STATE OF OREGON

COUNTY OF YAMHILL

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

OREGON PRIDE NURSERIES INC.
MARK A. VAN HOEF
5380 SE BOOTH BEND RD.
MCMINNVILLE, OREGON 97128

PHONE: (503) 472-9147

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

APPLICATION FILE NUMBER: G-15008

SOURCE OF WATER: WELL 1 AND WELL 2 IN THE SOUTH YAMHILL RIVER BASIN

PURPOSE OR USE: NURSERY OPERATIONS ON 56.3 ACRES

MAXIMUM RATE: 0.468 CUBIC FOOT PER SECOND, BEING 0.134 CFS FROM WELL 1

AND 0.334 CFS FROM WELL 2

PERIOD OF USE: YEAR ROUND

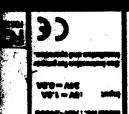
DATE OF PRIORITY: JULY 7, 1999

POINT OF DIVERSION LOCATION: NW 1/4 NE 1/4, SECTION 33, SW 1/4 SE 1/4, SECTION 28, T4S, R4W, W.M.; WELL 1 - 410 FEET SOUTH & 1550 FEET WEST; WELL 2 - 450 FEET NORTH & 1750 FEET WEST BOTH FROM SE CORNER, SECTION 28

The amount of water used for NURSERY OPERATIONS is limited to a diversion of 0.15 cubic foot per second per acre. For the irrigation of containerized nursery plants, the amount of water diverted is limited to ONE-FORTIETH of one cubic foot per second (or its equivalent) and 5.0 acre feet per acre per year. For the irrigation of in ground nursery plants the amount of water diverted is limited to ONE-EIGHTIETH of one cubic foot per second (or its equivalent) and 2.5 acre feet per acre per year. The use of water for NURSERY OPERATIONS may be made at anytime, during the period of allowed use specified above, that the use is beneficial. For the irrigation of any other crop, the amount of water diverted is limited to ONE-EIGHTIETH of one cubic foot per second (or its equivalent) and 2.5 acre feet per acre during the irrigation season of each year.

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THE PLACE OF USE IS LOCATED AS FOLLOWS:

NE 1/4 SW 1/4 3.2 ACRES SE 1/4 SW 1/4 6.0 ACRES NW 1/4 SE 1/4 12.3 ACRES SW 1/4 SE 1/4 26.5 ACRES SECTION 28 NW 1/4 NE 1/4 6.2 ACRES NE 1/4 NW 1/4 2.1 ACRES SECTION 33 TOWNSHIP 4 SOUTH, RANGE 4 WEST, W.M.

Measurement, recording and reporting conditions:

- 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.
- The permittee shall allow the watermaster access to the В. 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 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 water under the permit. The Director may provide an opportunity for the permittee to submit alternative reporting procedures for review and approval.

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

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.

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If the number, location, or construction of any well deviates from that proposed in the permit application or permit conditions, the conclusions of the Technical Review, Initial Review or Proposed Final Order under which this permit was granted may be revised, conditions may be appropriately revised, or this permit may not be valid.

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.

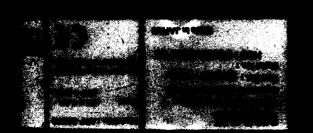
The use of water shall be limited when it interferes with any prior surface or ground water rights.

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.

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Actual construction of the well shall begin by July 28, 2001. Complete application of the water to the use shall be made on or before October 1, 2004. 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 September 2 2000

Paul R. Cleary, Director Water (Resources Department

NOTE: Pursuant to ORS 537.330, in any transaction for the conveyance of real estate that includes any portion of the lands described in this permit, the seller of the real estate shall, upon accepting an offer to purchase that real estate, also inform the purchaser in writing whether any permit, transfer approval order, or certificate evidencing the water right is available and that the seller will deliver any permit, transfer approval order or certificate to the purchaser at closing, if the permit, transfer approval order or certificate is available.

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