



Water Solutions, Inc.

November 5, 2015

Tim Wallin
Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

Re: Water Right Application - Azelea Rojo, LLC (Olalla)

Dear Mr. ~~Wallin~~^{Tim}:

Please find enclosed a permit application to appropriate stored surface water for irrigation, which is submitted on behalf of Azelea Rojo, LLC. The Applicant is requesting to divert stored water at a rate of up to 0.47 cfs, limited to a maximum volume of 107 acre-feet annually, for irrigation of the "Olalla property." Also enclosed is the required fee of \$1,587, which was calculated as follows:

- \$ 450 - Base Fee
- \$ 600 - Rate Fee of \$30/acre-foot for 20 acre-feet
- \$ 87 - Rate Fee of \$1.00/acre-foot for 87 acre-feet
- \$ 450 - Permit Recording Fee

Total = \$1,587

The water to be appropriated is stored in Ben Irving Reservoir, as authorized by water right certificates 80425 and 89035. Lookingglass-Olalla Water Control District (LOWCD) manages the stored water in the reservoir, and the Applicant has requested a contract from LOWCD for use of stored water.

An existing water right (Certificate 11828) is appurtenant to a portion of the proposed place of use. The Application will, however, request a voluntary diminishment of this right to supplemental irrigation to occur simultaneously with the issuance of the requested permit. As a result, the requested permit will not result in two primary irrigation rights associated with the proposed place of use.

If you have any questions about the enclosed materials, please contact me at 541-257-9004.

Sincerely,

Kimberly Grigsby
Senior Water Resources Consultant

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Application for a Permit to Use Surface Water



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

SECTION 1: APPLICANT INFORMATION AND SIGNATURE

Applicant Information

NAME		PHONE (HM)	
PHONE (WK)	CELL		FAX
ADDRESS			
CITY	STATE	ZIP	E-MAIL *

Organization Information

NAME AZALEA ROJO, LLC C/O AMPS		PHONE 541-492-3100	FAX
ADDRESS PO BOX 806			CELL
CITY WINCHESTER	STATE OR	ZIP 97495	E-MAIL *

Agent Information – The agent is authorized to represent the applicant in all matters relating to this application.

AGENT / BUSINESS NAME GSI WATER SOLUTIONS, INC.		PHONE 541-257-9004	FAX 541-754-4211
ADDRESS 1600 SW WESTERN BLVD, SUITE 240			CELL
CITY CORVALLIS	STATE OR	ZIP 97333	E-MAIL * KGRIGSBY@GSIWS.COM

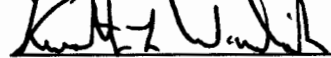
Note: Attach multiple copies as needed

* By providing an e-mail address, consent is given to receive all correspondence from the department electronically. (paper copies of the final order documents will also be mailed.)

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.
- The Department encourages all applicants to wait for a permit to be issued before beginning construction of any proposed diversion. Acceptance of this application does not guarantee a permit will be issued.
- If I begin construction prior to the issuance of a permit, I assume all risks associated with my actions.
- 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 cancelled.
- 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 (we) affirm that the information contained in this application is true and accurate.


Applicant Signature

Kenneth L. Warlick
Print Name and title if applicable

10-29-2015
Date

Applicant Signature

Print Name and title if applicable

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Revised

App. No. S-88145

For Department Use
Permit No. _____

Date NOV 05 2015

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SECTION 2: PROPERTY OWNERSHIP

Please indicate if you own all the lands associated with the project from which the water is to be diverted, conveyed, and used.

- Yes
 - There are no encumbrances.
 - This land is encumbered by easements, rights of way, roads or other encumbrances.
- No
 - I have a recorded easement or written authorization permitting access. **(See Attachment D.)**
 - 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 irrigation and/or domestic use only (ORS 274.040).
 - Water is to be diverted, conveyed, and/or used only on federal lands.

List the names and mailing addresses of all affected landowners (*attach additional sheets if necessary*).

Nichols Bros Inc., 700 Old Brockway Rd, Winston, OR 97496

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 Attachment B for the legal description for the property on which the Applicant's proposed place of use and intake will be located.

SECTION 3: SOURCE OF WATER

A. 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: Ben Irving Reservoir Tributary to: Berry Creek

Source 2: _____ 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). Water right certificates 80425 and 89035, in the name of Douglas County (See Attachment E). The Lookingglass-Olalla Water Control District is responsible for managing and issuing contracts for the water stored under these water rights.

B. Applications to Use Stored Water

Do you, or will you, own the reservoir(s) described in item 3A 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.) **(See Attachment F)**

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If *all* sources listed in item 3A 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.

SECTION 4: WATER USE

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	USE	PERIOD OF USE	AMOUNT
Ben Irving Reservoir	Irrigation	March 1—October 31	0.47 <input checked="" type="checkbox"/> cfs <input type="checkbox"/> gpm <input type="checkbox"/> af
			<input type="checkbox"/> cfs <input type="checkbox"/> gpm <input type="checkbox"/> af
			<input type="checkbox"/> cfs <input type="checkbox"/> gpm <input type="checkbox"/> af
			<input type="checkbox"/> cfs <input type="checkbox"/> gpm <input type="checkbox"/> af

For irrigation use only:

Please indicate the number of primary and supplemental acres to be irrigated.

