STATE OF OREGON

COUNTY OF KLAMATH

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

CIRCLE FIVE RANCH, INC. 45850 GERBER ROAD BONANZA, OREGON 97623

(541) 545-6736

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

APPLICATION FILE NUMBER: G-12494

SOURCE OF WATER: WELL #2 IN THE LOST RIVER BASIN

PURPOSE OR USE: IRRIGATION OF 227.0 ACRES

RATE OF USE: 2.84 CUBIC FEET PER SECOND

PERIOD OF USE: MARCH 1 THROUGH SEPTEMBER 30

DATE OF PRIORITY: APRIL 22, 1991

POINT OF DIVERSION LOCATION: NE 1/4 SW 1/4, SECTION 5, T41S, R14E, W.M.; 3100 FEET SOUTH FROM N 1/4 CORNER SECTION 5

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 2.5 acre-feet for each acre irrigated during the irrigation season of each year.

THE PLACE OF USE IS LOCATED AS FOLLOWS:

NE 1/4 NW 1/4 36.0 ACRES
NW 1/4 NW 1/4 5.0 ACRES
SW 1/4 NW 1/4 3.0 ACRES
SE 1/4 NW 1/4 39.0 ACRES
NE 1/4 SW 1/4 39.8 ACRES
NW 1/4 SW 1/4 1.0 ACRE
SW 1/4 SW 1/4 35.5 ACRES
SE 1/4 SW 1/4 35.5 ACRES
NW 1/4 SE 1/4 3.7 ACRES

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SW 1/4 SE 1/4 11.8 ACRES SECTION 5

SE 1/4 SE 1/4 16.7 ACRES

SECTION 6

TOWNSHIP 41 SOUTH, RANGE 14 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, 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. 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 use of water under this permit may expire or be extended five years from issuance of the permit. A water right certificate shall be issued at the end of the five year period if the Director finds:

- A. River stage or Bonanza Big Spring flows are not significantly diminished by use of water under this permit as determined by the Oregon Water Resources Department, in accordance with the Bureau of Reclamation and Oregon Department of Fish and Wildlife, using quantifiable groundwater and hydrologic science that stands up to peer review;
- B. Within two years of permit issuance for primary use, the permittee/appropriator has submitted a plan to the Department indicating potential economical sources for an alternative long-term water supply;
- C. Periodic water level reports have been submitted; and

D. Excessively declining ground water levels have not occurred due to well use and determined by the Oregon Water Resources Department, in accordance with the Bureau of Reclamation and Oregon Department of Fish and Wildlife, using quantifiable groundwater and hydrologic science that stands up to peer review.

If substantial interference with a senior surface or ground water right occurs due to withdrawal of water from the well(s) 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 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.

A static water level measurement shall be made and submitted before any use of water may commence from the well.

The permittee shall obtain a static water-level management for each well during March and October of each year and report the measurements to the Department. The measurement shall be made by a certified water rights examiner, registered geologist, licensed land surveyor or registered professional engineer, licensed water well constructors, licensed water well drillers or the permittee/apprpriators. Water levels shall be reported as depth-to-water below ground level in feet and inches to one-hundredth of a foot and shall be accompanied by supporting calculations. The water user shall report the static water level(s) in the well(s) to the Groundwater/Hydrology Section of the Water Resources Department by April 15 and November 15, respectively, of each year.

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

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.

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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. 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 July U

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.