
Page 2 of 5

STATE OF OREGON)
COUNTY OF ~~MORROW~~ ^{MULTNOMAH})

On this 24th day of December, 2013, before me personally appeared ROBERT C. HALE, who being duly sworn, stated that he is Member of HALE FARMS, L.L.C., an Oregon limited liability company, and acknowledged the foregoing instrument to be its voluntary act and deed.



A handwritten signature in black ink, appearing to read "D. W. Green", written over a horizontal line.

Notary Public for Oregon
My Commission Expires: March 2, 2017

[Notary Seal imprinted above]

**EXHIBIT A
TO STATUTORY SPECIAL WARRANTY DEED**

LEGAL DESCRIPTION

Parcel 2 of PARTITION PLAT NO. 2005-3, being portions of Sections 18, 19, 29, 30, 31 and 32, Township 4 North, Range 26 East of the Willamette Meridian, in the County of Morrow and State of Oregon.

SUBJECT TO:

1. Taxes on the Property are deferred, as disclosed by the tax roll, the premises herein described have been zoned or classified for farm use. At any time that said land is disqualified for such use the property will be subject to additional taxes or penalties and interest.

2. The rights of the public in and to that portion of the herein described property lying within the limits of public roads, streets or highways.

3. Reservation of mining rights on any lands containing coal or iron, including the terms and provisions contained therein, in deed from Northern Pacific Railway Company, a corporation.

Recorded: April 12, 1906

In: Book "S", Page 342, Deed Records of Morrow County

4. [Intentionally deleted.]

5. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein

As granted to: The Pacific Telephone and Telegraph Company, a corporation, its successors and assigns

Recorded: June 23, 1942

In: Book 47, Page 415, Deed Records of Morrow County

6. [Intentionally deleted.]

7. Covenants, Conditions and Restrictions, as contained in instrument recorded February 21, 1969, as Microfilm No. M 1141, Microfilm Records of Morrow County.

8. Easement or easements, including the terms and provisions thereof, as contained in instrument recorded

February 25, 1969, as Microfilm No. M 1149, Microfilm Records of Morrow County.

9. [Intentionally deleted.]

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10. Right of Way Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein

As granted to: Umatilla Electric Cooperative Association, a cooperative corporation, its successors and assigns

Recorded: March 25, 1974

As Microfilm No.: M-6644, Microfilm Records of Morrow County

11. Easement, including the terms and provisions thereof, affecting the portion of said premises and for the purposes stated therein

As granted to: Sabre Farms, Inc., a Montana corporation, its successors and assigns

Recorded: April 15, 1974

As Microfilm No.: M 6706, Microfilm Records of Morrow County

12. [Intentionally deleted.]

13. [Intentionally deleted.]

14. Memorandum of Water Delivery Agreement, including the terms and provisions thereof, between Potlatch Corporation, a Delaware corporation, and American Onion, Inc., an Oregon corporation, their successors and assigns, recorded November 15, 2002, as Microfilm No. M-2002-6027, Microfilm Records of Morrow County.

By various intervening instruments, the last of which was recorded November 1, 2007, as Microfilm No. M-2007 20701, Microfilm Records of Morrow County, the interest of American Onion, Inc., an Oregon corporation, in and to said Agreement has been assigned to Hale Farms, L.L.C., an Oregon limited liability company, the Grantor under this Deed, and Grantor is delivering to Grantee a partial assignment of rights under such Agreement as set forth in the instrument entitled "Partial Assignment and Assumption of Water Delivery Agreement (West Side)," being assigned by Grantor to Grantee substantially simultaneously with this Deed.

15. Easement or easements, including the terms and provisions thereof, as contained in instrument recorded

November 15, 2002, as Microfilm No. M-2002-6030, Microfilm Records of Morrow County.

16. Agricultural Lease between Grantee, as landlord, and Grantor, as tenant, as evidenced by that certain Memorandum of Lease by and between Grantee, as landlord, and Grantor as Tenant, to be recorded substantially simultaneously with this Deed.

