STATE OF OREGON

COUNTY OF KLAMATH

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

BRANDSNESS ENTERPRISES, INC. 409 PINE STREET KLAMATH FALLS, OREGON 97601

503-882-2921

to use the waters of ONE WELL in the KLAMATH RIVER BASIN for GEOTHERMAL HEATING.

This permit is issued approving Application G-12367. The date of priority is DECEMBER 28, 1990. The use is limited to not more than 450 GALLONS PER MINUTE, or its equivalent in case of rotation, measured at the well.

The well is located as follows:

NE 1/4 SE 1/4, SECTION 34, T 38 S, R 9 E, W.M.; PRODUCTION WELL - 150 FEET NORTH AND 870 FEET EAST, FROM SE 1/16 CORNER, SECTION 34.

This use of water is junior in priority to all subsequent rights for beneficial consumptive use and to those rights using standard low-temperature geothermal effluent disposal systems. This condition shall not apply if a standard disposal system is installed and operated as part of this project.

The use shall conform to such reasonable rotation system as may be ordered by the proper state officer.

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

NE 1/4 SE 1/4 HEATING SECTION 34 TOWNSHIP 38 SOUTH, RANGE 9 EAST, W.M.

The water user shall measure groundwater levels, on a yearly July reading basis and shall submit this information to the Water Resources Department annually.

The well shall be constructed in accordance with the General Standards for the Construction and Maintenance of Water Wells in Oregon. The works shall be equipped with a usable access port, and may also include an air line and pressure gauge adequate to determine water level elevation in the well at all times. When required by the department, 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a weir, meter, or other suitable measuring device, and shall keep a complete record of the amount of ground water withdrawn.

Prior to receiving a certificate of water right, the permit holder shall submit the results of a pump test meeting the department's standards, to the Water Resources Department. The Director may require water level or pump test results every ten years thereafter.

Actual construction work shall begin on or before October 28, 1992, and shall be completed on or before October 1, 1993. Complete application of the water shall be made on or before October 1, 1994.

Failure to comply with any of the provisions of this permit may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the permit.

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This permit is for beneficial use of water without waste. The water user is advised that new regulations may require use of best practical technologies or conservation practices to achieve this end.

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.

The use of water shall be limited when it interferes with any prior surface or ground water rights.

Issued this date, OCTOBER 28, 1991.

/s/ WILLIAM H. YOUNG

Water Resources Department William H. Young Director