

STATE OF OREGON
COUNTY OF YAMHILL
CERTIFICATE OF WATER RIGHT

THIS CERTIFICATE ISSUED TO:

RODNEY TRAMMEL & ANDREA BAKER
9920 SW GILBERT CREEK ROAD
WILLAMINA, OR 97396

confirms the right to use the waters of GILBERT CREEK, A TRIBUTARY TO COAST CREEK, A TRIBUTARY TO WILLAMINA CREEK for HYDROELECTRIC PRODUCTION of 23.3 THEORETICAL HORSEPOWER.

This time-limited certificate is issued under application HE 581. The date of priority is August 20, 2007. Water shall only be diverted for hydropower use from Nov 1 through April 30 and shall not exceed 5 cubic feet per second (cfs). A minimum instream flow, set-out in water right condition seven, shall remain in the reach of Gilbert Creek bypassed by the project. The project will divert water through a PVC pipe from Gilbert Creek as water is available. The penstock will be approximately 466 feet long, providing approximately 41 feet of head from the point that the water is diverted to the place where the water is used. The penstock will run adjacent to the creek, above the creek's high water mark, terminating at a Banki type turbine that will be connected to a generator. The Project proposes to generate up to 23.3 theoretical horsepower (Thp) primarily for residential use, with excess power sold to the applicant's electric utility provider.

Appeal Rights

This is a final order in other than contested case. This order is subject to judicial review under ORS 183.484. Any petition for judicial review must be filed within the 60 day time period specified by ORS 183.484(2). Pursuant to ORS 536.075 and OAR 137-004-0080 you may either petition for judicial review or petition the Director for reconsideration of this order. A petition for reconsideration may be granted or denied by the Director, and if no action is taken within 60 days following the date the petition was filed, the petition shall be deemed denied.

This statement of judicial review rights does not create a right to judicial review of this order, if judicial review is otherwise precluded by law.

The authorized point of diversion is located:

SW ¼ SE ¼ TAX LOT 800
Section 27
TOWNSHIP 4 SOUTH, RANGE 7 WEST, W.M.,

The authorized place of use is located:

SW ¼ SE ¼ TAX LOT 800
Section 27
TOWNSHIP 4 SOUTH, RANGE 7 WEST, W.M.,

The use of water is limited to the amount that the generation facilities can utilize efficiently, and shall not exceed the specifications noted in the water right.

This water right is inferior in right and subsequent in time to any future appropriation of water

WATER RIGHT CONDITIONS

Upon a review of the application and input received from state and federal agencies and private citizens, Oregon Water Resources Department (OWRD) finds that the Project, with the conditions set forth below, will not violate the standards expressed in Oregon Administrative Rules (OAR) 690-051-0160 through 0270, and is consistent with the public interest. No other application has been filed in competition with this application. The Project is well adapted to the development and utilization of the water power involved.

The use of water is subject to the following express conditions:

1. The Owner shall comply with all statutes and rules applicable to the Project.
2. The Applicant shall pay, upon receiving an invoice from OWRD, an annual fee in the amount of \$23.00 under ORS 543.300 and OAR 690-051-0400(6). This amount shall be due by the date specified on the invoice.
3. This certificate is effective from the date of issuance through December 31, 2028, and may be reauthorized under laws existing at that time.
4. The Owner shall complete construction of the Project within two years of the date the water right is issued.
5. Upon a decision to terminate the hydroelectric use for more than five years, the

Owner shall comply with the decommissioning standards under OAR 690-52. On termination of the water right, the right to use water shall revert to the public.

6. The Owner shall construct and build the Project according to the maps, plans and specifications filed with and approved by the OWRD, and within the time fixed by the water right or by any lawful extension thereof. The Project map will be incorporated into the water right certificate.
7. All flow shall remain in Gilbert Creek until the minimum flow identified in the schedule below is met; under no circumstances shall more than 40 percent of the flow in Gilbert Creek be diverted to the project. The maximum water right of 5 cfs shall only be diverted from Gilbert Creek when flow upstream of the diversion site is equal to or greater than 12.5 cfs.