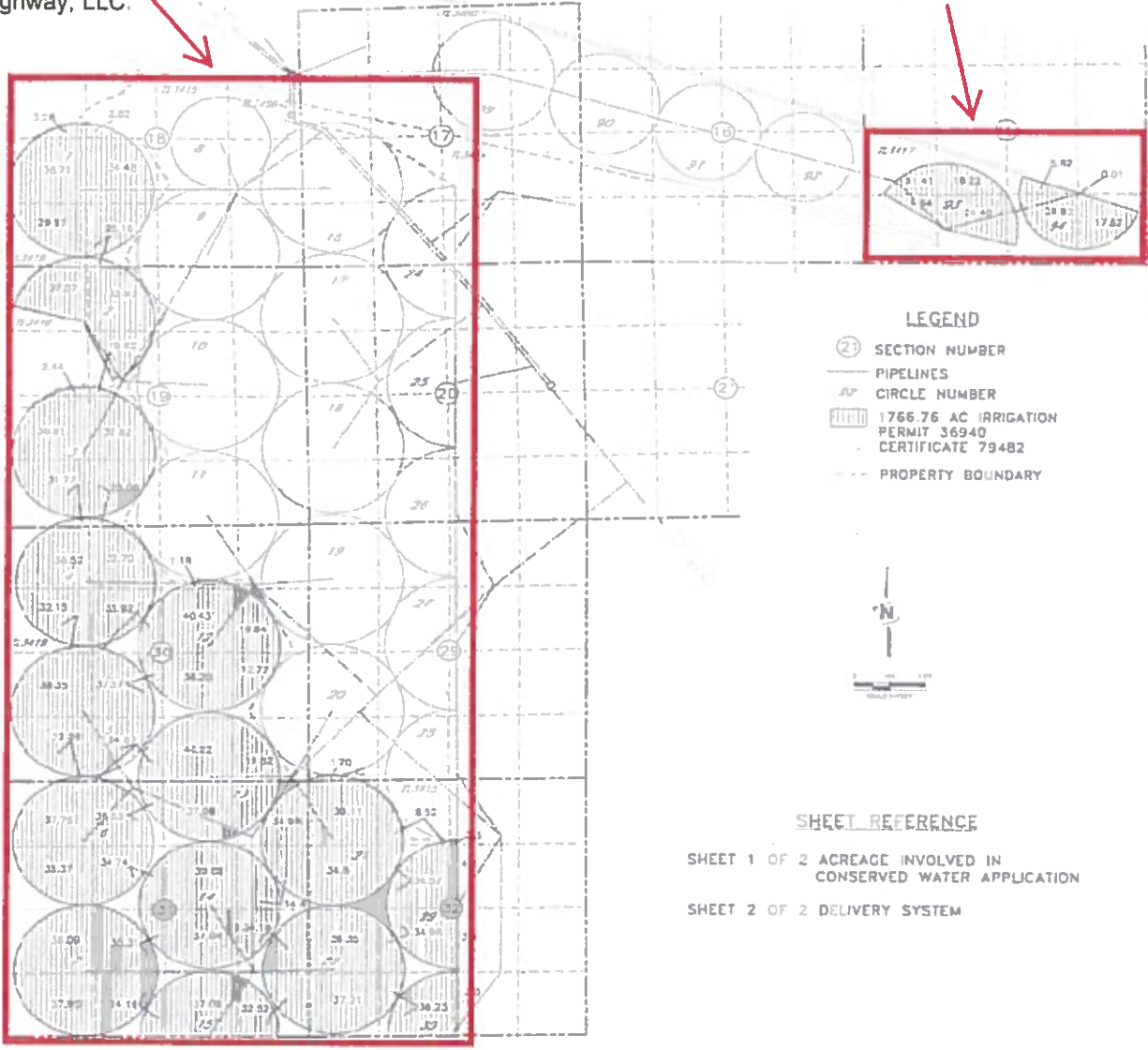
EXHIBIT C

Certificate of Water Right Ownership Update (Certificate 89305)

Shaded areas within box are the portion of the place of use acquired by Oregon Trail Highway, LLC.

**EXHIBIT A - SHEET 1 OF 2
APPLICATION MAP FOR ALLOCATION OF
CONSERVED WATER
HALE FARMS LLC
T4N, R26E WM MORROW COUNTY**

Shaded areas within box are the portion of the place of use owned by Hale Farms, L.L.C.



- LEGEND**
- ②③ SECTION NUMBER
 - PIPELINES
 - AP CIRCLE NUMBER
 - ▨ 1766.76 AC IRRIGATION PERMIT 36940 CERTIFICATE 794B2
 - - - PROPERTY BOUNDARY

SHEET REFERENCE

SHEET 1 OF 2 ACREAGE INVOLVED IN CONSERVED WATER APPLICATION

SHEET 2 OF 2 DELIVERY SYSTEM

ACREAGE INVOLVED IN CONSERVED WATER APPLICATION



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EXHIBIT D
Certificate of Water Right Ownership Update (Certificate 89305)

STATE OF OREGON
 COUNTY OF MORROW
 CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

POTLATCH CORP.
 PO BOX 38
 BOARDMAN, OR 97818

confirms the right to use the waters of the COLUMBIA RIVER, a tributary to the PACIFIC OCEAN for IRRIGATION of 1766.76 ACRES.

