

STATE OF OREGON

COUNTY OF KLAMATH

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

KLAMATH PACIFIC CORP.
CHUCK PAULSEN
2918 EDISON AVE.
KLAMATH FALLS, OREGON 97603

PHONE: (541) 884-6184

The specific limits and conditions of the use are listed below.

APPLICATION FILE NUMBER: G-14714

SOURCE OF WATER: A WELL IN THE LOST RIVER BASIN

PURPOSE OR USE: MINING AND INDUSTRIAL USE (CONCRETE PRODUCTION)

MAXIMUM RATE: 0.557 CUBIC FOOT PER SECOND

PERIOD OF USE: YEAR ROUND

DATE OF PRIORITY: MARCH 19, 1998

POINT OF DIVERSION LOCATION: NE 1/4 NE 1/4, SECTION 32, T39S, R10E,
W.M.; 590 FEET SOUTH AND 780 FEET WEST FROM NE CORNER, SECTION 32

THE PLACE OF USE IS LOCATED AS FOLLOWS:

NE 1/4 NE 1/4
SECTION 32
TOWNSHIP 39 SOUTH, RANGE 10 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. 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

Application G-14714 Water Resources Department

PERMIT G-13584

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.

This permit does not allow for water to be used for heap leach mining operations.

The water user shall install and maintain adequate treatment facilities meeting current DEQ requirements to remove sediment before returning the water to the stream.

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.

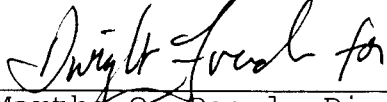
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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 by February 22, 2000. Complete application of water to the use shall be made on or before October 1, 2003. Within one year after complete application of water to the proposed use, the permittee shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner (CWRE).

Issued February 22, 1999



Martha O. Pagel, Director
Water Resources Department

Application G-14714
Basin 14
RWK

Water Resources Department
Volume 2 LOST R
MGMT.CODES 7BG 7BR

PERMIT G-13584
District 17