Primary: 106.82 Acres Supplemental: Acres

List the Permit or Certificate number of the underlying primary water right(s): Certificate 11828 is appurtenant to a 19-acre portion of the proposed place of use. The Applicant will request a voluntary diminishment of this certificate to supplemental irrigation to occur simultaneously with issuance of a permit for this application.

Indicate the maximum total number of acre-feet you expect to use in an irrigation season: 107 acre-feet.

- If the use is **municipal or quasi-municipal**, attach **Form M**
- If the use is **domestic**, indicate the number of households:
- If the use is **mining**, describe what is being mined and the method(s) of extraction:

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SECTION 5: WATER MANAGEMENT

A. Diversion and Conveyance

What equipment will you use to pump water from your source?

Pump (give horsepower and type): Not yet determined

Other means (describe): _____

Provide a description of the proposed means of diversion, construction, and operation of the diversion works and conveyance of water.

The Applicant intends to construct a trench in the creek bed and place a perforated pipe in the trench. The pipe will be covered with a fabric cover and non-native gravel. The water will be piped to a dry well, which will act as a bulge in the system. A suction line will remove the water from the dry well. Water will be conveyed to the vineyards via pipelines.

B. Application Method

What equipment and method of application will be used? (e.g., drip, wheel line, high-pressure sprinkler)

The place of use will be irrigated using drip irrigation.

C. Conservation

Please describe why the amount of water requested is needed and measures you propose to: prevent waste; measure the amount of water diverted; prevent damage to public uses of affected surface waters.

The Applicant is requesting this permit to authorize the use of up to 107 acre-feet of stored water for which the Applicant has requested a contract from the Lookingglass-Olalla Water Control District. The Applicant intends to irrigate a vineyard using drip irrigation in order to conserve water. The point of diversion will be equipped with a flowmeter to measure water diverted from Lookingglass Creek. The flowmeter will record the amount of water pumped in an effort to prevent waste. The proposed use of stored water is not expected to cause damage to public uses of Lookingglass Creek.

SECTION 6: RESOURCE PROTECTION

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.

- N/A** Diversion will be screened to prevent uptake of fish and other aquatic life.
Describe planned actions: To prevent uptake of fish and other aquatic life, the Applicant is not requesting to place an intake pipe into the creek. Instead, water will be diverted via a perforated pipe in the stream bed that is covered with non-native gravels.
- Excavation or clearing of banks will be kept to a minimum to protect riparian or streamside areas.
Describe planned actions: During construction, excavation or clearing of banks during construction will be kept to a minimum and efforts will be made to protect riparian and streamside areas.
- Operating equipment in a water body will be managed and timed to prevent damage to aquatic life.
Describe: During construction, equipment will only be operated in the creek during the in-water work period. Use of water under this permit will not require operating equipment in the creek.
- Water quality will be protected by preventing erosion and run-off of waste or chemical products.
Describe: The Applicant will protect water quality by preventing erosion to the maximum extent possible.

SECTION 7: PROJECT SCHEDULE

Date construction will begin: Within 5 years of permit issuance

Date construction will be completed: Within 5 years of permit issuance

Date beneficial water use will begin: Within 5 years of permit issuance

SECTION 8: WITHIN A DISTRICT

Check here if the point of diversion or place of use are located within or served by an irrigation or other water district. The point of diversion and the place of use are within Lookingglass-Olalla Water Control District and water will be served by the district.

Irrigation District Name Lookingglass-Olalla Water Control District	Address PO Box 1579	
City Roseburg	State Oregon	Zip 97470

SECTION 9: REMARKS

Use this space to clarify any information you have provided in the application.

The Applicant is requesting a water use permit to divert stored water from Ben Irving Reservoir at a rate of 0.47 cfs up to a maximum volume of 107 acre-feet for irrigation of 106.82 acres of vineyard. The point of rediversion will be located on Lookingglass Creek. The Applicant has requested a contract for the use of stored water from Lookingglass-Olalla Water Control District (LOWCD), which manages the water from Ben Irving Reservoir.

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Attachment A
Land Use Information Form
Application for a Water Use Permit

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Land Use Information Form



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

Applicant: AZALEA ROJO, LLC C/O AMPS

Mailing Address: PO BOX 806

Winchester
City

OR
State

97495
Zip

Daytime Phone: (541) 492-3100

A. Land and Location

Please include the following information for all tax lots where water will be diverted (taken from its source), conveyed (transported), and/or used or developed. 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:
28S	7W	27	NENW NWNE NENE SENE SWNE SENW NESW NWSE	200	FG – Farm-use Grazing FF – Farm and Forest	<input checked="" type="checkbox"/> Diverted <input checked="" type="checkbox"/> Conveyed <input checked="" type="checkbox"/> Used	Irrigation

List all counties and cities where water is proposed to be diverted, conveyed, and/or used or developed:

Douglas County

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 Permit Amendment or Ground Water Registration Modification
 Limited Water Use License Allocation of Conserved Water Exchange of Water

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

Estimated quantity of water needed: 107 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:

The applicant is requesting a permit to irrigate 106.82 acres using stored water.