This right was perfected under Permit S-36940. The date of priority is JUNE 29, 1973. The amount of water to which this right is entitled is limited to an amount actually used beneficially, and shall not exceed 31.49 CUBIC FEET PER SECOND, or its equivalent in case of rotation, measured at the point of diversion.

The point of diversion is located as follows:

Twp	Rng	Mer	Sec	Q-Q	GLot	Measured Distances
4 N	25 E	WM	2	NE NW	7	SOUTH 86 DEGREES 22 MINUTES 46 SECONDS WEST, 2829 FEET FROM THE NE CORNER OF SECTION 2

The amount of water used for irrigation, together with the amount secured under any other right existing for the same lands, is limited to a diversion of ONE FIFTY-SIXTH (1/56) of one cubic foot per second, or its equivalent for each acre irrigated, and shall be further limited to a diversion of not to exceed 3.5 acre-feet per acre for each acre irrigated during the irrigation season of each year, and is further limited to an annual volume limitation of 6183.66 acre-feet per year. The use shall conform to such reasonable rotation system as may be ordered by the proper state officer.

A description of the place of use to which this right is appurtenant is as follows:

IRRIGATION					
Twp	Rng	Mer	Sec	Q-Q	Acres
4 N	26 E	WM	15	NE SW	16.22
4 N	26 E	WM	15	NW SW	11.41
4 N	26 E	WM	15	SW SW	6.64
4 N	26 E	WM	15	SE SW	24.40
4 N	26 E	WM	15	NE SE	0.01

This final order is subject to judicial review by the Court of Appeals under ORS 183.482. Any petition for judicial review must be filed within the 60-day time period specified by ORS 183.482(1). Pursuant to ORS 536.075 and OAR 137-003-0675, you may petition for judicial review or petition the Director for reconsideration of this order. A petition for reconsideration may be granted or denied by the Director, and if no action is taken within 60 days following the date the petition was filed, the petition shall be deemed denied.

EXHIBIT D
Certificate of Water Right Ownership Update (Certificate 89305)

IRRIGATION					
Twp	Rng	Mer	Sec	Q-Q	Acres
4 N	26 E	WM	15	NW SE	5.82
4 N	26 E	WM	15	SW SE	28.82
4 N	26 E	WM	15	SE SE	17.62
4 N	26 E	WM	18	SW NW	3.26
4 N	26 E	WM	18	SE NW	2.82
4 N	26 E	WM	18	NE SW	34.48
4 N	26 E	WM	18	NW SW	38.71
4 N	26 E	WM	18	SW SW	29.97
4 N	26 E	WM	18	SE SW	25.16
4 N	26 E	WM	19	NE NW	33.93
4 N	26 E	WM	19	NW NW	27.07
4 N	26 E	WM	19	SW NW	2.44
4 N	26 E	WM	19	SE NW	19.62
4 N	26 E	WM	19	NE SW	32.82
4 N	26 E	WM	19	NW SW	38.81
4 N	26 E	WM	19	SW SW	31.77
4 N	26 E	WM	19	SE SW	25.05
4 N	26 E	WM	29	SW SW	1.70
4 N	26 E	WM	30	NW NE	1.18
4 N	26 E	WM	30	SW NE	40.43
4 N	26 E	WM	30	SE NE	19.84
4 N	26 E	WM	30	NE NW	32.70
4 N	26 E	WM	30	NW NW	38.52
4 N	26 E	WM	30	SW NW	32.15
4 N	26 E	WM	30	SE NW	33.92
4 N	26 E	WM	30	NE SW	37.57
4 N	26 E	WM	30	NW SW	38.35
4 N	26 E	WM	30	SW SW	33.26
4 N	26 E	WM	30	SE SW	34.87
4 N	26 E	WM	30	NE SE	12.77
4 N	26 E	WM	30	NW SE	36.20
4 N	26 E	WM	30	SW SE	40.22
4 N	26 E	WM	30	SE SE	19.82
4 N	26 E	WM	31	NE NE	34.96
4 N	26 E	WM	31	NW NE	37.08
4 N	26 E	WM	31	SW NE	39.69
4 N	26 E	WM	31	SE NE	34.40
4 N	26 E	WM	31	NE NW	36.63
4 N	26 E	WM	31	NW NW	37.75
4 N	26 E	WM	31	SW NW	35.37
4 N	26 E	WM	31	SE NW	34.74
4 N	26 E	WM	31	NE SW	35.31
4 N	26 E	WM	31	NW SW	38.09
4 N	26 E	WM	31	SW SW	37.95
4 N	26 E	WM	31	SE SW	34.16
4 N	26 E	WM	31	NE SE	34.16
4 N	26 E	WM	31	NW SE	37.04
4 N	26 E	WM	31	SW SE	37.09
4 N	26 E	WM	31	SE SE	32.52
4 N	26 E	WM	32	NW NE	0.30
4 N	26 E	WM	32	SW NE	4.20

