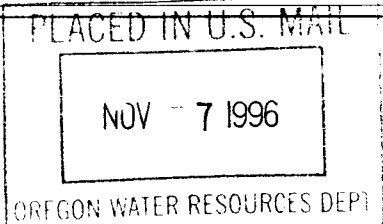


STATE OF OREGON  
COUNTY OF WALLOWA



PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

JOSEPH TIMBER CO., LLC  
PO BOX 758  
JOSEPH, OREGON 97846

(541) 432-2911

The specific limits for the use are listed below along with conditions of use.

APPLICATION FILE NUMBER: G-14142

SOURCE OF WATER: A WELL IN WALLOWA RIVER BASIN

PURPOSE OR USE: INDUSTRIAL USE

RATE OF ALLOWED USE: 0.167 CUBIC FOOT PER SECOND

PERIOD OF ALLOWED USE: YEAR ROUND

DATE OF PRIORITY: JULY 31, 1995 FOR 0.007 CUBIC FOOT PER SECOND AND MAY 15, 1996 FOR 0.16 CUBIC FOOT PER SECOND

POINT OF DIVERSION LOCATION: SW 1/4 SW 1/4, SECTION 30, T 2 S, R 45 E, W.M.; 650 FEET NORTH AND 1 FOOT WEST OF THE SW CORNER SECTION 30

THE PLACE OF USE IS LOCATED AS FOLLOWS:

SW 1/4 SW 1/4  
SECTION 30  
TOWNSHIP 2 SOUTH, RANGE 45 EAST, W.M.

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.
- 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.
- C. The Director may require the permittee to keep and maintain a record of the amount (volume) of water used and may require the permittee to report water use on a periodic schedule as established by the Director.

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In addition, the Director may require the permittee to report general water use information, the periods of water use and the place and nature of use of water under the permit. The Director may provide an opportunity for the permittee to submit alternative reporting procedures for review and approval.

If substantial interference with a senior water right occurs due to withdrawal of water from any well listed on this permit, then use of water from the well(s) shall be discontinued or reduced and/or the schedule of withdrawal shall be regulated until or unless the Department approves or implements an alternative administrative action to mitigate the interference. The Department encourages junior and senior appropriators to jointly develop plans to mitigate interferences.

Use of water under authority of this permit may be regulated if analysis of data available after the permit is issued discloses that the appropriation will measurably reduce the surface water flows necessary to maintain the free-flowing character of a scenic waterway in quantities necessary for recreation, fish and wildlife in effect as of the priority date of the right or as those quantities may be subsequently reduced.

#### STANDARD CONDITIONS

The wells 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.

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

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.

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

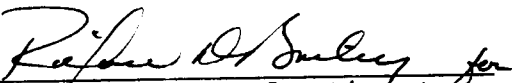
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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

The Director finds that the proposed use(s) of water described by this permit, as conditioned, will not impair or be detrimental to the public interest.

Actual construction of the well shall begin within one year from permit issuance, and shall be completed on or before October 1, 1998. Complete application of the water to the use shall be made on or before October 1, 1999.

Issued October 29, 1996

  
Marzha O. Pagel, Director  
Water Resources Department

Application G-14142  
Basin 08

Water Resources Department  
Volume 2 Wallowa River & Misc.  
MGMT.CODE 7BG, 7BR, 7JG, 7JR

PERMIT G-12943  
District 06