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

See bottom of Page 3. →

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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 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 the proposed water uses (including proposed construction) are allowed outright or are not regulated by your comprehensive plan. Cite applicable ordinance section(s): 3.3.050
- Land uses to be served by the proposed water uses (including proposed construction) involve discretionary land-use approvals as listed in the table below. (Please attach documentation of applicable land-use approvals which have already been obtained. Record of Action/land-use decision and accompanying findings are sufficient.) **If approvals have been obtained but all appeal periods have not ended, check "Being pursued."**

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

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

<p><u>WS 15-0872</u> <u>R47084</u> <u>R47502</u> <u>R47516 #105-</u></p>	<p>DOUGLAS COUNTY PLANNING DEPARTMENT ROOM 106, JUSTICE BUILDING DOUGLAS COUNTY COURTHOUSE ROSEBURG, OR 97470</p>
--	--

Name: JAMIE CHARTIER Title: DP
 Signature: [Signature] Phone: 541-440-4285 Date: 10-29-15
 Government Entity: DOUGLAS 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 B
Legal Description
Application for a Water Use Permit

S-98145-

EXHIBIT "A"
LEGAL DESCRIPTION

That portion of Parcel 2 of Partition Plat No. 1996-0003 of the Records of Partition Plats in Douglas County, Oregon, which lies Southerly of State Highway No. 42.

ALSO, Beginning at a 5/8 inch diameter rebar monumenting a point on the Southeasterly right of way line of Strickland Canyon County Road No. 108, said point bears South 29° 53' 47" West 1316.05 feet from the Northwest corner of Donation Land Claim No. 49 in Township 28 South, Range 7 West of the Willamette Meridian in Douglas County, Oregon; thence South 2° 40' 39" East 124.47 feet to a 5/8 inch diameter rebar witness monument; thence continue South 2° 40' 39" East 60 feet, more or less, to the center of Olalla Creek; thence Westerly and Southerly, along said creek center, to appoint on the Northerly right of way line of State Highway No. 42; thence Northeasterly along last said right of way line to a point on the West line of said Donation land Claim No. 49; thence North along said West line to a point on said Southeasterly right of way line of Strickland Canyon County Road No. 108; thence Southwesterly along last said right of way line to the point of beginning.

"FOR INFORMATIONAL PURPOSES ONLY, THE FOLLOWING IS INCLUDED"

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Attachment C
Proposed Place of Use and Point of Diversion Maps
Application for a Water Use Permit

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Attachment D

**Written Authorization Permitting Access (Excerpts from Purchase Contract)
Application for a Water Use Permit**

S-88145



FINAL AGENCY ACKNOWLEDGMENT

Sale Agreement # DV-Nichols-Ag15

1 Both Buyer and Seller acknowledge having received the Oregon Real Estate Agency Disclosure Pamphlet and hereby acknowledge and consent
2 to the following agency relationships in this transaction: (1) David S. Vlastakis, Realtor (Name of Selling Licensee)
3 of Hanks & Co., Realtors (Name of Real Estate Firm) is the agent of (check one):
4 Buyer exclusively ("Buyer Agency"), Seller exclusively ("Seller Agency"), Both Buyer and Seller ("Disclosed Limited Agency"),
5 or Victoria Hanks (Name of Listing Licensee)
6 of Hanks & Co., Realtors (Name of Real Estate Firm) is the agent of
7 (check one): Seller exclusively ("Seller Agency"), Both Buyer and Seller ("Disclosed Limited Agency"),
8 (c) If both parties are each represented by one or more Licensees in the same Real Estate Firm, and Licensees are supervised by the same
9 principal broker in that Real Estate Firm, Buyer and Seller acknowledge that said principal broker shall become the disclosed limited agent for both
10 Buyer and Seller as more fully explained in the Disclosed Limited Agency Agreements that have been reviewed and signed by Buyer, Seller and
11 Licensee(s).
12 Buyer shall sign this acknowledgment at the time of signing this Agreement before submission to Seller. Seller shall sign this acknowledgment at
13 the time the Agreement is first submitted to Seller, even if this Agreement will be rejected or a counter offer will be made. Seller's signature to this
14 Final Agency Acknowledgment shall not constitute acceptance of this Agreement or any terms therein.
15 Buyer [Signature] Date 7/20/15
16 Buyer [Signature] Date 7/20/15
17 Seller [Signature] Date 7/20/15
18 Seller [Signature] Date 7/20/15
19
20 **VACANT LAND REAL ESTATE SALE AGREEMENT**
21
22 This Agreement is intended to be a legal and binding contract.
23 If it is not understood, seek competent legal advice before signing. Time is of the essence of this Agreement.
24
25 **1. DEFINITIONS/INSTRUCTIONS:** (1) All references in this Sale Agreement to "Licensee" and "Firm" shall refer to Buyer's and Seller's real
26 estate agents licensed in the State of Oregon and the respective real estate companies with which they are affiliated. (2) Licensee(s) and Firm(s)
27 identified in the Final Agency Acknowledgment Section above are not parties to this Agreement, except as may be expressly applicable. (3) A
28 "business day" shall mean Monday through Friday, except recognized legal holidays as enumerated in ORS 167.010 and 167.020. (4) Unless
29 Seller and Buyer expressly provide otherwise, the phrase "signed and accepted" in the printed text of this Sale Agreement, or any addendum, or
30 counteroffer, however designated (collectively, "the Agreement"), shall mean the date and time that either the Seller and/or Buyer hereinafter: (a)
31 Signed their acceptance of the Agreement received from the other party, or their licensee, and (b) Transmitted it to the sending party, or their
32 licensee, either by manual delivery ("Manual Delivery"), or by facsimile or electronic mail (collectively, "Electronic Transmission"). (5) The sending
33 of a signed acceptance of the Agreement via Electronic Transmission from one party, or their licensee, to the other party, or their licensee, shall
34 have the same effect as Manual Delivery of the signed original. If the parties intend to use any other method for transmitting a signed offer or
35 acceptance of the Agreement, (such as regular mail, certified mail, or overnight delivery), they should so specify in Section 4 (Additional Provisions)
36 of this Sale Agreement. (6) Time calculated in days after the date Buyer and Seller have signed and accepted the Agreement shall start on the first
37 full business day after the date they have signed and accepted it. (7) Unless a different time is specified in the Agreement, all deadlines for
38 performance, however designated, that are measured in business or calendar days, shall terminate as of 5:00 PM on the last day of that deadline,
39 however designated.
40 **2.1 PRICE/PROPERTY DESCRIPTION: Buyer (firm name(s)) AGIS CAPITAL LLC**
41 offers to purchase from Seller (firm name(s)) Nichols Bros, Inc, Beverly H. Marshak, Esq
42 the following described real property (hereinafter "the Property") situated in the State of Oregon, County of Douglas
43 and commonly known or identified as (insert street address, city, zip code, tax identification number, lot/block description, etc.)
44 364.78 +/- acres (tract 3), 1.58, 43 +/- acres (tract 2), 1.43 +/- acres
45 (Seller's 2 property). Additionally described on Addendum A.

