STATE OF OREGON

COUNTY OF DESCHUTES

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

EAGLE RIDGE DEVELOPMENT CORPORATION P.O. BOX 1215 REDMOND, OREGON 97756

503-923-0807

to use the waters of THREE WELLS in the DESCHUTES RIVER BASIN for QUASI-MUNICIPAL USE.

This permit is issued approving Application G-12905. The date of priority is MAY 4, 1992. The use is limited to not more than 3.0 CUBIC FEET PER SECOND, or its equivalent in case of rotation, measured at the wells.

The wells are located as follows:

SW 1/4 NW 1/4, SECTION 14, SW 1/4 SE 1/4, SECTION 15, T 15 S, R 12 E, W.M.; WELL 1 - 120 FEET NORTH AND 980 FEET EAST FROM THE W 1/4 CORNER OF SECTION 14, WELL 2 - 962 FEET NORTH AND 823 FEET EAST, WELL 3 - 1009 FEET NORTH AND 802 FEET EAST, BOTH FROM THE S 1/4 CORNER OF SECTION 15.

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:

SW 1/4 SW 1/4 SECTION 11 SW 1/4 SW 1/4 SECTION 13 W 1/2 SE 1/4 SECTION 14 E 1/2SECTION 15 N 1/2 NE 1/4 SE 1/4 NE 1/4 SECTION 22 N 1/2 N 1/2 SE 1/4 SECTION 23 W 1/2 W 1/2 SECTION 24

TOWNSHIP 15 SOUTH, RANGE 12 EAST, W.M.

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.

Measurement, recording and reporting conditions:

A. Before water use may begin under this permit, the permittee shall install a meter or other suitable measuring device as approved by the Director. The permittee shall maintain the meter or measuring device in good working order, shall keep a complete record of the amount of water used each month and shall submit a report which includes the recorded water use measurements to the Department annually or more frequently as may be required by the Director.

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Further, the Director may require the permittee to report general water use information, including the place and nature of use of water under the permit.

B. The permittee shall allow the watermaster access to the meter or measuring device; provided however, where the meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.

The PERMIT HOLDER shall obtain a static water-level measurement for each well during MARCH of each year and report the measurement to the Department within thirty days. The measurement shall be made by a certified water-rights examiner, registered professional geologist, or professional engineer. Water levels shall be reported as depth-to-water below ground level and shall be accompanied by supporting calculations. If a well listed on this permit displays a total static water-level decline of 10 or more feet over any period of years, when compared to the reference level, then the PERMIT HOLDER shall discontinue use of, or reduce the rate or volume of withdrawal, from the well(s). Such action shall be taken until the water level recovers to above the 10-foot decline level or until the Department determines, based on the PERMIT HOLDER'S or the Department's data and analysis, that no action is necessary because the aquifer in question can sustain the observed declines without adversely impacting the resource or senior water rights. The reference level for water-level declines shall be the first (March 1995) or second annual (March 1996), whichever is higher, measurement taken after water use begins under the terms of this permit. The PERMIT HOLDER shall in no instance allow excessive decline to occur within the aquifer as a result of use under this permit.

In the event of a request for a change in point of appropriation, an additional point of appropriation or alteration of the appropriation facility associated with this authorized diversion, the quantity of water allowed herein, together with any other right, shall not exceed the capacity of the facility at the time of perfection of this right.

This right is limited to any deficiency in the available supply of any prior right existing for the same land.

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 May 31, 1995 and shall be completed on or before October 1, 1997. Complete application of water shall be made on or before October 1, 1998.

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.

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.

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The Water Resources Commission has found that the proposed use of water described by this permit, as conditioned, will not impair or be detrimental to the public interest on April 20, 1994.

Issued this date, May 31, 1994.

/s/ MARTHA O. PAGEL

Water Resources Department Martha O. Pagel Director

T-8438