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EXHIBIT D
Certificate of Water Right Ownership Update (Certificate 89305)

IRRIGATION					
Twp	Rng	Mer	Sec	Q-Q	Acres
4 N	26 E	WM	32	NE NW	8.52
4 N	26 E	WM	32	NW NW	39.11
4 N	26 E	WM	32	SW NW	36.50
4 N	26 E	WM	32	SE NW	36.57
4 N	26 E	WM	32	NE SW	34.98
4 N	26 E	WM	32	NW SW	39.35
4 N	26 E	WM	32	SW SW	37.21
4 N	26 E	WM	32	SE SW	36.23
4 N	26 E	WM	32	NW SE	3.50
4 N	26 E	WM	32	SW SE	3.00
Total					1766.76

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The water user shall install and maintain headgates, in-line flow meters, weirs, or other suitable devices for controlling, measuring and recording the quantity of water diverted. In-line flow meters shall be installed at the Cherokee Strip pump site, Booster Pump Station #1, and each field control manifold. The type of plans of the headgates and measuring devices must be approved by the Department prior to beginning construction and shall be installed under the general supervision of the Department.

The water user shall operate and maintain the headgates and measuring devices as needed. The Watermaster may operate the headgates and monitor accuracy of the measuring devices as needed.

The water user shall install and maintain a soil moisture monitoring program. The monitoring shall include Troxler Sentry capacitance probe data (or other monitoring data of similar or superior accuracy) at 1, 2, 3, 4, and 5 foot depths, at weekly intervals, beginning one week prior to the irrigation season and continuing one week past the end of the irrigation season. The monitoring program and the location of the monitoring sites shall be approved by the Watermaster. Review of the monitoring program can occur at any time with a formal request from the water user or the Watermaster.

Monitoring shall include on paired data sampling site with access tubes between adjacent tree rows for every 1000 acres of each major soil type in each age class (each paired site shall consist of a pair of access tubes located within the non-irrigated strip between the tree rows and at the outer edges of that strip). Major soil types with less than 1000 acres in a given age class with have one paired site. Monitoring shall include one access tube for each soil type located outside the planted area to be used as control for each major soil type. Soil types are as identified in attached soil classification map dated 12/2/2000. This data will be supplemented with other ongoing monitoring data from tubes in the tree rows as normally required by the water user for accurate irrigation scheduling, and as reasonably approved by the Watermaster.

Monitoring sites, monitoring data and flow data shall be available to the Watermaster promptly upon request.

The water user shall supply to the Watermaster, bi-annual reports of water use and monitoring data. The first report will cover the period through June of each year and the second report will cover the remainder of the growing season. Monitoring data report shall be provided in a reasonable summary format as approved by the Watermaster. The water user shall promptly inform the Watermaster of

EXHIBIT D
Certificate of Water Right Ownership Update (Certificate 89305)

encroachment events into any areas without water rights including the areas between tree rows and inform the Watermaster of the course of action to correct the problem.

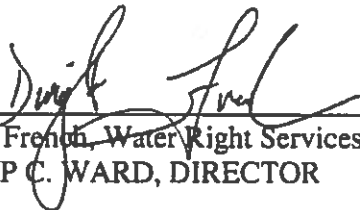
If water use under the irrigation system delivers water to areas without water rights including the area between the tree rows, the Watermaster may regulate the water use until soil moisture and flow data demonstrate that the areas without water rights are no longer receiving water.

This certificate describes that portion of the water right confirmed by Certificate 79482, State Record of Water Right Certificates, reduced in rate and duty by the provisions of an order of the Water Resources Director entered May 27, 2014, approving Allocation of Conserved Water Application CW-84, and together with Certificates 89303, and 89304, and the conserved water under CW-84, supersedes Certificate 79482.

The issuance of this superseding certificate does not confirm the status of the water right in regard to the provisions of ORS 540.610 pertaining to forfeiture or abandonment.

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.

WITNESS the signature of the Water Resources Director, affixed May 27 2014.



Dwight French, Water Right Services Administrator, for
PHILLIP C. WARD, DIRECTOR

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