Buyer Initials KLV Date 7/20/15

Seller Initials BHV/SAS Date 7/20/15

This form has been licensed for use solely by Victoria Hanks pursuant to a Form License Agreement with Oregon Real Estate Firm, LLC.

LINES WITH THIS SYMBOL ← REQUIRE A SIGNATURE OF BUYER AND/OR SELLER AND DATE

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VACANT LAND REAL ESTATE SALE AGREEMENT - Page 1 of 9

Hanks & Co. REALTOR® 612 SE Jackson Suite 2 Roseburg, OR 97470
Phone: (541) 973-6499 Fax: (541) 973-1131 Victoria Hanks

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200 11.2 INSPECTIONS: Buyer understands that it is advisable to have a complete inspection of the Property by qualified professional(s),
201 relating to such matters as soil condition/compaction/stability, environmental issues, survey, zoning, availability of utilities, and
202 suitability for Buyer's intended purpose. Neither the Listing nor Selling Licensee is qualified to conduct such inspections and shall not
203 be responsible to do so. For further details, Buyer is encouraged to review the Buyer Advisory at "http://www.oregonrealtors.org".

204 [] PROFESSIONAL INSPECTIONS: At Buyer's expense, Buyer may have the Property and all elements and systems thereof inspected by
205 one or more professionals of Buyer's choice. Provided, however, Buyer must specifically identify in this Agreement any desired inspections which
206 may include testing or removal of any portion of the Property including radon and mold. Buyer understands that Buyer is responsible for the
207 restoration of the Property following any inspection(s)/test(s) performed by Buyer or on Buyer's behalf. Buyer shall have ___ business days (ten
208 [10] if not filled in), after the date Buyer and Seller have signed this Agreement, (hereinafter "the Inspection Period") in which to complete
209 all inspections and negotiate with Seller regarding any matters disclosed in any inspection report. However, during the Inspection Period,
210 Seller shall not be required to modify any terms of this Agreement already reached with Buyer. Unless a written and signed modification
211 is reached, at any time during the Inspection Period, Buyer may notify Seller or Listing Licensee, in writing, of Buyer's unconditional disapproval
212 of the Property based on any inspection report(s), in which case, all earnest money deposits shall be promptly refunded and this
213 transaction shall be terminated. Buyer shall promptly provide a copy of all reports to Seller only if requested by Seller. If Buyer fails to
214 provide Seller or Listing Licensee with written unconditional disapproval of any inspection report(s) by 5:00 p.m. of the final day
215 of the Inspection Period, Buyer shall be deemed to have accepted the condition of the Property. Note that if, prior to expiration of the
216 Inspection Period, written agreement is reached with Seller regarding ALL Buyer's requested repairs, the Inspection Period shall
217 automatically terminate, unless the parties agree otherwise in writing.

218 Identify Additional Inspections: 90 days due diligence.

219 [X] ALTERNATIVE INSPECTION PROCEDURES: OREF-068 PROFESSIONAL INSPECTION ADDENDUM OR OTHER INSPECTION
220 ADDENDUM B is attached to this Agreement.

