

Division 77
INSTREAM WATER RIGHTS**690-077-0000****Purpose**

(1) The purpose of this Division is to establish the policy, procedures, criteria, standards and definitions which shall be applied by the Department and Commission in the evaluation of applications for establishing instream water rights.

(2) This Division also provides for the conversion of existing minimum streamflows to instream water rights; for the instream transfer or lease of existing water rights for use as instream water rights; and for the enforcement of instream water rights which are held in trust by the Water Resources Department to protect the public uses.

(3) In 1987, the Legislature created a new type of water right called an instream water right. Instream water rights are established by certificate from the Water Resources Commission or by an order approving a time-limited instream transfer or lease, pursuant to ORS 537.332 to 537.360, to maintain and support public uses within natural streams and lakes. These public uses include, but are not limited to, recreation, scenic attraction, aquatic and fish life, wildlife habitat and ecological values, pollution abatement and navigation. Instream water rights may also be established as a result of the allocation of conserved water under 537.455 to 537.500 and 540.510 (OAR chapter 690, division 18).

(4) In 2001, the Legislature authorized the split season use leasing of an existing water right for instream purposes. Under ORS 537.348(3), all or a portion of an existing water right may be used for the existing use and for instream use during the same year, provided that the uses are not concurrent and that the holders of the water rights measure and report to the Water Resources Department the use of the existing water right and the instream water right.

(5) Instream water rights differ from other water rights because control or diversion of the water is not required. Instream water rights are held in trust by the Water Resources Department but are regulated and enforced like all other water rights.

(6) Instream water rights do not take away or impair any legally established right to the use of water having an earlier priority date than the instream right.

(7) The Department may only issue instream water rights, instream leases, instream transfers, and instream water rights resulting from an allocation of conserved water within the State's borders.

690-077-0010**Definitions**

As used in this Division:

- (1) "Affected Local Government" means any local government, as defined in OAR 690-005-0015, within whose jurisdiction the diversion, conveyance, instream or out-of-stream use, or reservation of water is proposed or established.
- (2) "Agency" means ODFW, DEQ and Parks.
- (3) "Beneficial Use" has the same meaning as the term in OAR 690-300-0010.
- (4) "Comment" means a written statement concerning a particular application. The comment may identify elements of the application which, in the opinion of the commenter, would conflict with an existing water right or would impair or be detrimental to the public interest.
- (5) "Commission" means the Water Resources Commission.
- (6) "Contested Case" has the same meaning as the term in OAR 690-300-0010.
- (7) "DEQ" means the Department of Environmental Quality.
- (8) "Department" means the Water Resources Department.
- (9) "Director" means the director of the Water Resources Department.
- (10) "District" means an irrigation district formed under ORS 545, a drainage district formed under ORS 547, a water improvement district formed under ORS 552, a water control district formed under ORS 553, or a corporation formed under ORS 554.
- (11) "District Water User" means, for the purposes of instream leases involving a district, the owner of land who is subject to the charges or assessments of a district and from whose land the appurtenant water right would be leased upstream.
- (12) "Estimated Average Natural Flow" means average natural flow estimates, by month or half month, computed by the Department using sources including watermaster distribution records, Department measurement records, or application of appropriate available scientific and hydrologic technology.
- (13) "Held in Trust by the Water Resources Department" means that the water right must be enforced and protected for the public uses listed in the water right. Actions by the Department affecting instream water rights are limited by public trust obligations.
- (14) "Instream" as defined in ORS 537.332, means within the natural stream channel or lake bed or place where water naturally flows or occurs.
- (15) "Instream flow" means the minimum quantity of water necessary to support the public use requested by an agency.
- (16) "Instream lease" means the conversion of all or a portion of an existing water use subject to transfer to an instream water right for a specified time-period as authorized by ORS 537.348(2).
- (17) "Instream transfer" means the conversion of all or a portion of an existing water use subject to transfer to an instream water right as authorized by ORS 537.348(1).

(18) "Instream Water Right" as defined in ORS 537.332, means a water right held in trust by the Water Resources Department for the benefit of the people of the state of Oregon to maintain water instream for public use. An instream water right does not require a diversion or any other means of physical control over the water.

(19) "Minimum Streamflow" also "minimum perennial streamflow," means an administrative rule provision adopted in a basin program by the Water Resources Commission or its predecessors to implement ORS 536.235 and 536.310(7) and support aquatic life, maintain recreation or minimize pollution.

(20) "Multipurpose Storage Project" means any storage project which is designed and operated to provide significant public benefits and provides for two or more beneficial uses and/or purposes.

(21) "ODFW" means the Oregon Department of Fish and Wildlife.

(22) "Parks" means the Oregon Parks and Recreation Department.

(23) "Pollution Abatement" means the use of water to dilute, transport or prevent pollution.

(24) "Protest" has the same meaning of the term in OAR 690-002-0010.

(25) "Public Benefit" as defined in ORS 537.332, means a benefit that accrues to the public at large rather than to a person, a small group of persons or to a private enterprise.

(26) "Public Use" as defined in ORS 537.332, includes but is not limited to:

(a) Recreation;

(b) Conservation, maintenance and enhancement of aquatic and fish life, wildlife, fish and wildlife habitat and any other ecological values;

(c) Pollution abatement; or

(d) Navigation.

(27) "Recreation" as a public use of water means any form of play relaxation, or amusement, mostly done during leisure, that occurs in or in conjunction with streams, lakes and reservoirs, including but not limited to boating, fishing, swimming, wading, and viewing scenic attractions.

(28) "Scenic Attraction" means a picturesque natural feature or setting of a lake or stream, including but not limited to waterfalls, rapids, pools, springs, wetlands and islands that create viewer interest, fascination, admiration or attention.

(29) "Secondary Water Right" means a water right to put water stored under a storage right to an out-of-reservoir beneficial use.

(30) "Split Season Use" means the exercise of an existing water right in the same season defined by the water right in the same calendar year for both the existing purpose of the water right and

for an instream purpose, provided that water is not used for the existing purpose during the period in which the water is to be protected instream.

(31) "Time-Limited Instream Transfer" means an instream transfer authorized under ORS 537.348(1) that is not permanent and under which the existing water right will revert back to its original use:

(a) Without further action by the Department at the end of the period of time specified in the final order approving the instream transfer; or

(b) On a determination by the Department that other conditions, specified in the final order approving the instream transfer, for termination have been met.

(32) "Unappropriated Water Available" means water that exceeds the quantities required to meet existing water rights of record, minimum streamflows and instream water rights and for known and yet to be quantified Native American treaty rights.

(33) "Water Purveyor" means an entity including, but not limited to, a public utility, a mutual water company, a county service district, a water cooperative, or a municipality or quasi-municipality that delivers water to customers.

(34) "Water quality limited" has the meaning provided in the OAR 340-041-0002.

690-077-0015

General Statements

(1) Instream water rights shall not take away or impair any permitted, certificated or decreed right to any waters or to the use of any rights vested prior to the date of the instream water right.

(2) The implementation of the instream water rights law is a means of achieving an equitable allocation of water between instream public uses and other water uses. When instream water rights are set at levels that exceed current unappropriated water available the water right not only protects remaining supplies from future appropriation but establishes a management objective for achieving the amounts of instream flows necessary to support the identified public uses.

(3) The amount of appropriation for out-of-stream purposes shall not be a factor in determining the amount of an instream water right.

