



REVISED Staff Report

TO: Water Resources Commission
FROM: Ivan Gall, Director
DATE: March 19, 2026
SUBJECT: Agenda Item A
Water Resources Commission

WATER RIGHTS TRANSACTIONS, CONTESTED CASES, AND FORFEITURE PROPOSED RULES

I. Introduction

During this agenda item, the Commission will be asked to adopt the Department's proposed rule changes to Divisions 2, 14, 17, 18, 77, 300, 305 (new), 310, 315, 325, 340, 380, and 382. *This is an action report.*

II. Integrated Water Resources Strategy Recommended Action

- 10.F – Strengthen and Improve Water Quantity and Water Quality Permitting Programs
- 11.B – Develop Additional Instream Protections

III. Background and Rulemaking Process

Current processes relating to water rights transactions, contested cases, and forfeiture do not provide for timely decisions and are often expensive for the Department, applicants, and other parties to proceedings. The proposed rulemaking streamlines and modernizes water right and contested case processes to (1) reduce processing times, (2) minimize future backlogs, (3) ensure a clear and consistent process, and (4) promote timely and informed decisions while providing due process.

In September 2025, the Department launched a rulemaking effort to address these needs by (1) implementing recent legislation, including but not limited to, House Bill 3342 (Or Laws 2025, ch 282) relating to water rights transactions and House Bill 3544 (Or Laws 2025, ch 575) relating to contested case processes, (2) making other policy and process improvements relating to water rights transactions; and (3) making other minor changes.

In December 2025 and February 2026, the Department briefed the Commission on the rulemaking process and the draft proposed rules. In February, the Department also touched on some components of public comment and received initial feedback and input on the draft proposed rules from the Commission. See the Commission staff reports for [December 12, 2025, Item H](#), and

[February 27, 2025, Item H](#) for details on the rulemaking process including information about Tribal consultation, the rules advisory committee, public notice, public hearings, the public comment period, and other information related to this rulemaking. Additional materials are posted on the rulemaking webpage (oregon.gov/owrd/programs/policylawandrules/OARS/Pages/2025-Water-Rights-Rulemaking.aspx).

In addition, on February 2, 2026, Department staff briefed the Groundwater Advisory Committee (GWAC) on the proposed rulemaking. GWAC declined to formalize any recommendations for the Commission.

This rulemaking includes the following rule divisions:

- OAR 690-002: Protests and Contested Cases
- OAR 690-014: Certified Water Right Examiners and Claims of Beneficial Use (renamed from Certified Water Right Examiners)
- OAR 690-017: Cancellation of Perfected Water Rights
- OAR 690-018: Allocation of Conserved Water
- OAR 690-077: Instream Water Rights
- OAR 690-300: Definitions
- OAR 690-305 (NEW): General Map Criteria
- OAR 690-310: Water Right Application Processing
- OAR 690-315: Water Right Permit Extensions
- OAR 690-325: Assignment of a Water Right Permit and Request for Issuance of Replacement Permits
- OAR 690-340: Water Use Authorizations
- OAR 690-380: Water Right Transfers
- OAR 690-382: Groundwater Registration Modifications

IV. Tribal Comments

During the public comment period, the Department received comments from the Confederated Tribes of the Umatilla Indian Reservation (Attachment 1). These comments focus primarily on proposed changes to Division 380 rules, pertaining to the definition of “enlargement.” Because the Department received similar comments from members of the general public, the Tribe’s concerns

and the Department's response are included as part of the Department's rule tracker changes.

V. Public Comment

During the public comment period between January 2 and February 6, 2026, the Department received 140 written comments and 4 oral comments. Some commenters provided multiple comments, submitted form comments, and/or provided both oral and written comments. Attachment 2a includes a table of individuals who provided written comments and the individual written comments (except form comments). Attachment 2b includes a table of individuals who provided form letter comments and the form letter. Attachment 2c consists of a table of individuals that provided oral comments and transcripts of all oral comments provided during the Bend public hearing. No comments were provided during the Salem public hearing.

VI. Response to Comments and Changes to Rules

OWRD has developed a table (Attachment 3), organized by division, to more easily access online the same content in Attachments 4-6.

Attachments 4a and 4b contain tables for each rule division that includes the public comment received, the Department's response, and whether a change was made. It also includes if there was a staff-initiated change, so that the Commission can see all changes in one document. Attachment 4c contains a table of comments received that were not specific to any Division; the table includes the Department's response to comments as well as whether any changes were made.

Attachments 5a and 5b contain the draft proposed rules in track changes which are marked up from the existing adopted rules. These documents include yellow highlighting to indicate changes made to the rules after the public comment period. Attachments 6a and 6b correspond to Attachments 5a and 5b, representing the same rules without track changes, as proposed for Commission consideration.

VII. Alternatives

The Commission may consider the following alternatives:

1. Adopt final proposed rules in Attachments 6a and 6b.
2. Adopt final proposed rules as modified by the Commission.
3. Do not adopt final proposed rules and request the Department to further evaluate the issues.

VIII. Recommendation

The Director recommends Alternative 1, that the Commission adopt the proposed rules in Attachments 6a and 6b.

Attachments:

1. Tribal Comment
2. Public Comment:
 - a. Individual Written Comments
 - b. Form Letter Written Public Comments
 - c. Transcripts for Oral Comments
3. Table of information in Attachments 4-6 broken out by rule division and available online
4. Tables of Comments, Response to Comments, Staff Proposed Changes, and Summary of Changes made to Rules
 - a. Divisions: 14, 2, 300, 305, 310, 315, 325, & 340
 - b. Divisions: 17, 18, 380, 382, & 77
 - c. General (nonspecific to a Division)
5. Draft Proposed Rules – Track Changes Version
 - a. Divisions: 14, 2, 300, 305, 310, 315, 325, & 340
 - b. Divisions: 17, 18, 380, 382, & 77
6. Draft Proposed Rules – Without Track Changes
 - a. Divisions: 14, 2, 300, 305, 310, 315, 325, & 340
 - b. Divisions: 17, 18, 380, 382, & 77

Racquel Rancier
503-302-9235

Katie Ratcliffe
971-338-8105

Lisa Jaramillo
503-871-1889

Laura Hartt
971-720-0963