221 [] BUYER'S WAIVER OF INSPECTION OF CONTINGENCY: Buyer represents to Seller and all Licensees and Firms that Buyer is fully
222 satisfied with the condition of the Property and all elements and systems thereof and knowingly and voluntarily elects to waive the right to have
223 any inspections performed as a contingency to the Closing of the transaction. Buyer's election to waive the right of inspection is solely Buyer's
224 decision and at Buyer's own risk.

225 12. ESCROW: This transaction shall be closed at American Title
226 ("Escrow"), a neutral escrow located in the State of Oregon. Costs of Escrow shall be shared equally between Buyer and Seller, unless
227 otherwise provided herein. Unless otherwise provided herein, the parties agree as follows: Seller authorizes Listing Firm to order a preliminary
228 title report and owner's title policy at Seller's expense and further authorizes Escrow to pay out of the cash proceeds of sale the expense of
229 furnishing such policy, Seller's recording fees, Seller's Closing costs and any encumbrances on the Property payable by Seller on or before
230 Closing. Buyer shall deposit with Escrow sufficient funds necessary to pay Buyer's recording fees, Buyer's Closing costs, and tender's fees, if any.
231 Real estate fees, commissions or other compensation for professional real estate services provided by Listing and/or Selling Firms shall be paid at
232 Closing in accordance with the listing agreement, buyer service agreement or other written agreement for compensation.

233 13. CLOSING: Closing shall occur on a date mutually agreed upon by Buyer and Seller, but in no event later than
234 SEE ADDENDUM B (the Closing Deadline). The terms "Closed", "Closing" or "Closing Date" shall mean when the deed or
235 contract is recorded and funds are available to Seller. Buyer and Seller acknowledge that for Closing to occur by the Closing Deadline, it
236 may be necessary to execute documents and deposit funds in Escrow prior to that date. caveat: Section 7 above requires three (3) days
237 prior to the Closing Deadline if Escrow is to prepare a note and a deed of trust or mortgage.

238 14. POSSESSION: Seller shall deliver possession of the Property to Buyer (select one):
239 (1) [X] by 5:00 p.m. on Closing;
240 (2) [] by ___ a.m. [] p.m. ___ days after Closing;
241 (3) [] by ___ a.m. [] p.m. on the ___ day of ___.

242 16. PRORATIONS: Prorates for rents, current year's taxes, interest on assumed obligations, and other prepaid expenses attributable to the
243 Property shall be as of: (check one) [X] the Closing Date; [] date Buyer is entitled to possession; or [] ___.

Buyer Initials KW Date 7/20/15

Seller Initials BMM/SAS Date 7/17/15

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LINES WITH THIS SYMBOL ← REQUIRE A SIGNATURE OF BUYER AND/OR SELLER AND DATE
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397 Buyer may withdraw this offer before the Offer Deadline any time prior to Seller's acceptance. If Seller accepts this offer after the Offer Deadline, it shall not be binding upon Buyer unless accepted by Buyer in writing within _____ business days (two [2] if not filled in) after the date of Seller's acceptance as so indicated at Section 33 below. This offer may be accepted by Seller only in writing.

400 Buyer [Signature] Date 7/20/15 a.m. 5:00 p.m. PT

401 Buyer _____ Date _____ a.m. _____ p.m. PT

402 Address _____ Zip _____

403 Phone Home _____ Work _____ E-mail _____ Fax _____

NO CHANGES OR ALTERATIONS ARE PERMITTED TO ANY PORTION OF THE OFFER DEADLINE OR OFFER DEADLINE DATE OF THIS FORM. ALL INFORMATION CONTAINED HEREON IS UNLAWFUL TO REPRODUCE, TRANSMIT, OR IN ANY MANNER DISCLOSE TO ANY OTHER PARTY. THE SELLER'S ACCEPTANCE OF THIS OFFER IS SUBJECT TO THE TERMS, CONDITIONS AND COVENANTS SET FORTH IN THE OFFER AND IS NOT BINDING UNLESS THE OFFER HAS BEEN ACCEPTED.

404 This offer was submitted to Seller for signature on the _____ day of _____, _____, at _____ a.m. _____ p.m.
405 By _____ (Licensee(s) presenting offer).

406 33. AGREEMENT TO SELL / ACKNOWLEDGEMENTS / DISPOSITION OF EARNEST MONEY. Seller accepts Buyer's offer. Seller acknowledges receipt of a completely filled-in copy of this Agreement, which Seller has fully read and understands. Seller acknowledges that Seller has not relied upon any oral or written statements of Buyer or of any Licensee(s) which are not expressly contained in this Agreement. Seller instructs that all earnest money distributable to Seller pursuant to Section 17 above, shall be disbursed as follows after deduction of any title insurance and Escrow cancellation charges: (check one) First to Listing Firm to the extent of the agreed commission just as if the transaction had been Closed, with residue to Seller, or 100% TO SELLER

413 Seller [Signature] Date 7/17/15 a.m. _____ p.m. PT

414 Seller [Signature] Date 7/17/15 a.m. 12:10 p.m. PT

415 Address _____ Zip _____

416 Phone Home _____ Work _____ E-mail _____ Fax _____

417 34. REJECTION/COUNTER OFFER: SELECT ONE: Seller does not accept the above offer, but makes the attached counter offer; Seller rejects Buyer's offer.