	<u>Flow in Gilbert Creek above the POD</u>	<u>Instream</u>	<u>Project</u>
Minimum:	4.4 cfs	2.64 cfs	1.76 cfs
Median:	7.2 cfs	4.32 cfs	2.88 cfs
Maximum:	12.5 cfs	7.50 cfs	5.00 cfs

8. Water flow will be controlled by installing a valve where the pipe connects to the turbines inflow orifice. A flow meter or a pressure gage that's calibrated to the flow in the pipe will be installed to ensure water right compliance. OWRD will conduct a post construction site-visit to verify compliance.
9. The Owner will maintain the Project, and each part thereof, in good order and repair and in efficient operation, for the development and transmission of electricity to its reasonable capacity; shall make all necessary renewals and replacements as required; and shall maintain and operate the Project, and all parts thereof, conformably to the rules of the WRC not inconsistent with Oregon Revised Statutes (ORS) 543.010 to 543.610.
10. No voluntary transfer of the water right or of any property acquired, constructed or operated pursuant to the water right issued under ORS 543.010 to 543.610 shall be made without written approval of the OWRD. Any successor or assignee of any water right under any project acquired, constructed or operated by the Owner, whether by voluntary transfer approved by the Department or sale upon foreclosure, execution or otherwise, shall be subject to all the terms and conditions of the water right and of the provisions of ORS 543.010 to 543.610 to the same extent as though the successor or assignee was the original Owner there-under. Any mortgage, deed of trust, or other lien suffered or created upon any such project shall be subject and subordinate to all the terms and conditions of ORS 543.010 to 543.610. However,

the provisions of this section shall not apply to any transfer, voluntary or involuntary, to the state or any municipal corporation thereof, and upon such transfer the water right shall terminate .

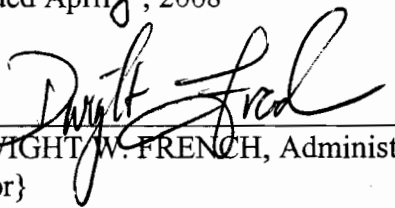
11. The Project must meet the water quality standards stated in OAR Chapter 340, Division 41. No significant temperature-related problems have been identified nor are they expected given the proposed Project facilities, operation and management. The intake is piped, and no storage of water occurs for this facility. As such, Oregon Department of Environmental Quality (ODEQ) expects the temperature, dissolved oxygen and other water quality parameters to be largely unchanged. The Project must meet water quality requirements including numeric and narrative standards, protect beneficial uses, and not degrade existing water quality. The Project will be operated from Nov 1 through April 30 with a minimum flow, consistent with the schedule provide in water right condition six, will remain in Gilbert Creek, in the reach between the point of diversion and where the flow returns from the powerhouse, to avoid instream conditions detrimental to sensitive aquatic life. In addition, this project shall be completed using management practices that minimize soil disturbance. For soils that are disturbed, best management practices must be used to minimize erosion of the disturbed soils during construction. After construction is completed, the disturbed areas should be planted to stabilize the soils from future erosion. In addition, to protect from any significant future temperature-related adverse impacts to aquatic organisms, any future modifications of vegetation surrounding Project waters should be carefully evaluated. The water right holder shall consult with ODEQ prior to undertaking any activity that directly or indirectly results in removal of canopy vegetation adjacent to Project waterways. Waterways include, but are not necessarily limited to bypass reaches, siltation/forebay ponds, open-channel diversions, and above ground pipes.
12. Notwithstanding any specific conditions established by this water right, the water right holder must comply with all water quality standards adopted by the Environmental Quality Commission pursuant to state and federal law, ORS 468B.048 and Section 303 of the Clean Water Act.
13. A screen that conforms to Oregon Department of Fish and Wildlife (ODFW) Fish Screening Criteria shall be placed on the intake pipe prior to the project becoming operable. This screen shall be maintained or replaced by the owners as necessary to ensure it operates as intended, and is in compliance with ODFW Fish Screening Criteria, throughout the projects operation.
14. The Project shall be designed to minimize visual, aesthetic, and noise impacts.
15. Although there are no known cultural sites within the Project area, if any cultural material is discovered during Project construction, all activities should stop and an

archaeologist contacted to assess the discovery. It is a Class B misdemeanor to impact an archaeological site (ORS 358.905-955) and a Class C felony to impact Indian Burials (ORS 97-740-990).

16. The Owner shall allow the OWRD Director and authorized agents and employees of the ODEQ, ODFW, and OWRD 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.
17. The Owner 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.
18. Issuance of the water right does not absolve the Owner from compliance with the requirements and enforcement of the requirements under other applicable local, state, and federal laws. The Owner is made aware that permits may be required from the United State Army Corps of Engineers under Section 404 of the Clean Water Act, or from the Division of State Lands for removal and fill of material.

WITNESS signature of the Water Resources Director, Affixed

Issued April 8, 2008


DWIGHT W. FRENCH, Administrator of Water Rights & Adjudications
{For}
PHILLIP C. WARD, DIRECTOR
Water Resources Department

Recorded in State Record of Water Right Certificates and numbered 83866.