(4) For state agency instream water right applications only, if natural streamflow or natural lake levels are the source for meeting instream water rights, the amount allowed during any identified time period for the water right shall not exceed the estimated average natural flow or level occurring from the drainage system, except where periodic flows that exceed the natural flow or level are significant for the applied public use. An example of such an exception would be high flow events that allow for fish passage or migration over obstacles.

(5) If the source of water for an instream water right is other than natural flow such as storage releases or inter-basin transfer, the source shall be developed or a permit for development approved prior to or coincident in priority with the instream water right. The development of

environmentally sound multipurpose storage projects that will provide instream water use along with other beneficial uses shall be supported.

(6) Instream water rights in rivers and streams shall, insofar as practical, be defined by reaches of the river rather than points on the river.

(7) When instream water rights are established through instream transfers, leases, or allocations of conserved water of existing water rights, the order, and, where appropriate, the certificate shall define the appropriate point, reach or reaches to which the new instream water right shall apply. Normally, a new instream water right shall be maintained downstream to the mouth of the affected stream; however, it may be maintained farther downstream if the amount of the instream water right is a measurable portion of the flow in the receiving stream or for a point or shorter distance if needed to account for return flow or to prevent injury.

(8) Instream water right applications shall conform with state statutes and basin programs. All natural lakes and streams in the state shall be considered classified to allow all instream public uses. Any withdrawal rule or order does not withdraw a natural lake or stream for instream public uses unless

- (a) the rule or order specifically states that it is prohibiting instream public uses, or
- (b) the withdrawal is for the exclusive use of a municipality.

(9) State agency instream water right applications shall be approved only if the amount, timing and location serve a public use or uses.

(10) The combination of state agency requested instream water rights, for the same reach or lake, shall not exceed the amount needed to provide increased public benefits and shall be consistent with Sections (4) and (5) of this rule.

(11) An instream water right created through the conversion of a minimum perennial streamflow shall not take precedence over any rights having an earlier priority date, including storage rights except where an individual permit or water right specifies that it shall be subordinate to future uses or appropriations. The priority date of an instream water right created through conversion of a minimum perennial streamflow is as specified in ORS 547.346(1) and (2).

(12) An instream water right created through the conversion of a minimum perennial streamflow, which consists in whole or part of waters released from storage, is enforceable only as to the waters released to satisfy the instream water right.

(13) Instream water rights created through the conversion of minimum perennial streamflows shall carry with them any and all conditions, exceptions or exemptions attached to the minimum perennial streamflow, unless modified through hearing.

690-077-0019

State Agency Instream Water Right Applications: Process for Instream Water Right Certificate Requests

(1) Except as provided in ORS 537.343, the Department shall process a request received under 537.336 for a certificate for an instream water right in accordance with the provisions for obtaining a permit to appropriate water under 537.140 to 537.250, and the policies under 537.332 to 537.360.

(2) Pursuant to Section 46, Chapter 416, Oregon Laws 1995, for each application described under OAR 690-077-0000 that was pending or filed with the Commission or the Department on June 30, 1995, the Department shall determine an appropriate step in the process established in Chapter 416, Oregon Laws 1995 and this division at which to continue the application process for the application. The definitions and provisions of this division shall be applied as appropriate, to reflect the step determined by the Department.

690-077-0020

State Agency Instream Water Right Applications: Application Requirements

(1) Only ODFW, DEQ and Parks are authorized to submit applications to the Department to establish instream water rights. Applications may be submitted at any time.

(2) To promote coordination, ODFW, DEQ and Parks shall notify each other of the proposed applications prior to submittal to the Department. The applying agency should notify the other agencies of its intent to develop an instream water right application on a specified stream or lake. Notice should be given as early as possible and the other agencies should respond as soon as possible if they would like to incorporate the public uses each is responsible for into the application.

(3) After October 28, 1989, all applications for instream water rights shall be based on methods of determining instream flow needs that have been approved by administrative rule of the agencies submitting the applications.

(4) Applications to establish instream water rights shall be submitted in writing by hard copy or electronic transmittal and shall include the following:

(a) The name(s) and address(es) of the agency(ies) applying;

(b) The public uses to be served by the requested instream water right and the flows necessary to support the public uses;

(c) Stream or lake name;

(d) If a stream, the reach delineated by river mile and stream to which it is tributary;

(e) A map that includes, at a minimum, the following information:

(A) The applicable lake or stream reach by river mile,

(B) The upstream and downstream points identified by latitude and longitude, as established by a global positioning system or within a geographic information system;

(C) The township(s), range(s), and section(s) that cover the requested reach, along with the quarter quarters for the upstream and downstream points of the requested reach;

- (D) A north arrow; and
- (E) An identified scale.

- (f) The instream flow requested by month or half month in cubic feet per second or acre-feet or lake elevation;
- (g) A description of the technical data and methods used to determine the requested amounts;
- (h) Evidence of notification of other qualified applicant agencies;
- (i) If a multi-agency request, the amounts and times requested for each category of public use;
- (j) Identification of affected local governments (pursuant to OAR 690-077-0010) and copies of notification to each affected local government of the intent to file the instream water right application;
- (k) Documentation of how the agency applying for an instream water right has complied with the requirements contained in its own administrative rules for instream water rights, including application of the required methods to determine the requested flows.
- (l) Any other information required in the application form that is necessary to evaluate the application in accordance with applicable statutory requirements.

(5) The applicant is encouraged to propose:

- (a) A means and location for measuring the instream water right;
- (b) The strategy and responsibility for monitoring flows for the instream right; and
- (c) Any provisions needed for managing the water right to protect the public uses.

(6) Any request for an instream water right to be supplied from stored water shall refer to the reservoir for a supply of water and shall show by documentary evidence that an agreement has been entered into with the owners of the reservoir for a sufficient interest in the reservoir to impound enough water for the purposes set forth in the request.

(7) Within 60 days after the applicant notifies the Department to proceed with the application as provided in OAR 690-077-0031, the Department shall complete the application review and issue a proposed final order approving or denying the application or approving the application with modifications or conditions. The Department may request the applicant to provide additional information needed to complete the review. If the Department requests additional information, the request shall be specific and shall be sent to the applicant by electronic means, unless the applicant has requested mailing or other sending in written form. The Department shall specify a date by which the information must be returned, which shall be not less than 10 days after the Department mails the request to the applicant. If the Department does not receive the information or a request for a time extension under OAR 690-077-0052(2) by the date specified in the request, the Department may reject the application. The time period specified by the Department in a request for additional information shall allow the Department to comply with the 60-day time limit established by this Section.

690-077-0027**Application Processing: Completeness Review**

(1) Within 15 days after receiving an application, the Department shall determine whether the application contains the information required under OAR 690-077-0020(4) and is complete and not defective. If the Department determines that the application is incomplete or defective, the Department shall return the application.

(2) Upon determining that an application contains the information listed under OAR 690-077-0020(4) and is complete and not defective, the Department shall endorse on the application the date upon which the application was received for filing at the Department, which shall be the priority date for any water right issued in response to the application. All applications that comply with the provisions of law shall be recorded in a suitable book kept for that purpose. For the purposes of this section, a suitable book shall include the Department's electronic water rights information system.

