



Oregon

John A. Kitzhaber, MD, Governor

Water Resources Department

North Mall Office Building
725 Summer Street NE, Suite A
Salem, OR 97301-1271
503-986-0900
FAX 503-986-0904

March 23, 2011

Eric Schooler
The Collins Companies
1618 SW First Avenue, Suite 500
Portland, OR 97201

Re: Specific to General Industrial Notification – to Enable Water Use by the Klamath Bioenergy Facility

Dear Mr. Schooler:

We have received your letter of December 28, 2010, notifying the Department of the purchase of the Klamath Cogeneration Plant (KCP) by Klamath Energy LLC, and requesting to sell water from Well #6 to Klamath Falls Bioenergy's (KFB) biomass facility for general industrial use on the portion of the property that KFB intends to purchase from Collins.

A previous notification of change in the use of Well #6 on this property from "manufacturing including restroom and lunch room facilities" under Certificate 48602 to general industrial use by the KCP was acknowledged on May 25, 2006.

Your December 28, 2010 letter proposed a further change to allow a portion of the 1.34 cfs allowed under the right to be used by the KFB for boiler make-up water and for restroom and lunch room facilities and other general industrial uses on a portion of the original Weyerhaeuser mill property, provided Klamath Falls Bioenergy, LLC purchases this parcel. Collins, subject to finalizing a water sales agreement, will sell water from Well #6 to Klamath Falls Bioenergy for such use.

The requirements for making the change are established under ORS 540.520(9) and OAR 690-380-2340. Your letter appears to include all of the information required under the statutes and rules. We will file your notification in our water right records. The notice of general industrial use for both the KCP and the KFB on the property, not to exceed a total of 1.34 cfs between the two plants, does not obligate Collins to sell or provide water to the KFB nor does it ensure that the KFB has access to the well or water from the well. The sale and provision of water by Collins, and access to and use of water by the KFB, is subject to Collins and KFB reaching a final agreement as between themselves.

Current statutes and rules do not include a process for Department review and approval of notifications of specific to general industrial changes. Any issues associated with eligibility and compliance will be addressed by the watermaster during normal distribution and regulation activities.

Please do not hesitate to contact me at 503-986-0890 or Dorothy.I.Pedersen@wrdd.state.or.us if you have any questions.

Sincerely,

Dorothy I. Pedersen
Transfer Program Advisor

cc: Collins Products, Klamath Falls
Mr. John Rivers, Klamath Falls Bioenergy, LLC
Scott White, District 17 Watermaster
Application File G-7806