419 Seller _____ Date _____ a.m. _____ p.m. PT

420 Seller _____ Date _____ a.m. _____ p.m. PT

421 Address _____ Zip _____

422 Phone Home _____ Work _____ E-mail _____ Fax _____

423 35. BUYER'S ACKNOWLEDGMENT: Buyer acknowledges receipt of a copy of Seller's written response to this Agreement. If Seller's response is an acceptance of Buyer's offer that occurred after the Offer Deadline identified at Section 32 above, Buyer (select only one) agrees does not agree, to be bound thereby. (The failure to check either box shall constitute rejection of Seller's acceptance after the Offer Deadline.) If Buyer checks the box agreeing to be bound by Seller's late acceptance occurring after the Offer Deadline, this Sale Agreement shall become binding on all parties only when Buyer(s) has/have signed below and transmitted it to Seller or Seller's Licensee.

428 Buyer [Signature] Date _____ a.m. _____ p.m. PT

429 Buyer _____ Date _____ a.m. _____ p.m. PT

430 Enter Date, Time, and Method of Transmission of Buyer's Acceptance: _____ ;

431 By _____

432 36. FIRMS/LICENSEES:
433 Selling Licensee David & Victoria Hawks Selling Firm Hawks & Co., Realtors

434 Selling Firm Office Address 512 SE Jackson St., Suite 2, Roseburg, OR 97470

435 Phone (541) 673-6499 Phone _____ E-mail _____

436 Fax (541) 673-1131

437 Listing Licensee David & Victoria Hawks Listing Firm Hawks & Co., Realtors

438 Listing Firm Office Address 512 SE Jackson St., Suite 2, Roseburg, OR 97470

439 Phone (541) 673-6499 Phone _____ E-mail _____

440 Fax _____

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441 LINES WITH THIS SYMBOL ← REQUIRE A SIGNATURE OF BUYER AND/OR SELLER AND DATE
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VACANT LAND REAL ESTATE SALE AGREEMENT - Page 9 of 9 OREF 008

Buyer Initials [Signature] Date 7/20/15
Seller Initials [Signature] Date 7/17/15

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ADDENDUM B TO VACANT LAND REAL ESTATE SALE AGREEMENT

**Between AgIS Capital, LLC and Nichols Bros, Inc.,
and Beverly M. Merchep Family Trust dated July 20, 2015**

1. **Final Agency Acknowledgement.** Addendum C confirms the Broker will represent Seller exclusively.

2. **Section 2.1 PRICE/PROPERTY DESCRIPTION.** Seller Beverly Merchep is properly listed as Beverly M. Merchep Family Trust.

3. **Section 2.1 PRICE/PROPERTY DESCRIPTION.** The "Property" as defined in the Agreement is as follows:

a. 384.78+/- acres of land and improvements in Douglas County, Oregon (collectively, the "Ranch 1"), more particularly described in EXHIBIT A-1 TO ADDENDUM A;

b. 168.43+/- acres of land and improvements in Douglas County, Oregon (collectively, the "Ranch 2"), more particularly described in EXHIBIT A-2 TO ADDENDUM A;

c. 1.49+/- acres of land and improvements in Douglas County, Oregon (collectively, the "Seller 2 Property"), more particularly described in EXHIBIT A-3 TO ADDENDUM A;

d. all buildings, structures, improvements, timber and fixtures now located on or hereafter erected on, affixed or attached to the Real Property, including gates, fences, signs, offices, barns, scales, and equipment storage buildings (collectively, the "Improvements"), *provided, however,* that the uninstalled guard rails, fencing materials and fence post inventory, as well as all office furniture and furnishings are specifically excluded from the definition of Improvements;

e. to the extent not included within the definition of Improvements, (i) all water and irrigation apparatus, pumps, motors, generators, gearheads, generators, meters, electric panels, pipes, sprinklers and pump station equipment; (ii) windmills and wind machines; (iii) all fences, gates and signs located on the Real Property; and (iv) all other equipment now or hereafter affixed or installed in any manner on the land or the Improvements (the "Equipment"); *provided, however,* that the vehicles, trailers, and rolling farm machinery specifically listed on Exhibit 1 to the Bill of Sale (Exhibit C hereto) (the "Excluded Equipment") are specifically excluded from the definition of Equipment;

f. all easements, rights-of-way and rights appurtenant to the land or used in connection with the Real Property or as a means of access thereto (the "Easements"); all, air and wind rights, rights of way, privileges, and all easements necessary thereto, and all appurtenances related to the Real Property and Water Rights, including, but not limited to any diversion dams, headgates, canals, ditches, laterals, augmentation stations, river pumping stations, drainage systems, ponds, reservoirs, all right, title and interest which the Seller has in all oil, gas, and other minerals, including but not limited to coal, coalbed methane, and gravel, leases, leasehold estates, royalty conveyances or reservations, overriding royalty interests, wells, wellbores, easements, ordinances and rights-of-way, deposits, production payments, or any other interests of any kind

Buyers Initials KLV Date 7/20/15 Sellers Initials BMM SAS Date 7/17/15

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9. Added Section 10.3 WATER SUPPLY. A new Section 10.3 is hereby added to the Agreement and reads as follows:

Seller shall cooperate with Buyer to apply for water delivery contracts from the Olalla-Lookingglass Water Control District with not less than an eight-year term for (a) 250 acre-feet in annual deliveries to Ranch 1 and (b) 100 acre-feet of annual deliveries to Ranch 2, and to apply for water rights from the Oregon Department of Water Resources to utilize such water on the Property. The entry into the water delivery contracts shall be a condition precedent to closing, with such contracts to be assigned to Buyer at closing; the grant by the Department of Water Rights shall not be a condition precedent to closing, and Seller shall assign rights in the application(s) or permit(s), as the case may be, to Buyer at closing. Buyer shall pay all costs associated with water delivery contracts and water rights applications.