(3) If an application is complete and not defective, the Department shall determine whether the proposed use is prohibited because the source of water is specifically withdrawn from appropriation for such use under ORS 538 or by rule or order of the Water Resources Commission under ORS 536.410, if the Department has information sufficient to make the determination at the time of application intake. If the proposed use is prohibited, the Department shall return the application with an explanation of the reason for the return.

690-077-0029**Application Processing: Initial Review**

(1) If the proposed use is not prohibited as described in OAR 690-077-0027(3), the Department shall undertake an initial review of the application and make a preliminary determination of:

(a) Whether the proposed use is restricted or limited by statute or rule;

(b) The extent to which water is available from the proposed source during the times and in the amounts requested; and

(c) Any other issue the Department identifies as a result of the initial review that may preclude approval of or restrict the proposed use.

(2) Upon completion of the initial review and no later than 30 days after determining an application to be complete and not defective as described in OAR 690-077-0027, the Department shall send the applicant by electronic means, unless the applicant has requested mailing or other sending in written form, an initial review report setting forth the Department's preliminary determinations. The applicant shall have 90 days from the date the Department sends the initial review report within which to notify the Department in writing to stop processing the application or to proceed with the application. Given that state-agency instream water right applications may be submitted in batches, a single communication can suffice for more than one application in the batch if the communication specifies which applications the applicant would like the Department to continue processing. If the applicant notifies the Department to stop processing the application

or does not notify the Department whether to proceed with processing the application, the Department shall close the application file and take no further action on the application.

690-077-0031**Application Processing: Public Notice and Comments**

(1) If the applicant notifies the Department to proceed with the application as provided in OAR 690-077-0029(2), the Department shall proceed with processing the application. The Department shall give notice of the initial review in the weekly public notice of the Department and accept written public comments for 30 days. The weekly notice shall be sent to the following:

- (a) Affected local, state and federal agencies, including the planning departments of affected local governments;
- (b) Affected Indian Tribes; and
- (c) All persons on the Department's weekly mailing list.

(2) The notice shall include a request for comments on the application, the date by which comments must be received by the Department, and information about how an interested person may obtain future notices about the application and a copy of the proposed final order. The notice also shall include the following information about the application:

- (a) The name(s) and address(es) of the applicant agency(ies);
- (b) County(ies) of water use;
- (c) Application file number;
- (d) Description of the characteristics and the purpose of the proposed instream water right;
- (e) Amount of proposed instream water right by month or half month in cubic feet per second (cfs), acre feet (af), or lake elevation;
- (f) Common name of surface water source(s); and
- (g) The stream reach by mile or geographic location.

(3) The notice shall be sent by electronic means, unless the applicant has requested mailing or other sending of the document in written form.

(4) Within 30 days after the public notice under Section (1) of this rule, any person interested in the application shall submit written comments to the Department. Any person who asks to receive a copy of the Department's proposed final order shall submit to the Department the fee required under ORS 536.050. The 30-day comment period shall commence on the day the Department sends the notice. All comments must be received by the Department on or before 5 p.m. on the last day of the 30-day comment period.

(5) If no comments or land use information is received by the Department within the 30-day comment period, the Commission and Director may presume the proposed instream water right

is compatible with the comprehensive land use plans and land use regulations of affected local governments.

690-077-0033**Application Processing: Public Interest Presumption**

(1) The Department shall presume that a proposed water use will not impair or be detrimental to the public interest if:

- (a) The proposed use is allowed in the applicable basin program established pursuant to ORS 536.300 and 536.340 or given a preference under 536.310(12);
- (b) Water is available;
- (c) The proposed use will not injure other water rights; and
- (d) The proposed use complies with the rules of the Commission.

(2) The public interest presumption described in Section (1) of this rule is a rebuttable presumption and may be overcome by a preponderance of the evidence that either:

- (a) One or more of the criteria for establishing the public interest presumption are not satisfied; or
- (b) The proposed use will impair or be detrimental to the public interest as demonstrated in comments, protests or a finding of the Department that shows:
 - (A) The specific public interest under ORS 537.170(7) that would be impaired or detrimentally affected; and
 - (B) Specifically how the identified public interest would be impaired or detrimentally affected.

690-077-0037**Application Processing: Public Interest Review**

(1) Before issuing a proposed final order, the Department shall determine whether the public interest presumption is established for the proposed water use, as described in OAR 690-077-0033.

(2) If the Department determines that the public interest presumption is not established, the Department shall determine whether the proposed use will impair or be detrimental to the public interest considering the factors listed in ORS 537.170(7) and may either:

- (a) Propose denial of the application upon a finding that the use will impair or be detrimental to the public interest; or
- (b) Make specific findings to demonstrate that even though the presumption is not established, the proposed use will not impair or be detrimental to the public interest and propose approval of the application with appropriate modifications or conditions.

(3) If the Department determines that the public interest presumption is established or that the proposed instream use can be modified or conditioned to meet the public interest presumption criteria:

(a) The Department shall further evaluate the proposed use, any comments received, information available in its files or received from other interested agencies and any other available information to determine whether the public interest presumption is overcome. The Department may find that the presumption is overcome if a preponderance of evidence shows that the proposed use will impair or be detrimental to the public interest as demonstrated in comments or a finding of the Department that shows:

(A) The specific public interest under ORS 537.170(7) that would be impaired or detrimentally affected; and

(B) Specifically how the identified public interest would be impaired or detrimentally affected.

(b) In making any determination or finding in (3)(a) of this rule, the Department shall, at a minimum, consider the factors listed below, including any potential effects that the proposed use may have on these factors, where applicable:

(A) Threatened, endangered or sensitive species;

(B) Water quality, with special attention to sources either listed as water quality limited or for which total maximum daily loads have been set under Section 303(d) of the federal Clean Water Act and sources which the Environmental Quality Commission has classified as outstanding resource waters as defined in OAR 340-041-0002;

(C) Fish or wildlife;

(D) Recreation;

(E) Economic development; and

(F) Local comprehensive plans, including supporting provisions such as public facilities plans.

(c) In making any determination or finding in (3)(a) of this rule, the Department may consult and communicate with state and federal agencies and local governments as appropriate.

(4) If the Department determines that the presumption is established and not overcome under the provisions of Section (3) of this rule, the Department shall issue a proposed final order recommending issuance of the certificate subject to any appropriate modifications or conditions. If the Department then receives a protest filed pursuant to OAR 690-077-0043, which asserts the presumption is not established or should be overcome, the Department shall evaluate the protest and supporting evidence in accordance with this Section and Sections (5) - (6) of this rule. The Department shall find that the public interest presumption is overcome if a preponderance of evidence shows that:

(a) One or more of the four public interest presumption criteria listed in OAR 690-077-0033(1)(a)-(d) are not met;

(b) The proposed use may impair or be detrimental to the public interest according to standards described in ORS 537.170(7), including:

(A) The specific public interest under ORS 537.170(7) that would be impaired or detrimentally affected; and

(B) Specifically how the identified public interest would be impaired or detrimentally affected.

(5) If the Department finds that under Section (4) of this rule the presumption is overcome, the Department shall issue a final order in accordance with OAR 690-077-0047 denying the application unless the Department makes specific findings to demonstrate that considering all of the public interest factors listed in ORS 537.170(7) the issuance of an instream water right certificate will not impair or be detrimental to the public interest.

(6) If the Department finds that under Section (4) of this rule the presumption is not overcome, the Department shall issue a final order in accordance with OAR 690-077-0047 approving the application with any appropriate modifications or conditions.

