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STATE OF OREGON

WATER RESOURCES DEPARTMENT

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LICENSE FOR HYDROELECTRIC PROJECT HE 537

WHEREAS, by act of the Legislature of the State of Oregon, ORS 543.010 to 543.620 and 543.990, as amended, herein called the Hydroelectric Act, the Water Resources Director is authorized to issue licenses to acquire and hold the right to the use of the waters within the state, and for the construction, operation and maintenance of facilities for the generation and utilization of hydroelectric energy; and

WHEREAS, J. Robert Egan, a citizen of the United States, herein referred to as the LICENSEE, whose address is 1418 Lincoln Lane, Newport Beach, California, 92660, made application to the Director for a license for a minor hydroelectric project designated as Project HE 537 in the records of the Director; and

WHEREAS, the J. Robert Egan Power Project proposes the use of .022 cubic feet per second, measured from the point of diversion from O'Connor Creek, a tributary of the Illinois River, to develop .25 theoretical horsepower utilizing a gross head of 100 feet. The point of use is located in the Northwest quarter of the Southeast quarter, Section 8, Township 37S, Range 9W, WM.

WHEREAS, the Director finds that the proposed project is well adapted to the development and utilization of the water power involved, that no application for this project or in conflict with this project has been filed by any municipality or utility district, and that the LICENSEE has paid to the Water Resources Department all fees required prior to the issuance of this license; and,

WHEREAS, the LICENSEE on the 4th day of August, 1993 accepted in writing the terms and conditions of the Hydroelectric Act and of this license;

NOW, THEREFORE, the Director hereby issues this license to the LICENSEE to acquire and hold the right to the use of the water of O'Connor Creek, a tributary of the Illinois River, and to construct, operate, and maintain the project facilities herein described for the generation and utilization of hydroelectric energy, subject to the following express conditions:

Article 1.

Water will be diverted by an eight inch high diversion dam that is already in place to serve the domestic water right. The existing diversion will serve this project. Water shall not be diverted for the purpose of generating power from the period of July 1 through November 1 or when there is no water flowing immediately downstream of the diversion dam.

Article 2.

A gate valve shall be installed in the 2 inch pvc pipe between the 50 gallon collection drum and the storage reservoir with a flow guide attached to the valve to fix the position of valve adjustment to allow for the delivery of .01 cfs to serve the domestic water right under Permit 36786 and .032 cfs to serve this project and the domestic water right during the period of operation of the hydroelectric project.

Article 3.

A gate valve will be installed on the 2 inch pvc waterline to the turbine immediately below the 1400 gallon reservoir. Should water be drained from the storage reservoir, the water shall be returned to the stream. The necessary gate valve on this maintenance line shall be closed at all times when maintenance is not being performed.

Article 4.

Any overflow of the system shall occur at the 50 gallon drum. An overflow conduit shall be installed in the 50 gallon collection drum to return overflow waters to the creek at the closest feasible point near the location of the 50 gallon drum currently in place. The 50 gallon collection drum shall not be relocated any distance further from the diversion weir than presently demonstrated on the attached Exhibit A.

Article 5.

The discharge from the turbine shall re-enter O'Connor Creek immediately below the turbine.

Article 6.

Water for this project will be conveyed by 680 feet of 2 inch pvc pipe from the existing 1400 gallon storage tank used for domestic water to the site of the pelton wheel 70 feet downstream from the existing cabin. Generation facilities will consist of an automotive alternator with pelton wheel with an estimated 180 watt output. The project facilities are more particularly described and shown on the map filed to accompany the application and designated as Exhibit A. Said exhibit is hereby approved by the Director and made a part of this license. The project facilities will be constructed in substantial conformance with this license. No substantial change shall be made unless approved by the Director and incorporated into this license by appropriate amendment.

Article 7.

This license is issued for the period which is effective as of the date of issuance and will terminate December 31, 2040. This license grants the right to appropriate not to exceed .022 cubic feet per second of water in excess of the existing water right Permit No.36786, to develop .25 theoretical horsepower utilizing a gross head of 100 feet, provided that the right to the use of water will be further limited to the amount which the generation facilities will utilize efficiently. The priority of the right hereby granted is February 12, 1992. On termination of this license, such right to the use of water shall revert to the public. The right granted herein is expressly made inferior in right and subsequent in time to any appropriation of water for this source which may hereafter be made for domestic, municipal, irrigation or any other beneficial consumptive use.

Article 8.

The LICENSEE shall begin construction of the project facilities within one year of the date of the issuance of this license; shall complete construction of the project facilities within three years of the date of issuance of this license; and thereafter shall maintain the project facilities in good working order. If the LICENSEE fails to begin or complete construction of the project facilities within the time limits fixed in this license or any lawful extension thereof; or if, after completing construction, fails to use or operate the project facilities for any period of five consecutive years, the Director shall, after due notice, terminate this license by written order. If at any time following two years non-use of water for this project, there shall be any conflicting application or claim to the use of this water, then the licensee may be required by the Director to show cause why the conflicting application should not be granted and this license terminated.

Article 9.

The LICENSEE shall pay to the Water Resources Department in accordance with the provisions of ORS 543.300 (5), on or before the first day of January of each year after issuance of this license, and during the period of this license, an annual fee of \$1.00. At such time as the annual fee is submitted, or as requested, the owner shall report the period of use of the project and verify that the diversion amounts are ensured by an annual test of the reliability of the gate valve settings.

Article 10.

The LICENSEE shall maintain an account of the actual cost of the construction of the project facilities and any additions thereto, and shall, under oath, provide such accounting to the Director upon request.

Article 11.

The LICENSEE shall allow the Director and the department's authorized agents and employees free and unrestricted access in, through, and across the project in the performance of their official duties, and shall allow free access to all reports, accounts, records, and other data relating to said project.

Article 12.

The LICENSEE shall be liable for all damages occasioned to the persons or property of others by the construction, operation, or maintenance of the project facilities, and in no event will the State of Oregon be liable therefore.

Article 13.

This project being a complete project of less than 100 theoretical horsepower capacity, the following provisions of the hydroelectric Act, and none other, in accordance with provisions of ORS 543.300(7), are specifically waived:

ORS 543.510
ORS 543.520

ORS 543.530

ORS 543.550
ORS 543.560

Article 14.

With the written consent of the LICENSEE, the Director may alter, enlarge, or omit any of the conditions of this license.

IN TESTIMONY OF ACCEPTANCE of all the terms and conditions of this license, ORS 543.010 to 543.620 and 543.990. and the rules and the regulations of the Director pursuant thereto, the LICENSEE has affixed his signature this 4 day of August, 1992.1993

J. Robert Egan
LICENSEE

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IN WITNESS HEREOF, the Director of the Water Resources Department of Oregon has signed her name at Salem, Oregon this 13 day of August, 1992.1993

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for/

Martha O. Pagel, Director