10. Section 11.2 INSPECTIONS. Alternative Inspection Procedures shall be as follows:

The Buyer shall have a ninety (90) day Due Diligence Period beginning after the full execution, acceptance and Seller's delivery of the Sale Agreement to Buyer. During the Due Diligence period the Buyer shall evaluate all information with respect to the Property and shall also have the right to conduct (and to have conducted by third parties) any investigations and tests of the Property and review any materials related to the Property that Buyer determines are necessary or desirable to evaluate the condition of the Property, including, but not limited to, condition of title, water supply, water and wastewater systems, irrigation systems, water rights review, soil, geologic and environmental condition, land use and permit rights, zoning and other restrictions on the Property; provided, however, in no event shall such inspections, investigations, or tests unreasonably disrupt or disturb the ongoing operation of the Property. Buyer shall have one option for a thirty (30) day extension of the Due Diligence Period as needed to complete due diligence, to be exercised by delivery of notice to Seller and increasing the amount of the earnest money by an additional \$100,000.00. In addition, Buyer shall have the right to an additional thirty-five (35) day extension of the Due Diligence Period for the limited purpose of obtaining the grant of Water Rights by the Department referred to in § 10 hereof, also to be exercised by delivery of notice to Seller and increasing the amount of the earnest money by an additional \$100,000. In the event the Buyer elects to extend the Due Diligence Period beyond the 90-day period, \$50,000 of the earnest money shall become non-refundable to Buyer and shall be considered as earned liquidated damages payable to the Seller upon termination of this Agreement.

Seller will afford Buyer, and Buyer's agents, employees and other authorized representatives, including but not limited to architects, accountants and engineers, reasonable access to the Property, to reports associated with the Property, including but not limited to engineering reports, survey reports and zoning reports, during the Due Diligence Period for the purposes of performing whatever due diligence inspections, surveys, and tests, as Buyer, in Buyer's sole discretion, deems necessary or desirable, including, but not limited to, (i) the use of a back hoe to inspect soil conditions, (ii) a "Phase I" environmental site assessment, and (iii) "Phase II" sampling of environmental media such as soil or groundwater, if such sampling is indicated in Buyer's "Phase I" report. The inspection by Buyer or the opportunity to inspect by Buyer does not affect the applicability of Seller's Representations.

On or before the expiration of Due Diligence Period, Buyer shall have the right in its sole discretion to terminate this Agreement at any time for any or no reason by notifying Seller in writing that Buyer is terminating this Agreement (such notice being herein called the "Termination Notice"). If Buyer fails to provide Seller with written disapproval of any

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ADDENDUM TO REAL ESTATE SALE AGREEMENT

1 This is an Addendum to: Real Estate Sale Agreement Seller's Counter Offer Buyer's Counter Offer
2 Re: Real Estate Sale Agreement No. DV-Nichols-AgIS Dated Addendum No. C
3 Buyer: AgIS Capital LLC
4 Seller: Nichols Bros, Inc, Beverly M Marchep, Trs

5 The real property described as: 0 Old Brockway Rd & 0 Olalla Rd, Winston, OR 97496
6 SELLER AND BUYER HEREBY AGREE THE FOLLOWING SHALL BE A PART OF THE REAL ESTATE SALE AGREEMENT REFERENCED
7 ABOVE.

8 NOTE: Buyer is NOT represented in this sale by an Oregon licensed real estate broker.
9 Any and all real estate brokerage commissions shall be paid by Seller.

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28 Buyer Signature [Signature] Date 7/12/15 a.m. 5 p.m. PST
29 Buyer Signature Date a.m. p.m.
30 Seller Signature [Signature] Date 7/17/15 a.m. p.m.
31 Seller Signature [Signature] Date 7/17/15 a.m. 12:42 p.m.
32 Selling Licensee David & Victoria Hawke Listing Licensee David & Victoria Hawke

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Attachment E
Water Right Certificates 80425 and 89035
Application for a Water Use Permit

2-88145

STATE OF OREGON

COUNTY OF DOUGLAS

CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

DOUGLAS COUNTY WATER RESOURCES SURVEY
1036 SE DOUGLAS AVENUE, ROOM 306
ROSEBURG, OREGON 97470

confirms the right to store the waters of BERRY CREEK, a tributary of OLALLA CREEK, in BEN IRVING RESERVOIR, appropriated under Permit No. 46786, for IRRIGATION, DOMESTIC, AND GENERAL PARK USE.