690-077-0039

Application Processing: Proposed Final Order

(1) In developing the proposed final order, the Department shall consider all comments received under OAR 690-077-0031 and all findings of the Department, but the proposed final order need not separately address each comment received.

(2) The proposed final order shall cite findings of fact and conclusions of law and shall include but need not be limited to:

(a) Confirmation or modification of the preliminary determinations made in the initial review;

(b) A brief statement that explains the criteria considered relevant to the decision, including the applicable basin program and the compatibility of the proposed use with applicable land use plans;

(c) An assessment of water availability and the amount of water necessary for the proposed use;

(d) An assessment of whether the proposed use would result in injury to existing water rights;

(e) An assessment of whether the proposed use would impair or be detrimental to the public interest as provided in ORS 537.170;

(f) A draft certificate, including any proposed modifications, conditions, or a recommendation to deny the application;

(g) Whether the rebuttable presumption that the proposed use will not impair or be detrimental to the public interest has been established; and

(h) The dates by which protests to the proposed final order and requests for party status must be received by the Department.

(3) The Department shall send copies of the proposed final order to the applicant by registered or certified mail. The Department shall send copies of the proposed final order by electronic means, unless the recipient requests mailing, to persons other than the applicant who have requested copies and paid the fee required under ORS 536.050.

(4) Within seven days after issuing the proposed final order, the Department shall publish notice of the proposed final order by publication in the weekly notice published by the Department.

690-077-0043

Application Processing: Protests and Conduct of Contested Case; Final Orders on Default when No Protest Filed

(1) Protests of, requests for party status, and contested case proceedings concerning proposed final orders are governed by Or Laws 2025, ch 575 and OAR chapter 690, division 2. Proposed final orders shall become final orders if no protest is filed or by default as provided in OAR 690-002-0235.

(2). Within 60 days after the close of the period for receiving protests, if a protest was timely submitted, the Department shall:

- (a) Issue a final order as provided under ORS 537.170 (1) or (2), if the applicant has not filed a protest and the director finds that there are no significant issues related to the proposed use of water;
- (b) Schedule a contested case hearing if a protest has been submitted; or
- (c) Provide any person who timely submitted a protest or request for party status with an estimate of the timing of referring the contested case to the Office of Administrative Hearings for a hearing and notice that parties may provide settlement proposals.

690-077-0046

Application Processing: Determination to Hold a Contested Case Hearing

(1) Within 60 days after the close of the period for receiving protests, the Director shall determine whether to:

(a) Issue a final order as provided under ORS 537.170(6); or

(b) Schedule a contested case hearing.

(2) The Director:

(a) May schedule a contested case hearing if:

(A) A protest has been submitted; and

(B) Upon review of the issues, the Director finds that there are significant disputes related to the proposed use of water.

(b) Shall schedule a contested case hearing, if within 30 days after the close of the period for submitting protests, the applicant submits the information required for a protest under OAR 690-077-0043 and requests a contested case hearing.

(3) As soon as possible after making a determination under Section (1) of this rule to refer an application to a contested case hearing, the Director shall advise the applicant, the protestant and any person requesting standing that the matter is being referred to contested case hearing, and describe the procedures each must follow to participate in the contested case hearing. Such notification to the participants shall not be considered the scheduling of the contested case hearing for purposes of the running of the 45 day time period under Section (4) of this rule.

(4) Within 45 days after the Director schedules a contested case hearing under ORS 537.153(8), the Department shall hold the contested case hearing, which shall be conducted in accordance with the provisions of 183.413 to 183.470 and OAR chapter 690, division 02. The issues to be considered in the contested case hearing shall be limited to issues identified by the hearings officer.

(5) Notwithstanding the provisions of ORS 183.413 to 183.470 pertaining to contested case proceedings, the parties to any contested case hearing initiated under this rule shall be limited to:

(a) The applicant;

(b) Any person who timely filed a protest; and

(c) Any person who timely filed a request for standing under OAR 690-077-0043 and who requests to participate as a party or limited party in the contested case hearing prior to the start of the proceeding.

(6) The contested case proceeding shall be conducted in accordance with the applicable provisions of ORS 183.413 to 183.470 except:

(a) As provided in Sections (4) and (5) of this rule; and

(b) An interlocutory appeal under ORS 183.480(3) shall not be allowed.

(6) After the conclusion of a contested case hearing, any party may file exceptions to the hearing officer's proposed order in the manner described in OAR 690-002-0175.

690-077-0047

Application Processing: Final Orders

(1) In developing the final order, the Department shall consider all comments and protests received and all findings of the Department, but the final order need not separately address each comment and protest received.

(2) If a protest of a proposed final order issued under ORS 537.153 is timely filed and, after the contested case hearing or, if a hearing is not held, after the close of the period allowed to file a protest, the Director determines that the proposed use does not comply with the standards set forth in ORS 543.017 or rules adopted by the Water Resources Commission under 543.017 or

would otherwise impair or be detrimental to the public interest, the Director shall issue a final order denying the application or modifying or conditioning the proposed final order to conform to the public interest.

(3) If a protest of a proposed final order issued under ORS 537.153 is timely filed and, after the contested case hearing or, if a hearing is not held, after the close of the period allowed to file a protest, the Director determines that the proposed use would not impair or be detrimental to the public interest, the Director shall issue a final order approving the application or otherwise modifying or conditioning the proposed final order.

(4) A final order issued under Section (2) or (3) of this rule for an instream water right certificate may include any condition the Director considers necessary, but which is consistent with the intent of ORS 537.332 to 537.360. The final order may:

- (a) Approve the instream water right application for the quantity of water requested;
- (b) Approve the instream water right application for a lesser quantity of water; or
- (c) Deny the instream water right application.

(5) If the Director reduces the quantity of water requested, denies the instream water right application, or conditions the instream water right, the Director shall include a statement of findings that sets forth the basis for the reduction, denial or conditions.

(6) Upon issuing a final order, or upon a proposed final order becoming a final order by default as provided in OAR 690-002-0235, the Director shall notify the applicant and each person who submitted written comments or protests or otherwise requested notice of the final order and send a copy of the final order to any person who requested a copy and paid the fee required under ORS 536.050. Within seven days after issuing the final order, the Department shall also publish notice of the final order by publication in the weekly notice published by the Department.

690-077-0048

Application Processing: Final Public Interest Determination

If the presumption of public interest under OAR 690-077-0033 is overcome in the manner described in 690-077-0037, then before issuing a final order, the Director or the Commission, if applicable, shall make the final determination of whether the proposed use, or the proposed use as modified or conditioned in the proposed final order, would impair or be detrimental to the public interest by considering the factors set forth in ORS 537.170(7).

690-077-0049

Application Processing: Statement of Findings

Any order or proposed order by the Director or Commission that approves, reduces, conditions or denies an instream water right application shall include a statement or findings that sets forth the basis for the approval, reduction, conditioning or denial.

690-077-0051**Application Processing: Contested Case Hearing on Final Order that Modifies Proposed Final Order**

If a timely protest of a proposed final order was filed by a person other than the applicant and, as described in ORS 537.153(7)(a), the Director issues a final order without holding a contested case hearing, and the final order modifies the proposed final order, the applicant, a person granted party status or a protestant may submit a protest as provided in OAR 690-002-0220 within 14 days after the Director issues the final order. The issues on which a contested case hearing may be requested and conducted under this paragraph shall be limited to issues based on the modifications to the proposed final order. The Department must refer the protest to the Office of Administrative Hearings for hearing if the protestant is an applicant, unless the applicant withdraws the protest or the protest is resolved through a settlement prior to referral.

