STATE OF OREGON

COUNTY OF KLAMATH

PERMIT TO APPROPRIATE THE PUBLIC WATERS

SYCAN RIVER RANCH WILLIAM J. PENDOLA JR, Owner PO BOX B BEATTY, OREGON 97621 503-533-2450

is hereby issued a permit to use groundwater from THREE WELLS for the purpose of AQUACULTURE, to include rainbow trout production. This permit to the use of these waters has been issued under Application G-11717 with a date of priority of OCTOBER 23, 1987.

This permit is limited to not more than 4500.0 GALLONS PER MINUTE, BEING 1700 GPM FROM WELL 1, 1700 GPM FROM WELL 2 AND 1100 GPM FROM WELL 3 or its equivalent in case of rotation, measured at the well.

The wells are located as follows:

(well # 1) NW 1/4 SE 1/4, Section 22, T 35 S, R 12 E, WM; 260 FEET SOUTH & 1260 FEET EAST FROM CENTER, SECTION 22

(well # 2) SW 1/4 NW 1/4, Section 26, T 35 S, R 12 E, WM; 1590 FEET SOUTH & 180 FEET EAST FROM NW CORNER, SECTION 26

(well # 3) NW 1/4 NW 1/4, Section 27, T 35 S, R 12 E, WM; 1250 FEET SOUTH & 1260 FEET EAST FROM NW CORNER, SECTION 27

This permit shall be limited to appropriation of water only to the extent that it does not impair or substantially interfere with prior surface water rights as well as prior ground water rights of others.

The use of water allowed under this permit shall conform to such reasonable rotation system as may be ordered by the proper state officer.

A description of the place of use under the permit is as follows:

SOURCE	1/41/4	SECTION	TOWNSHIP	RANGE, WM
Well 1	NW SE	22	35 S	12 E
Well 2	SW NW	26	35 S	12 E
Well 3	NW NW	27	35 S	12 E

The wells shall be constructed in accordance with the General Standards for the construction and Maintenance of Water Wells in Oregon. The works constructed shall include an air line and pressure guage or an access port measuring line, adequate to determine water level elevation in the well at all times.

Permit G-10815

SSIGNED, See Minc. Rec., Vol.

"CERTIFICATE NO. 72180

Page 2

The permittee shall install and maintain a weir, meter, or other suitable measuring device, and shall keep a complete record of the amount of ground water withdrawn.

If the Water Resources Department determines that the well or wells are improperly constructed, the well or wells shall be repaired to state standards. The well owner can provide either evidence to the Water Resources Department that the well or wells meet state standards or the owner can provide another satisfactory alternative.

The application was reviewed and considered by the Water Resources Commission on April 1, 1988.

Actual construction work shall begin on or before July 12, 1989 and shall thereafter be prosecuted with reasonable diligence and be completed on or before October 1, 1990. Complete application of the water to the use shall be made on or before October 1, 1991.

This permit is for the beneficial use of water. By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan. It is possible that the land use you propose may not be allowed if it is not in keeping with the goals and the acknowledged plan. Your city or county planning agency can advise you about the land-use plan in your area.

Issued this date, July 12, 1988.

/s/ WILLIAM H. YOUNG

Water Resources Department William H. Young Director