

DESCHUTES MITIGATION CREDIT TRANSFER AGREEMENT

This DESCHUTES MITIGATION CREDIT TRANSFER AGREEMENT (the "Agreement") is executed this 26 day of October, 2017, by and between Paulina Meadows, LLC, an Oregon limited liability company ("Transferor"), and K Bar J Ranch LLC, an Oregon limited liability company ("Transferee"). Transferor and Transferee are collectively referred to herein as the "Parties."

WHEREAS, Transferor is the holder of mitigation credits under the Deschutes Mitigation Program generated from the retirement and instream transfer of water rights in the Little Deschutes zone (MP-143, or the "Mitigation Credits");

WHEREAS, the Parties mutually understand that the Mitigation Credits may be used to satisfy mitigation obligations associated with new ground water permit applications in the Little Deschutes Zone of Impact, but the credit value may be reduced if used in other zones of the Deschutes Mitigation Program;

WHEREAS, Transferee is the owner of certain lands in the Little Deschutes Zone of Impact on which productive development of groundwater supplies for irrigation is desirable and Transferee has a pending groundwater application (OWRD File G-18462) that will require the application of mitigation credits;

WHEREAS, Transferor does not have a current need to directly utilize the Mitigation Credits;

WHEREAS, beneficial use of the Mitigation Credits by Transferee would provide mutual benefits to Transferee and Transferor;

THEREFORE, for good and sufficient consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:


1. Recitals. The recitals above are incorporated herein by reference.
2. Mitigation Credit Transfer. Transferor hereby agrees to transfer and convey to Transferee, and Transferee hereby agrees to accept from Transferor, all of Transferor's right, title, and interest in the Mitigation Credits (MP-143).
3. Disclaimer. The Parties acknowledge that groundwater development in the Deschutes Basin requires approval from the Oregon Water Resources Department, and that the transfer of the Mitigation Credits does not guarantee regulatory approval of any proposed or contemplated water use by Transferee;
4. Representations by Transferor. Transferor hereby covenants, warrants and represents to Transferee that:

- a. Transferor's Existence. Transferor is a limited liability company duly organized, legally existing, and in good standing under the laws of the State of Oregon, and is duly empowered to enter into and consummate this Agreement.
 - b. Transferor's Authority. The individual executing this Agreement on behalf of Transferor has full right, power, and authority to execute this Agreement, and has full and complete authority to convey and transfer the Mitigation Credits to Transferee as provided for herein.
 - c. Ownership. Transferor is the present owner and holder of the Mitigation Credits (MP-143), and the Mitigation Credits have not been previously used or transferred to any other party.
5. Representations by Transferee. Transferee hereby covenants, warrants and represents to Transferor that:
- a. Transferee's Existence. Transferee is a limited liability company duly organized, legally existing, and in good standing under the laws of the State of Oregon, and is duly empowered to enter into and consummate this Agreement.
 - b. Transferee's Authority. The individual executing this Agreement on behalf of Transferee has full right, power, and authority to execute this Agreement, and has full and complete authority to accept the Mitigation Credits from Transferor as provided for herein.

IN WITNESS WHEREOF, the parties hereby execute this DESCHUTES MITIGATION CREDIT TRANSFER AGREEMENT.

TRANSFEROR

Paulina Meadows, LLC

By  Larry Keith

Its Manager

Date: 10/26/17

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K Bar J Ranch, LLC

By  Larry Keith

Its Manager

Date: 10/26/17