690-077-0052**Application Processing: Time Requirements**

(1) Except as provided in Section (2) of this rule, the Department shall issue a final order or schedule a contested case hearing on an application for a water right referred to in ORS 537.336 within 180 days after the Department proceeds with the application under OAR 690-077-0029(2).

(2) If the applicant requests an administrative hold on processing of the application, the Department may extend the 180-day period set forth in Section (1) of this rule for a reasonable period of time. The cumulative length of extensions requested through administrative holds shall not exceed 180 days except upon a finding by the Director that a longer extension is reasonable and necessary for the applicant to engage in collaborative conversations with interested parties that provided public comment under OAR 690-077-0031(4), and the extension does not exceed two years.

(3) If the applicant does not request an extension under Section (2) of this rule and the Department fails to issue a proposed final order or schedule a contested case hearing on an application for a water right within 180 days after the Department proceeds with the application under OAR 690-077-0029(2), the applicant may apply in the Circuit Court for Marion County for a writ of mandamus to compel the Director to issue a final order or schedule a contested case hearing on an application for a water right.

(4) The mandatory timelines set forth in division 77 for the Department to process applications shall not apply to applications filed before October 31, 1996.

690-077-0053**Application Processing: Issuance of Instream Water Right Certificate**

After the Director issues a final order approving an instream water right, the Department shall issue a certificate for an instream water right according to the provisions of ORS 537.341. The instream water right shall date from the filing of the application with the Commission. The certificate shall be in the name of the Department as trustee for the people of the State of Oregon

and shall be issued by the Commission according to the procedures established under ORS 537.338. The Commission shall forward a copy of each certificate issued under this rule to the state agency requesting the instream water right. A certificate for an instream water right supplied by stored water shall refer to the reservoir described in the request filed under ORS 537.336.

690-077-0054**Conversion of Minimum Perennial Streamflows to Instream Water Rights**

(1) Pursuant to ORS 537.346, all minimum perennial streamflows established on any waters of this state before June 25, 1988, shall be converted to in-stream water rights. When the Department proposes to convert a minimum perennial streamflow to an in-stream water right under ORS 537.346, the Department shall issue a proposed final order reflecting the proposed conversion.

(2) Any person or agency may request a contested case hearing on any of the conversions proposed within 45 days of issuance of a proposed final order.

(3) Protests of, requests for party status, and contested case proceedings concerning proposed final orders are governed by Or Laws 2025, ch 575 and OAR chapter 690, division 2. Proposed final orders shall become final orders if no protest is filed or by default as provided in OAR 690-002-0235.

(4) Within 60 days after the close of the period for receiving protests, if a protest was timely submitted, the Department shall:

(a) Issue a final order as provided under ORS 537.170 (1) or (2), if the director finds that there are no significant issues related to the proposed conversion;

(b) Schedule a contested case hearing if a protest has been submitted; or

(c) Provide any person who timely submitted a protest or request for party status with an estimate of the timing of referring the contested case to the Office of Administrative Hearings for a hearing and notice that parties may provide settlement proposals.

(5) A protest shall be filed individually for specific minimum perennial streamflows and shall be substantiated by evidence that:

(a) The conversion will take away or impair permitted, certificated or decreed water rights to the same source of water and a statement of what conditions, if any, could be attached to the conversion to avoid the problems identified, or what clarifications are necessary;

(b) The existing minimum perennial streamflow is not for a public use or exceeds the amounts necessary for the public use; and/or

(c) The conversion from a minimum streamflow to an instream water right would not be in the public interest.

690-077-0055**Disposition of Minimum Perennial Stream-flows**

Following the conversion of a minimum streamflow, the Commission shall retain the original minimum streamflow until it determines through basin program amendment that no public benefit is derived by maintaining both an instream water right and a minimum streamflow.

690-077-0065**Instream Transfers and Leases: General Provisions**

- (1) The Department shall promote and facilitate potential instream transfers and leases under ORS 537.348 to provide benefits for public uses.
- (2) The Department encourages districts and other water purveyors to prepare single lease applications that pool individual existing water rights for lease during the same term.
- (3) Department personnel shall review instream transfer or lease applications pursuant to OAR 690-077-0070 through OAR 690-077-0079, OAR 690-077-0105, and OAR 690-077-0110 to assure that they comply with these rules and, if needed, to develop conditions to prevent enlargement of the existing water right or injury to other existing water rights.
- (4) Completed lease applications submitted pursuant to OAR 690-077-0076 and OAR 690-077-0105, including signatures of lessor(s) and lessee (if applicable), and all necessary attachments or exhibits, must be received by the Department's Salem office prior to July 1, or for year-round uses, must be received prior to October 1. Completed lease applications received after this date shall be returned or, at the request of the applicant, be processed to be effective for the next calendar year. At the discretion of the Director, an application may be received and processed after this date during the current year.
- (5) The Department may compile descriptive information to assist all parties in addressing technical issues related to instream transfers and leases, including but not limited to describing injury and enlargement issues, setting the location of a proposed instream water right and making agreements for measuring and monitoring the instream water right. The descriptive information shall not restrict new leases, but shall offer options that have been used in earlier leases to ensure compliance with OAR chapter 690, division 77.
- (6) The Department may prepare lease application forms that include the requirements listed in OAR 690-077-0076, OAR 690-077-0105, and any additional information the Department deems necessary to comply with the policies of OAR chapter 690, division 77 and to reflect the nature of the existing water rights proposed for instream lease.

690-077-0070**Application for Instream Transfer**

- (1) As provided in ORS 537.348(1), any person may apply for an instream transfer, including a time-limited instream transfer.

(2) A holder of a water use subject to transfer that is for surface water, above-ground storage of surface water, or the use of stored surface water may change all or a portion of the right.

(3) For an instream transfer of an above-ground storage right, the applicant shall consult with the watermaster prior to submittal of the application to determine necessary measurement and reporting requirements to prevent enlargement.

(4) An application for instream transfer shall include the following information:

- (a) The transfer application requirements described in OAR 690-380-3000, except that the application map for instream transfer shall be consistent with the requirements outlined under OAR 690-077-0071;
- (b) Description of the time periods of the instream use and quantity of water to be transferred to instream use;
- (c) The location of the proposed instream use. If a reach or lake level is requested, identify the upstream and downstream extent of the reach or the appropriate lake level;
- (d) Recommendations, if any, for conditions on the instream water right that would avoid taking away or impairing existing permitted, certificated or decreed rights. Such conditions may include, but are not limited to the instream flow levels in cfs per month or total acre feet, the effective reach(es) or lake levels of the instream flow, measuring locations and the strategy for monitoring the instream flow or lake levels; and
- (e) For a time-limited instream transfer, the duration or number of years for which the time-limited instream transfer is being requested and the requested provisions, if any, for early termination.

