

STATE OF OREGON

COUNTY OF UMATILLA

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

LONESTAR DEVELOPMENT INC.
KELLY MEDELEZ, PRESIDENT
1264 E PUNKIN CENTER
HERMISTON, OREGON 97838

PHONE (541) 567-4098

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

APPLICATION FILE NUMBER: G-15216

SOURCE OF WATER: FOURTEEN WELLS WITHIN THE UMATILLA RIVER BASIN

PURPOSE OR USE: IRRIGATION OF 30.68 ACRES

MAXIMUM RATE: 0.378 CUBIC FOOT PER SECOND (CFS), BEING 0.027 CFS FROM EACH OF THE FOURTEEN WELLS

PERIOD OF ALLOWED USE: MARCH 1 THROUGH OCTOBER 31

DATE OF PRIORITY: SEPTEMBER 14, 2000

POINT OF DIVERSION LOCATION: SW 1/4 SW 1/4, SE 1/4 SW 1/4, SECTION 36, T5N, R28E, W.M.; **WELL 1** - 83 FEET NORTH & 1086.5 FEET WEST, **WELL 2** - 133 FEET NORTH & 727.56 FEET WEST, **WELL 3** - 535.83 FEET NORTH & 727.56 FEET WEST, **WELL 4** - 585.83 FEET NORTH & 1087.66 FEET, **WELL 5** - 635.83 FEET NORTH & 1037.66 FEET WEST, **WELL 6** - 763.47 FEET NORTH & 727.56 FEET WEST, **WELL 7** - 913.47 FEET NORTH & 727.56 FEET WEST, **WELL 8** - 1124.43 FEET NORTH & 1038.87 FEET WEST, ALL FROM S1/4 CORNER, SECTION 36; **WELL 9** - 1218.10 FEET NORTH & 1276.6 FEET EAST, **WELL 10** - 1269.35 FEET NORTH & 1054.01 FEET EAST, **WELL 11** - 932.27 FEET NORTH & 790.05 FEET, **WELL 12** 713.3 FEET NORTH & 755.12 FEET EAST, **WELL 13** - 364.82 FEET NORTH & 1224.79 FEET EAST, **WELL 14** - 516.28 FEET NORTH & 936.55 FEET EAST, ALL FROM SW CORNER, SECTION 36.

The amount of water used for irrigation under this right, together with the amount secured under any other right existing for the same lands, is limited to a diversion of ONE-EIGHTIETH of one cubic foot per second (or its equivalent) and 3.0 acre-feet for each acre irrigated during the irrigation season of each year.

THE PLACE OF USE IS LOCATED AS FOLLOWS:

SW 1/4 SW 1/4 13.42 ACRES
SE 1/4 SW 1/4 17.26 ACRES
SECTION 36
TOWNSHIP 5 NORTH, RANGE 28 EAST, W.M.

Measurement, recording and reporting conditions:

- A. The Director may require the permittee to install a meter or other suitable measuring device as approved by the Director. If the Director notifies the permittee to install a meter or other measuring device, the permittee shall install such device within the period stated in the notice. Such installation period shall not be less than 90 days unless special circumstances warrant a shorter installation period. Once installed, the permittee shall maintain the meter or measuring device in good working order and shall allow the watermaster access to the meter or measuring device. The Director may provide an opportunity for the permittee to submit alternative measuring procedures for review and approval.
- B. 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.

Water use under this permit may only be allowed from the appropriation of wells constructed and developing water from water bearing zones other than from the basalts.

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.

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.

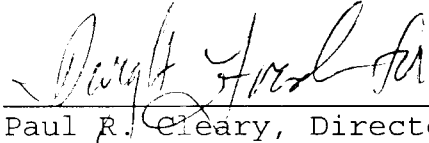
By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

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.

Complete application of the water to the use shall be made on or before October 1, 2005. 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 June 7, 2001



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.