The right to store these waters was perfected under Reservoir Permit R-8444. The date of priority is SEPTEMBER 2, 1980. The amount of water entitled to be stored each year under this right is not more than 8,500 ACRE-FEET (AF); BEING 8446 AF FOR IRRIGATION, 50 AF FOR DOMESTIC USE AND 4.0 AF FOR GENERAL PARK USE.

The reservoir is located as follows:

SW~~X~~
SECTION 17

NE~~X~~ SW~~X~~
SE~~X~~ SW~~X~~
SE~~X~~
SECTION 18

NW~~X~~ NW~~X~~
SECTION 19

W~~X~~ NE~~X~~
NW~~X~~ NW~~X~~
SE~~X~~ NW~~X~~
SECTION 20
TOWNSHIP 29 SOUTH, RANGE 7 WEST, W.M.

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The dam shall be operated and maintained according to the approved plans and specifications on file with the Water Resources Department.

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

This certificate describes that portion of the water right confirmed by Certificate 80057, State Record of Water Right Certificates, NOT modified by the provisions of an order of the Water Resources Director entered AUG 26 2003, approving Transfer Application 9396.

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.

WITNESS the signature of the Water Resources

Director, affixed AUG 26 2003.



le' Paul R. Cleary, Director

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Recorded in State Record of Water Right Certificates numbered 80425.

T-9396.TRV

Page 2 of 2

S-88145

STATE OF OREGON
 COUNTY OF DOUGLAS
 CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO

DOUGLAS COUNTY NATURAL RESOURCES
 1036 SE DOUGLAS AVE ROOM 306
 ROSEBURG OR 97470

confirms the right to store the waters of BERRY CREEK, tributary to OLALLA CREEK in BEN IRVING RESERVIOR, for MULTIPURPOSE USE.

This right was perfected under Permit R-8444. The date of priority is SEPTEMBER 2, 1980. The amount of water to which this right is entitled to be stored under this right, is limited to an amount actually used beneficially, and shall not exceed 500.0 ACRE FEET, or its equivalent in case of rotation, measured at the point of diversion.

The reservoir is located as follows:

Twp	Rng	Mer	Sec	GLot	Q-Q
29 S	7 W	WM	17		SW ¼
29 S	7 W	WM	18		NE ¼ SW ¼
29 S	7 W	WM	18		S ½ SW ¼
29 S	7 W	WM	18		SE ¼
29 S	7 W	WM	19	4	NW ¼ NW ¼
29 S	7 W	WM	20		W ½ NE ¼
29 S	7 W	WM	20		N ½ NW ¼
29 S	7 W	WM	20		SE ¼ NW ¼
29 S	7 ½ W	WM	13		SE ¼ NE ¼

The water user shall maintain a headgate, an in-line flow meter, weir, or other suitable device for measuring and recording the quantity of water diverted.

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

The dam shall be operated and maintained according to the approved plans and specifications on file with the Water Resources Department.

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NOTICE OF RIGHT TO PETITION FOR RECONSIDERATION OR JUDICIAL REVIEW

This is an order in other than a contested case. This order is subject to judicial review under ORS 183.482. Any petition for judicial review must be filed within the 60-day time period specified by ORS 183.482. Pursuant to ORS 183.482, ORS 536.075 and OAR 137-003-0675, you may petition for judicial review and 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.

9-88145

This certificate is issued to confirm a change in CHARACTER OF USE approved by an order of the Water Resources Director entered AUGUST 26, 2003, at Special Order Volume 58, Page 57, approving Transfer Application 9396, and together with Certificate 80425, supercedes Certificate 80057, State record of Water Right Certificates.

Issued JAN 31 2014



Dwight W. French
Administrator, Water Right Services, for
Phillip C. Ward, Director
Oregon Water Resources Department

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Attachment F
Letter to Lookingglass-Olalla Water Control District
Application for a Water Use Permit

5-88145



Agricultural Investment Strategies

Kenneth L. Warlick
Chief Investment Officer

AgIS Capital LLC
8611 Concord Mills Boulevard
Unit 164
Concord, NC 28027
Phone: 704.604.2988

October 28, 2015

Mr. Evan Barnes
Lookingglass-Olalla Water Control District
PO Box 1579
Roseburg, OR 97470

Re: Contract for use of stored water for Olalla Property

Dear Mr. Barnes:

On behalf of Azalea Rojo, LLC I am requesting a contract from the Lookingglass-Olalla Water Control District (District) for stored water from Ben Irving Reservoir for irrigation purposes. The point of diversion will be located in the NW NE, Township 28 South, Range 7 West, Section 27, as shown on the attached map. The stored water will be used to irrigate 106.82 acres, which are also shown on the attached map. I am requesting a maximum of 107 acre-feet of stored water per year, which equates to a duty of 1 acre-feet per acre per year.

We are currently in the process of developing a water use permit application for the use of this stored water, which will be submitted to the Oregon Water Resources Department.

I understand that we will pay the District \$250 when the contract is approved, which will include a one-time new contract fee of \$125 and the \$125 annual administration fee.

Please contact Kimberly Grigsby at GSI Water Solutions if you have any questions about this request. Her telephone number is 541-257-9004.

Sincerely,

Kenneth Warlick

Kenneth L. Warlick
Manager of Azalea Rojo
Chief Investment Office – AgIS Capital

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