(5) For instream transfer of an above-ground storage right, in addition to the application requirements under section (4) of this rule, the application shall:

- (a) Be consistent with the results of the watermaster consultation outlined in section (3) of this rule and shall include, but is not limited to, the following requirements specified by the watermaster:
 - (A) A description of the location(s) and type(s) of measuring device(s);
 - (B) A description of the frequency of the measurements; and
 - (C) Identification of the parties responsible for performing the respective measurements;
- (b) Identify the total volume or rate authorized under the above-ground storage right;
- (c) Identify the total volume or rate of the above-ground storage right that is allocated to secondary water right(s) for use of the stored water and the associated permit or certificate number(s) of the secondary water right(s);
- (d) Identify the total volume or rate of the above-ground storage right proposed for instream transfer; and

(e) Include affidavits of voluntary cancellation for secondary water right(s), as applicable, if the combined total volume or rate of subsections (5)(c) and (5)(d) of this rule exceeds the volume or rate identified under subsection (5)(b) of this rule, to ensure the authorized volume or rate of water under the above-ground storage right is not exceeded.

(6) The Department may require additional information needed to complete the evaluation of the proposed conversion under this rule.

690-077-0071

Map Requirements for Instream Transfer and Instream Lease Applications

(1) A map must be submitted that includes, at a minimum, the following information:

(a) North directional symbol, map scale and legend;

(b) Township, range, section and quarter-quarter (QQ), including tax lots, donation land claims and government lots, if appropriate;

(c) If an irrigation right, nursery use, or other similar uses, the number of acres to be leased or transferred in each quarter-quarter must be clearly labeled and hachured to differentiate between the acres being leased or transferred and any remaining acreage must be identified;

(d) If the place of use on the water right is broken down by more than one priority date, or source stream, and/or diversion the map must identify each with separate hachuring and clearly label what is being changed;

(e) For instream transfer application maps, identify the point(s) of diversion authorized on the water right. If the water right does not identify the point(s) of diversion, include information in the application to identify where the point of diversion is located;

(f) Provide a statement describing the proposed instream reach or point; and

(g) If more than three water rights are involved, separate maps are needed for each water right.

(2) The map described in section (1) of this rule need not be prepared by a certified water right examiner.

(3) An existing water right map that meets the requirements of this section may be used, if approved by the Department prior to submittal of the application.

(4) If the existing water right proposed for instream lease or transfer is for municipal or quasi-municipal water use, a map is not required.

690-077-0075

Processing an Instream Transfer Application

(1) A proposed instream transfer application, including a time-limited instream transfer application, shall be processed pursuant to the water right transfer rules in OAR 690-380-4000 through OAR 690-380-5000.

(2) The Department shall provide notice of the proposed instream transfer pursuant to OAR 690-380-4005, and to affected Indian tribes.

(3) In addition to the assessment described in OAR 690-380-4000, the Department's initial review shall include an assessment of whether:

(a) The amount and timing of the proposed instream flow is allowable within the limits and use, including return flows, of the existing water right; and

(b) The proposed reach(es) is (are) appropriate considering:

(A) Instream water rights shall begin at the recorded point of diversion;

(B) Locations of return flow. Where return flows occur at a definite point, located a substantial distance below the point of diversion, an instream water right may be defined by more than one reach, for example one reach from the point of diversion to the location of the return flow and another from this point to the mouth of the stream;

(C) The location of confluences with other streams downstream of the point of diversion, which shall be considered in accordance with OAR 690-077-0015(7); and

(D) Any known areas of natural loss of streamflow to the riverbed. Where an instream water right passes through an area of known natural loss, several stream reaches may be required to incorporate the reduced flows available, in accordance with paragraph (3)(c)(B) of this rule; and

(c) The proposed flow(s) is (are) consistent with OAR 690-077-0015(6) and (7) and appropriate considering:

(A) Return flows which shall be subtracted from the instream water right at the point of diversion, unless the return flows occur at a definite point located a substantial distance below the point of diversion, in which case up to the entire amount of the diversion may be allowed between the point of diversion and the point(s) of return flow;

(B) Where an instream water right passes through an area of known natural losses these losses shall be prorated between the instream water right and the balance of the available flow; and

(C) For instream transfers of above-ground storage rights, the total volume or rate of the above-ground storage right that is allocated to secondary water right(s), combined with the total volume or rate of the above-ground storage right proposed for instream transfer, shall not exceed the total volume or rate authorized under the above-ground storage right.

(4) The initial review described in section (3) of this rule shall also specify that if the instream application can be approved, then the approval shall include, but is not limited to, conditions specifying that the Department shall:

(a) For permanent instream transfers:

(A) Cancel the existing water right(s), or portion affected by the instream transfer application;

(B) Issue a permanent instream water right certificate(s); and

(C) Issue new remaining right certificate(s), if applicable, for the portion(s) of the existing water right(s) not involved in the instream transfer application; and

(b) For time-limited instream transfers:

(A) Specify the date of expiration or other conditions for termination of the instream water right; and

(B) Suspend the use of the existing water right during the effective period of the instream water right.

(5) In addition to the proposed final order requirements outlined in OAR 690-380-4010, for permanent instream transfer applications, the Department shall issue draft permanent instream water right certificate(s).

(6) As part of the notice of the proposed final order required under OAR 690-380-4020, the Department shall, except for time-limited instream transfer applications, also send copies of the draft permanent instream water right certificate(s) to the applicant(s) by registered or certified mail in accordance with ORS 183.415.

(7) Upon approval of an instream transfer application, the Department shall:

(a) For a permanent instream transfer, mail a copy of the instream water right certificate and the final approval order to the applicant and as appropriate, to affected Indian Tribes, ODFW, DEQ, and Parks; or

(b) For a time-limited instream transfer, mail a copy of the final approval order to the applicant and as appropriate, to affected Indian Tribes, ODFW, DEQ, and Parks.

690-077-0076

Application for an Instream Lease

(1) A holder of a water use subject to transfer that is for surface water, above-ground storage of surface water, or the use of stored surface water may enter into a lease to change all or a portion of the existing water right to an instream water right for a specified time period not to exceed five years.

(2) The parties to the lease application shall include, but are not limited to:

(a) The holder(s) of the subject water right(s) as the lessor(s);

(b) Any irrigation district or similar organization as defined in ORS chapters 545, 547, 552, 553, or 554 which conveys water to the subject water right and the owner of any storage facility which is the source of the water, as co-lessor(s), if applicable; and

(c) The lessee, if different than the Department. The lessee may include, but is not limited to, individuals; organizations who may assist with the lease application; or organizations who may provide compensation to the lessor(s) for the leasing of the existing water right(s) instream.

(3) For an instream lease of an above-ground storage right, the applicant shall consult with the watermaster prior to submittal of the application to determine necessary measurement and reporting requirements to prevent enlargement.

(4) An application to lease an existing water right(s) for instream uses must be filed with the Department, on a form provided by the Department, and shall include:

(a) Names, signatures, mailing addresses, and email addresses (if available) of the parties. In the case where the lessor(s) is a district or water purveyor, the lease application shall be submitted by the district or water purveyor and signed by the manager or authorized representative of the district or water purveyor;

(b) If the lessor(s) is a district, the application shall include a statement by the district's manager or authorized representative that each district water user involved in the lease application has provided written authorizations for the lease, such authorization is on file with the district, and is available to the Department and the public upon request;

(c) A description of the existing water right(s) proposed for lease, including the point of diversion location. If only a portion of an existing water right is proposed for lease, a description of the place of use and maps consistent with OAR 690-077-0071 are required. If the lessor(s) is a district, the description shall include the name of each district water user by parcel;

(d) Rate, total volume, timing and location of the proposed instream leases;

(e) Provision ensuring the original use of the existing water right will be suspended;

(f) The term of the lease;

(g) A statement by the lessor(s) verifying that the existing water right(s) being leased instream has been used under the terms and conditions of the rights during the last five years, or as an instream water right, or an explanation why the existing water right(s) is not subject to forfeiture under ORS 540.610. As an alternative, an irrigation district or other water purveyor may provide evidence for owners, verifying delivery of water for the lands appurtenant to the rights to be leased;

(h) If the lessor(s), as identified in subsection (2)(a) of this rule, is not the deeded owner of the land to which the existing water right is appurtenant, sufficient documentation to demonstrate that the lessor(s) is authorized to pursue the instream lease. These also include what the district shall hold on file for subsection (4)(b). Such documentation shall include:

(A) A notarized statement from the landowner consenting to the lease and a copy of the recorded deed;

(B) A water right conveyance agreement(s) as defined in OAR chapter 690, division 380 and a copy of the recorded deed for the landowner at the time the water right was conveyed; or

(C) Other documentation that demonstrates to the Department's satisfaction that the lessor(s) is authorized to pursue the lease in the absence of the consent of the landowner;

- (i) A map consistent with OAR 690-077-0071; and
- (j) The appropriate fee as required under ORS 536.050.

(5) For instream lease of an above-ground storage right, in addition to the application requirements under this rule, the application shall:

(a) Be consistent with the results of the watermaster consultation outlined in section (3) of this rule and shall include, but is not limited to, the following requirements specified by the watermaster:

- (A) A description of the location(s) and type(s) of measuring device(s);
- (B) A description of the frequency of the measurements; and
- (C) Identification of the parties responsible for performing the respective measurements;
- (b) Identify the total volume or rate authorized under the above-ground storage right;
- (c) Identify the total volume or rate of the storage right that is allocated to secondary water right(s) for use of the stored water;
- (d) Identify the total volume or rate authorized under the above-ground storage right proposed for instream lease;
- (e) If the combined total volume or rate of subsections (8)(c) and (d) of this rule exceeds the volume or rate identified under subsection (8)(b) of this rule, list the secondary water right(s) under which use of the stored water will be suspended for the term of the lease to ensure the authorized volume or rate of water under the above-ground storage right is not exceeded; and
- (f) If secondary water right(s) are identified for suspension pursuant to the calculation described in subsection (8)(e) of this rule, provide sufficient documentation to demonstrate that the lessor(s) is authorized to suspend the use of stored water under the secondary water right(s) and pursue the instream lease. Such documentation shall include:
 - (A) A notarized statement from the landowner or water right holder of record consenting to the lease and a copy of the recorded deed; or copies of contracts or agreements for the use of a reservoir owned by a federal government; or
 - (B) A water right conveyance agreement(s) as defined in OAR chapter 690, division 380 and a copy of the recorded deed for the landowner at the time the water right was conveyed; or
 - (C) Other documentation that demonstrates to the Department's satisfaction that the lessor(s) is authorized to pursue the lease in the absence of the consent of the landowner or water right holder of record; and
- (g) Include a statement that the quantity of water proposed for instream lease will not be stored under the storage right for the term of the instream lease.

(6) Lease applications shall conform with applicable provisions of OAR 690-077-0015.

(7) If a final order was issued approving an existing instream lease, and the term of that lease has expired or is about to expire, and there are no changes to the instream use or to the water (or portion thereof) involved, an instream lease renewal application meeting the requirements set forth under OAR 690-077-0105 can be submitted.

690-077-0077

Processing an Instream Lease Application

(1) On receipt of an instream lease application, the Department shall include notice of the application in its weekly public notice.

(2) An assessment shall be prepared by the watermaster or other Department field staff of whether the lease application meets the requirements of these rules to suspend water use under the existing water right and avoid injury or enlargement;

(3) The Department shall evaluate the instream lease application for injury and enlargement. The department may consider, but is not limited to, the following factors to determine the existence of injury or enlargement as a result of the lease:

(a) Rate and duty, or total volume proposed for instream lease;

(b) Location of return flows;

(c) Conveyance losses downstream of the original point of diversion;

(d) Priority dates of instream water rights and other existing water rights;

(e) If the existing water right proposed for instream lease is an above-ground storage right:

(A) The total volume authorized under the above-ground storage right; and

(B) The total volume of the above-ground storage right that is allocated to secondary water right(s) for use of the stored water; and

(f) Issues potentially arising from water users that share a conveyance system.

(4) Any allegations of injury to other existing water rights or enlargement of the existing water right proposed for instream lease that are received within 21 days of publication of the lease application in the Department's weekly public notice shall be provided to the parties and reviewed by the Department prior to issuance of an order approving or denying the lease application.

(5) If the Department determines that the proposed lease may cause injury to other existing water rights or enlargement of the existing water right proposed for instream lease, considering issues raised under section (3) of this rule, the order approving the lease application shall be conditioned to prevent the injury or enlargement. If injury or enlargement cannot be prevented, the Department shall deny the lease application. However, if an order approving the lease application has already been issued, and the Department later finds injury or enlargement, the Department shall issue an order modifying or terminating the lease.

(6) If a lease is for more than one year, any allegations of injury or enlargement that are received through December 31 of the preceding calendar year of the lease shall be provided to the parties and reviewed by the Department to determine whether modifications of the lease order are warranted for the remainder of the term of the lease.

(7) In the event that the Department receives a claim of injury or enlargement after issuing an order approving a lease, the Department shall notify the parties. If the Department determines the claim is valid, it shall not distribute water in a way that would cause the injury or enlargement to continue. If injury or enlargement claims are valid and cannot be prevented, the Department shall issue an order terminating the lease.

(8) The description of the reach or point of an instream water right provided in response to OAR 690-077-0076(4)(d) shall conform to the provisions of OAR 690-077-0015(6) and (7) and OAR 690-077-0075(3).

(9) Except as provided in OAR 690-077-0079, a lease involving an existing water right that is limited to a season of use or a duty of water for a season or year shall only allow the use of the existing water right or the instream right, not both, during any one season unless the source is from stored water.

(10) If the existing water right being leased has an associated primary or supplemental water right, the lessor(s) shall assure that neither right is being exercised under the existing water right during the term of the lease unless the lease is for the use of water legally stored under a supplemental water right. In the case of supplemental stored water, an order approving a lease may be issued that does not restrict the use of the primary source.

(11) If the existing water right for an instream lease is an above-ground storage right, and the storage right will be used in tandem with a secondary right to shape storage releases for instream uses, the Department may include conditions to identify the amount and timing of the release of the stored water being protected instream. If the storage right will not be used in tandem with a secondary right to shape storage releases for instream uses, the lessor(s) shall not store the quantity of water being leased instream during the term of the lease.

(12) Existing water rights for which an order has been issued approving a lease application under OAR 690-077-0077 are considered to be beneficially used for each year that the lease establishes an instream water right.

(13) A lessee has the same standing as the lessor for all purposes regarding management and enforcement of the instream water right.

(14) Copies of orders approving a lease application shall be distributed to all parties, filed with the appropriate watermaster, and tracked on the Department's water rights information system.

(15) Leases that are executed under the provisions of ORS 536.720 to 536.780 "Emergency Water Shortage Powers" shall not be subject to provisions of these rules. Those leases are covered under OAR chapter 690, division 19.

(16) Except as provided in Sections (5) and (6) of this rule, orders approving lease applications shall only be terminated by a superseding order or by specific provision of the originating order approving the lease application.

690-077-0079**Split Season Use Instream Leasing**

(1) An application for a split season use instream lease of water shall include the information required under OAR 690-077-0076 and follow the lease process described under 690-077-0077.

(2) The applicant shall consult with the Department prior to submittal of the application to determine necessary measurement and reporting requirements to prevent enlargement.

Measurement devices required by the Department as a result of this consultation shall be in place prior to water use for both the existing purpose and the proposed instream purpose.

(3) In addition to the application requirements described in OAR 690-077-0076, split season use lease applications shall:

(a) Be submitted to the Department two weeks prior to water use either for the existing purpose or for the proposed instream purpose, whichever comes first;

(b) Be submitted on a form provided by the Department;

(c) Describe when the water will be used for the existing purpose and when the water will be used for the instream purpose, in accordance with the following:

(A) The existing water use and the instream use shall not be concurrent. However, a portion of an existing water right appurtenant to one piece of land may undergo split season use, while another portion appurtenant to a different piece of land may undergo a different time period for split season use; and

(B) The type of use under a split season use may be changed only once during a calendar year, except for full-year uses which may have a single instream use period and two existing use periods;

(d) Be consistent with the results of the Department consultation outlined in section (2) of this rule and shall include, but is not limited to, the following requirements specified by the Department:

(A) A description of the location(s) and type(s) of measuring device(s);

(B) A description of the frequency of measurements and reporting; and

(C) Identification of the parties responsible for performing the respective measurements and reporting; and

(e) Identify the total amount of water proposed to be used, listed by rate and duty or volume for the existing purpose and for the instream purpose, including monthly or partial season rate, duty, or volume limitations, if appropriate.

(4) Upon issuance of an order approving a split season use instream lease application, consistent with the consultation and the requirements described in sections (2) and (3)(d) of this rule, the applicant (lessor or lessee), or the designated third party to be responsible for performing the measurements, shall measure and report to the Department, the amount of water used for the existing purpose authorized under the water right(s) and for the instream purpose.

690-077-0080

Miscellaneous Provisions: Cancellation or Waiving of an Instream Water Right

(1) ~~There is a rebuttable presumption that an instream water right, or a portion thereof, that has not been put to a public use for five successive years in which water was available is forfeited.~~

(2) ~~Upon making a preliminary finding that the instream water right has been forfeited the Director shall notify DEQ, ODFW, Parks, and those persons and agencies on the Department's weekly mailing list of the Department's findings and of its intent to cancel the instream water right. The Department shall also publish the notice in the Secretary of State's bulletin once, and in a local newspaper one day a week for two weeks.~~

(3) ~~Any person may file a protest within 60 days of publication in the Secretary of State's bulletin or the local news paper.~~

(4) ~~If no protest is filed in the 60 day period, the Commission shall proceed with the process outlined in ORS 540.641(1).~~

(5) ~~If a protest is filed in the 60 day period, the Commission shall proceed with the process outlined in ORS 540.641(2).~~

(6) ~~An instream water right established under ORS 537.336 through 537.338 (OAR 690-077-0020) may be canceled pursuant to ORS 540.621 only upon the written certification from the original applicant agency(ies) that the instream water right has been abandoned. Proper notification of the public shall proceed as outlined in Section (2) of this rule.~~

(7) ~~An instream water right shall not be subject to forfeiture due to non use when water was not available.~~

Statutory/Other Authority: ORS 536.025, 536.027, 536.220, 536.300, 536.310, 537.338 &

690-077-0090

Miscellaneous Provisions: Drought Emergency Provisions

An instream water right established under the provisions of ORS 537.332 to 537.360 shall be subject to the provisions of ORS 536.730.

690-077-0100

Miscellaneous Provisions: Precedence of Future Uses

(1) The applicants for a proposed multipurpose storage project may submit a formal written request to the Department to establish precedence over an instream water right created through OAR 690-077-0020.

(2) An applicant for a right to use water for municipal purposes may submit a formal written request to the Department to establish precedence over an instream water right created through OAR 690-077-0020.

(3) A municipal applicant, as defined in ORS 537.282, for a hydroelectric project, may submit a formal written request to the Department to establish precedence over an instream water right created through OAR 690-077-0020.

(4) The Department shall accept public comment on the request. The Department shall provide notice of the public comment opportunity in its weekly public notice.

(5) After considering public comment received, the Department shall incorporate the Department's decision on precedence into the proposed final order on the application. Based on consideration of the factors in ORS 537.170(7), the Department may decide to:

- (a) Approve the requested precedence;
- (b) Approve the requested precedence with conditions; or
- (c) Deny the requested precedence.

(6) The Department shall incorporate findings that explain the basis for the decision made in Section (5) of this rule into the proposed final order on the application.

690-077-0105

Application for Instream Lease Renewal

(1) A holder of any prior final order approving an instream lease application may submit a renewal application, provided that the prior approved final order and the instream lease renewal application meet the following criteria:

- (a) The instream lease renewal application is submitted within 5 years from the date of expiration specified in the last final order approving the instream lease;
- (b) The term of the prior approved final order has expired or is about to expire;
- (c) The instream lease renewal application does not propose any changes in:
 - (A) The instream use authorized under the prior approved final order; or
 - (B) The quantity of water (or portion thereof) authorized under the prior final order for instream lease;
- (d) The instream lease renewal application is complete and includes:
 - (A) The prior existing instream lease number (i.e., IL-XXX or SL-XX);
 - (B) The requested term of the renewed instream lease, being no less than one calendar year and no more than five calendar years;

(C) The termination provision(s), if any, for an instream lease renewal application requesting a multiple-year term; and

(D) The name(s) of the parties to the lease application pursuant to subsection OAR 690-077-0076(2) and OAR 690-077-0076(4)(a) and (b); and

(e) The appropriate fee pursuant to ORS 536.050 is submitted.

(2) No map is required for an instream lease renewal application.

690-077-0110

Processing an Application for Instream Lease Renewal

(1) Upon receipt of an instream lease renewal application, the Department shall give notice of the application by publication in the Department's weekly public notice. Any allegation of injury must be delivered in writing to the Department no later than 21 days after publication of the request in the Department's weekly public notice.

(2) Concurrent with the waiting period described in section (1) of this rule, the Department shall:

(a) Review the renewal application to confirm all requirements outlined in OAR 690-077-0105 are satisfied; and

(b) Consult with the local watermaster to determine whether the watermaster review completed for the prior approved instream lease is sufficient. If the watermaster finds that:

(A) The prior watermaster review is sufficient, then the watermaster shall provide written or electronic mail confirmation that the review is still valid and completion of a new watermaster review will not be required; or

(B) The prior watermaster review is not sufficient, then the watermaster shall complete a new watermaster review for the instream lease renewal application.

(3) The Department shall issue an order approving the instream lease renewal application, provided that:

(a) Leasing the water right instream will not result in, or can be conditioned to prevent, injury to other existing water rights and enlargement of the water right proposed for instream lease renewal; and

(b) All the requirements outlined in section (2) of this rule are satisfied.

(4) The Department may, at any time, revoke or modify an order issued to approve an instream lease renewal if the Department later finds that the use of the water right for instream use under the lease has resulted in, or may result in, injury or enlargement.